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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)

INSIDE INFORMATION

PROFIT WARNING

PROVISION FOR FULL IMPAIRMENT LOSS OF THE EXPLORATION AND EVALUATION ASSETS OF THE TARTAGAL ORIENTAL AND MORILLO CONCESSIONS IN THE PROVINCE OF SALTA, ARGENTINA

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and the potential investors that further to the latest developments in the T&M Concessions (as detailed herein below), the Board (including all the members of the audit committee) of the Company on 6 February 2020 considered and approved the resolution for the provision for full impairment loss of the T&M E&E Assets in the amount of approximately HK$2,240 million (the said amount is based on a preliminary assessment by the management of the Company using currently available information) in the consolidated financial results of the Company for the year ended 31 December 2019, subject to the final approval of the audit committee of the Company and the final review and audit by the Company's auditors.

The exploration of oil and gas in Argentina will remain among the Group's important business segment in the foreseeable future, and the Company will continue its efforts to that end with a view to building on its recent success with the oil discovery in the Chirete Concession.

In regards to the provision for full impairment loss of the T&M E&E Assets, the Group may in the future revert the said provision, or part thereof, should the new Government of the Province of Salta grant the extension of the T&M Concessions that the Group is entitled to since September 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company

This announcement is made by New Times Energy Corporation Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors for the latest development on the Tartagal Oriental and Morillo Concessions (the "**T&M Concessions**") and the expected provision for full impairment loss of the exploration and evaluation assets in relation to the T&M Concessions (the "**T&M E&E Assets**") in the consolidated financial results of the Company for the year ended 31 December 2019.

LATEST DEVELOPMENT OF THE T&M CONCESSIONS

Further to the previous announcement of the Company dated 26 September 2019, where it was disclosed the Provincial Government of Salta had issued Resolutions No. 037/19 and 038/19 (the "**Resolutions**") inexplicably refusing to grant the extension for the exploration permit of the Group's T&M concessions on 17 September 2019. The Group appealed against the Resolutions of The Secretary of Energy of the Province of Salta, Argentina (the "**Secretary**") in which the applications for a one year extension of the exploration permit of the first exploratory period, and entry into the second exploratory period of the T&M Concessions (the "**Extensions**", and the related exploration permit shall be referred to as the "**Exploration Permit**") to continue beyond the expiry of 13 September 2019, were rejected on the basis that Group failed to complete its working units commitment before the aforementioned expiration date.

The Group duly submitted its appeal to the Minister of Production in the Province of Salta, Argentina (the "**Minister**") before the deadline of 30 September 2019 in order to seek the revocation of the Resolutions.

The Group contested the Secretary's decisions and the Resolutions on the premise that the Secretary rejected the Group's application for the Extension without having completed the due process or given proper consideration in regards to the disputed working units matter, and therefore the Secretary's decision to issue the Resolutions was appealed on the grounds that it was premature, arbitrary, unreasonable and illegitimate.

As disclosed in the announcement of the Company dated 26 September 2019, the Group had also submitted to the Secretary in early September 2019, under National Law No. 17,319 and Article 3 of the Executive Orders 3391/06 and 3388/06 to enter into the second exploratory period in the T&M Concessions by committing to drill one additional exploration well, which the Group understood is a legal right that the Secretary cannot deny the Group.

Furthermore, on 25 October 2019, the Group successfully filed an Amparo Judicial Process against the Secretary, the Minister and the Salta Provincial Authority (the "**Authorities**"), which in essence is an injunction temporarily preventing the execution of the Resolutions, until such time the Authorities have at least properly addressed the Group's disputed working units matter.

Following the conclusion in November 2019 of the National and Provincial Elections of Argentina, Mr. Alberto Fernandez and Mr. Gustavo Saenz were both officially inaugurated on 10 December 2019 as the new President of Argentina and new Governor of the Province of Salta (the "**Governor**"), Argentina, respectively bringing with them new personnel to take up the various vacant ministerial and governmental positions including Minister of Production and Secretary of Energy.

As the recent inauguration of the new Governor on 11 December 2019 coincided with Argentina's seasonal holidays of Christmas and New Year, as well as the commencement of its summer holidays in January, the senior officers overseeing the oil & gas exploration regulations were taking longer time than usual to attend to the disputes between the Government and the Group. In other words, it would appear that the extension issue of the T&M Concession would not be resolved expeditiously,

Nevertheless, on 20 January 2020, the Group had an informal meeting with the new Authorities in charge, with a view to taking the first steps towards resolving and reversing the Resolutions issued by the now departed Secretary. While the meeting was courteous, it appeared that the issues surrounding the T&M Concessions would not be resolved by the new Government within the next few months. The Group will be submitting new proposals to the new Authorities as to how the outstanding issues and working units can be resolved.

With the recent outbreak of coronavirus in China (since January 2020) severely restricting international travel for an indefinite period, the Group anticipates further delays in the negotiation process with the new Authorities for a resolution on the T&M extension matter.

The Group remains committed to continuing its negotiations and appeal with the new Authorities, in regard to both the disputed working units matter and subsequently its right to resume exploratory drilling activities in the T&M Concessions, as soon as the new Authorities decide to revert the decision of the previous Government.

Whilst the new national and provincial governments on the one hand are a cause for optimism in Argentina, the Group is cautious about the country's political and economic outlook. Nevertheless, the exploration of oil and gas in Argentina will remain among the Group's important business segment in the foreseeable future and the Company will continue our efforts to that end.

PROVISION FOR FULL IMPAIRMENT LOSS OF THE T&M E&E ASSETS

In light of the aforementioned developments in regards to the T&M Concessions, a meeting of the Board (including all the members of the audit committee) was convened on 6 February 2020, where the resolution for the provision for full impairment loss of the T&M E&E Assets in the amount of approximately HK$2,240 million (the said amount of impairment loss is based on a preliminary assessment by the management of the Company using currently available information) in the consolidated financial results of the Company for the year ended 31 December 2019 was recommended and approved, subject to the final approval of the audit committee of the Company and the final review and audit by the Company's auditors.

The above provision for impairment loss is an unaudited preliminary estimate and may be subject to adjustment or amendment. Further and finalised details will duly be disclosed in the 2019 annual results announcement and audited consolidated financial statements of the Company.

REASONS FOR AND BASIS OF THE PROVISION FOR FULL IMPAIRMENT LOSS OF THE T&M E&E ASSETS

The Company's accounting policy (following the Hong Kong Financial Reporting Standard 6, *Exploration for and Evaluation of Mineral Resources*, and specifically Hong Kong Accounting Standard 36, *Impairment of Assets*) is to review the carrying value of its exploration and evaluation assets, including the T&M E&E Assets, on an annual basis or where facts and circumstances indicate that it should be tested for impairment.

The reasons for and basis of the Company's provision for full impairment loss of the T&M E&E Assets for year ended 31 December 2019 were:

1) First and foremost, the expiry of the Group's exploration permit in the T&M Concessions on 13 September 2019, and the issuance of Resolutions on 17 September 2019 by the Secretary, formally rejecting the Group's one year extension request for the first exploratory period and its alternative request to enter into the second exploratory period to continue beyond 13 September 2019 in the T&M Concessions;

2) The significant uncertainty in regard to the timing and possibility of a positive appeal result in favour of the Group in regards to the disputed working units matter, which is a prerequisite for the Group's subsequent appeal to reverse the previous Secretary's aforementioned Resolutions;

3) The lengthy appeals process and negotiations the Group has experienced to date, and anticipating to endure with the new Authorities, as it seeks to restore its right to conduct further exploratory activities in the T&M Concessions;

4) The uncertain political and economic outlook in Argentina following the recent appointment of Mr. Alberto Fernandez, a pro-Peronist centre-left leader, as the country's newly elected president, plus the risk of Argentina defaulting on its latest International Monetary Fund bailout loan, leading to possible economic turmoil and social unrest in the country; and

5) It appeared from the Group's recent meeting with the new Authorities on 20 January 2020 that the issues surrounding the T&M Concessions would not be resolved by the new Government within the next few months. Current travel restrictions resulting from the recent outbreak of coronavirus will further hamper the Group's efforts to rectify the T&M extension issues expeditiously.

IMPACT ON THE FINANCIAL RESULTS AND FINANCIAL POSITION OF THE GROUP

Following and solely for the reason of the provision for the full impairment loss of the T&M E&E Assets, (i) the loss on impairment of assets would be approximately HK$2,240 million per the unaudited consolidated management accounts of the Company for the year ended 31 December 2019, and, correspondingly, (ii) the loss of the Group is expected to increase by approximately HK$2,240 million, whilst the loss attributable to the Shareholders is expected to increase by approximately HK$2,240 million, and the total assets is expected to decrease by approximately HK$2,240 million.

The provision for full impairment loss of the T&M E&E Assets has a significant adverse impact on results and financial position of the Group for the year ended 31 December 2019. However, the provision for full impairment loss of the T&M E&E Assets is a non-cash item and therefore has no immediate impact on the cash flow of the Group.

The above figures are unaudited preliminary figures and are subject to adjustments or amendments. Further and finalised details will be disclosed in the 2019 annual results announcement and audited consolidated financial statements of the Company.

RELEVANT PROCEDURE FOR CONSIDERATION AND APPROVAL

The provision for full impairment loss of the T&M E&E Assets was considered and approved by the Board (including all the members of the audit committee as well as the independent non-executive directors of the Company). The audit committee of the Company conducted prior review of the proposal for the provision for full impairment loss of the T&M E&E Assets, and agreed to submit the matter to the Board for consideration and approval.

The Board is of the view that, taking into account the reasons set out above, the provision for full impairment loss of the T&M E&E Assets is in accordance with relevant requirements of Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards. The Board is agreed on the provision for full impairment loss for the year ended 31 December 2019.

The independent non-executive directors of the Company are also of the view that the provision for full impairment loss of the T&M E&E Assets is in accordance with relevant requirements of Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards.

POTENTIAL FINANCIAL IMPACT SUBJECT TO FUTURE DEVELOPMENTS IN REGARDS TO THE T&M CONCESSIONS

The Group remains committed to its commitment to its oil exploration and production business.

The Group will continue to appeal for the reversal of the Resolutions, in order to restore the Group's legal right to conduct exploratory drilling activities in the T&M Concessions, so as to build on its recent success with the oil discovery in the Chirete Concession in late November 2018.

Subject to the outcome of the Group's appeal process, which at present remains uncertain in both its timing and outcome, the Group may consider a reversal of the provision for impairment loss of the T&M E&E assets in relevant future financial year(s), where considered applicable and appropriate.

OTHER INFORMATION

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 held a 69.25% participating interest in the concessions and was the operator. The concessions (which were still in the exploration phase) cover a total surface area of 10,583 km^2 and were estimated to contain net prospective resources for the Group of 130 million barrels of oil equivalent.

Further announcement(s) will be made by the Company to update its Shareholders and potential investors on the latest development of the T&M Concessions in due course, as and when appropriate.

The relevant information and figures contained in this announcement are based on the preliminary assessment by the management of the Company, using latest information currently available, which has not been audited or reviewed by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 6 February 2020

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

* *For identification purpose only*