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 2018 AND CHANGE IN USE OF PROCEEDS

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2018	Six months ended 30 June 2017
Revenue *(HK$'000)*	**202,227**	21,692
Loss before taxation *(HK$'000)*	**(94,947)**	(223,856)
Loss for the period *(HK$'000)*	**(97,325)**	(222,910)
Loss per share – Basic *(HK cent)*	**(1.10)**	(3.05)

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018.

* *For identification purpose only*

The board of directors (the "**Board**") of New Times Energy Corporation Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018, together with the comparative figures for the six months ended 30 June 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		(Unaudited) Six months ended 30 June	
		2018	2017
			(note)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**202,227**	21,692
Cost of sales		**(194,228)**	(18,241)
Gross profit		**7,999**	3,451
Other income	*4*	**(21,949)**	11,525
General and administrative expenses		**(26,381)**	(25,880)
Assets impairment losses	*5(c)*	**(40,009)**	(167,986)
Net investment loss	*5(d)*	**(3,450)**	(35,711)
Exploration expenses		**(1,254)**	–
Gain on partial disposal of interest in a joint venture		**–**	3,304
Loss from operations		**(85,044)**	(211,297)
Finance costs	*5(a)*	**(7,786)**	(10,867)
Share of losses of joint ventures		**(2,117)**	(1,692)
Loss before taxation	*5*	**(94,947)**	(223,856)
Income tax	*6*	**(2,378)**	946
Loss for the period		**(97,325)**	(222,910)

	Note	(Unaudited) Six months ended 30 June 2018 HK$'000	2017 (note) HK$'000
Attributable to:			
Owners of the Company		**(97,323)**	(222,901)
Non-controlling interests		**(2)**	(9)
Loss for the period		**(97,325)**	(222,910)
Loss per share	*8*		
Basic *(HK cent)*		**(1.10)**	(3.05)
Diluted *(HK cent)*		**(1.10)**	(3.05)

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	(Unaudited) Six months ended 30 June	
	2018	2017
		(note (i))
	HK$'000	*HK$'000*
Loss for the period	**(97,325)**	(222,910)
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 ("**FVOCI**") – net movement in fair value reserve (non-recycling)	**(2,146)**	–
Items 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	**(42,531)**	(2,582)
Available-for-sale investments: net movement in fair value reserve (recycling) *(note (ii))*	**–**	223
Other comprehensive income for the period	**(44,677)**	(2,359)
Total comprehensive income for the period	**(142,002)**	(225,269)
Attributable to:		
Owners of the Company	**(142,000)**	(225,260)
Non-controlling interests	**(2)**	(9)
Total comprehensive income for the period	**(142,002)**	(225,269)

Notes:

(i) The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

(ii) This amount arose under the accounting policies applicable prior to 1 January 2018. As part of the opening balance adjustments as at 1 January 2018, the balance of this reserve has been reclassified to fair value reserve (non-recycling) and will not be reclassified to profit or loss in any future periods. See note 2(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2018

	Note	(Unaudited) At 30 June 2018 HK$'000	(Audited) At 31 December 2017 (note) HK$'000
Non-current assets			
Exploration and evaluation assets	9	**2,282,111**	2,303,481
Property, plant and equipment	10	**29,227**	49,301
Intangible assets		**9,658**	16,296
Goodwill		**152**	234
Interest in joint ventures		**15,804**	18,104
Available-for-sale investments		**–**	36,617
Other investment in equity securities		**34,471**	–
Prepayments, deposits and other receivables	12	**25,754**	40,286
Deferred tax assets		**5,514**	11,149
Total non-current assets		**2,402,691**	2,475,468
Current assets			
Inventories		**11,931**	17,144
Trade and other receivables	12	**76,938**	74,659
Promissory note receivable	13	**–**	42,687
Current tax recoverable		**86**	133
Other financial assets	14	**191,795**	329,610
Cash and cash equivalents	15	**932,300**	843,948
Total current assets		**1,213,050**	1,308,181
Current liabilities			
Trade and other payables	16	**72,531**	88,142
Other borrowings	17	**2,352**	2,380
Total current liabilities		**74,883**	90,522
Net current assets		**1,138,167**	1,217,659
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,540,858**	3,693,127

	Note	(Unaudited) At 30 June 2018 HK$'000	(Audited) At 31 December 2017 (note) HK$'000
Non-current liabilities			
Other borrowings	*17*	**208,400**	211,400
Provisions		**14,920**	14,411
Total non-current liabilities		**223,320**	225,811
NET ASSETS		**3,317,538**	3,467,316
CAPITAL AND RESERVES			
Share capital	*18*	**88,655**	88,655
Reserves		**3,277,570**	3,427,346
Total equity attributable to owners of the Company		**3,366,225**	3,516,001
Non-controlling interests		**(48,687)**	(48,685)
TOTAL EQUITY		**3,317,538**	3,467,316

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

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**").

The 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 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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 2017 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 2017 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. CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. Details of the changes in accounting policies are discussed in note 2(b) for HKFRS 9.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9:

	At 31 December 2017	Impact on initial application of HKFRS 9 *(note 2(b))*	At 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables	74,659	(16)	74,643
Promissory note receivable	42,687	(7,760)	34,927
Total current assets	**1,308,181**	**(7,776)**	**1,300,405**
Net current assets	**1,217,659**	**(7,776)**	**1,209,883**
Total assets less current liabilities	**3,693,127**	**(7,776)**	**3,685,351**
Net assets	**3,467,316**	**(7,776)**	**3,459,540**
Reserves	(3,427,346)	7,776	(3,419,570)
Total equity attributable to owners of the Company	**(3,516,001)**	**7,776**	**(3,508,225)**
Total equity	**(3,467,316)**	**7,776**	**(3,459,540)**

Further details of these changes are set out in sub-section (b) of this note.

(b) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses and reserves and the related tax impact at 1 January 2018.

	HK$'000
Accumulated losses	
Transferred to fair value reserve (non-recycling) relating to impairment of other investment in equity securities now measured at FVOCI	92,597
Recognition of additional expected credit losses on:	
– trade and other receivables	(16)
– promissory note receivable	(7,760)
Net decrease in accumulated losses at 1 January 2018	84,821
Fair value reserve (recycling)	
Transferred to fair value reserve (non-recycling) relating to other investment in equity securities now measured at FVOCI at 1 January 2018	(6,010)
Fair value reserve (non-recycling)	
Transferred from accumulated losses relating to impairment of other investment in equity securities now measured at FVOCI	(92,597)
Transferred from fair value reserve (recycling) relating to other investment in equity securities now measured at FVOCI	6,010
Net decrease in fair value reserve (non-recycling) at 1 January 2018	(86,587)

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

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at FVOCI and at fair value through profit or loss ("**FVPL**"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017	**Reclassification**	**Remeasurement**	**HKFRS 9 carrying amount at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets carried at amortised cost				
Cash and cash equivalents	843,948	–	–	843,948
Trade and other receivables	16,319	–	(16)	16,303
Promissory note receivable	42,687	–	(7,760)	34,927
	902,954	–	(7,776)	895,178
Financial assets measured at FVOCI (non-recyclable)				
Other investment in equity securities *(note (i))*	–	36,617	–	36,617
Financial assets carried at FVPL				
Other financial assets *(note (ii))*	329,610	–	–	329,610
Financial assets classified as available-for-sale under HKAS 39 *(notes (i))*	36,617	(36,617)	–	–

Notes:

(i) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 January 2018, the Group designated its investment in NordAq Energy Inc. ("**NordAq**") and investment in Foothills Exploration Inc. ("**Foothills Exploration**") at FVOCI (non-recycling), as the investments are not held for trading.

(ii) Other financial assets including listed equity securities and unlisted investment funds, which were classified as financial assets at FVPL, and unlisted equity-linked securities, which were designated as FVPL under HKAS 39. These assets continue to be measured at FVPL under HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

Except for the unlisted equity-linked securities described in note (ii) above, the Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including trade and other receivables, and promissory note receivable);

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– trade and other receivables and promissory note receivable: effective interest rate determined at initial recognition or an approximation thereof;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to approximately HK$7,776,000, which increased accumulated losses by approximately HK$7,776,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	HK$'000
Loss allowance at 31 December 2017 under HKAS 39	3,810
Additional credit loss recognised at 1 January 2018 on:	
– Trade and other receivables	16
– Promissory note receivable	7,760
Loss allowance at 1 January 2018 under HKFRS 9	11,586

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The adoption of HKFRS 15 does not have any material impact on the financial position and the financial results of the Group.

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC)22 does not have any material impact on the financial position and the financial results of the Group.

3. 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	
	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
– Sales of oil products under oil exploration and production	**22,609**	21,692
– Sales of non-ferrous metals under commodities trading	**179,618**	–
	202,227	21,692
Disaggregated by geographical location of customers		
– Singapore	**179,618**	–
– Argentina	**22,609**	21,692
	202,227	21,692

Disaggregation of revenue from contracts with customers is disclosed in note 3(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	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the six months ended 30 June						
Reportable segment revenue *(note)*	**22,609**	21,692	**179,618**	–	**202,227**	21,692
Reportable segment (loss)/profit	**(39,631)**	(8,402)	**197**	–	**(39,434)**	(8,402)
Depreciation and amortisation	**4,801**	3,099	**–**	–	**4,801**	3,099
Interest income	**1**	–	**–**	–	**1**	–
Interest expense	**–**	36	**–**	–	**–**	36
Exploration expenses	**1,254**	–	**–**	–	**1,254**	–
Assets impairment losses – exploration and evaluation assets	**–**	155,462	**–**	–	**–**	155,462
At 30 June 2018 and 31 December 2017						
Reportable segment assets	**2,400,658**	2,469,723	**–**	–	**2,400,658**	2,469,723
Reportable segment liabilities	**(34,654)**	(47,601)	**(101)**	(201)	**(34,755)**	(47,802)

Segment (loss)/profit represents the (loss)/profit resulted by each segment without allocation of assets impairment losses, 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.

(c) Reconciliations of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**202,227**	21,692
Loss		
Reportable segment loss	**(39,434)**	(8,402)
Unallocated interest expense	**(7,786)**	(10,831)
Unallocated interest income	**9,481**	7,654
Other net expenses in corporate head office	**(11,632)**	(10,192)
Share of losses of joint ventures	**(2,117)**	(1,692)
Net investment loss	**(3,450)**	(35,711)
Assets impairment losses	**(40,009)**	(167,986)
Gain on partial disposal of interest in a joint venture	**–**	3,304
Consolidated loss before taxation	**(94,947)**	(223,856)

4. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**5,562**	2,733
Interest income on promissory note receivable	**3,920**	3,263
Other interest income	**–**	1,658
Total interest income on financial assets not at fair value through profit or loss	**9,482**	7,654
Net foreign exchange (loss)/gain	**(34,553)**	815
Others	**3,122**	3,056
	(21,949)	11,525

5. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on other borrowings	**7,786**	10,831
Other interest	**–**	36
	7,786	10,867

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**9,573**	9,371
Contributions to defined contribution retirement plan	**2,599**	2,409
	12,172	11,780

	Six months ended 30 June	
	2018	2017
		(note)
	HK$'000	*HK$'000*
(c) Assets impairment losses		
Promissory note receivable *(see note 13)*	**38,846**	–
Trade and other receivables	**1,163**	–
Exploration and evaluation assets *(see note 9)*	**–**	155,462
Available-for-sale investments	**–**	12,524
	40,009	167,986

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
(d) Net investment loss		
Listed equity securities at fair value	**3,560**	35,711
Unlisted investment funds at fair value	**2,016**	–
Unlisted equity-linked securities	**(2,126)**	–
	3,450	35,711

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
(e) Other items		
Amortisation of intangible assets	**1,202**	1,496
Depreciation of property, plant and equipment	**3,685**	1,711
Operating leases charges:		
Minimum lease payments		
– leasehold land and buildings	**1,466**	1,287
Exploration expenses	**1,254**	–
Cost of inventories	**194,228**	18,241

6. INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**–**	–
Current tax – Overseas		
Provision for the period	**–**	–
	–	–
Deferred taxation		
Origination and reversal of temporary differences	**2,378**	(946)
	2,378	(946)

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% (2017: 25%).

Subsidiaries of the Group in Argentina are subject to Argentina corporate income tax ("**CIT**") at 30% (2017: 35%) 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 is the higher of either CIT or MPIT.

7. DIVIDENDS

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

8. LOSS PER SHARE

(a) Basic loss per share

(i) Loss attributable to owners of the Company (basic)

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(97,323)**	(222,901)

(ii) Weighted average number of ordinary shares (basic)

	2018	2017
	'000	*'000*
Issued ordinary shares at 1 January	**8,865,483**	5,910,322
Effect of shares issued under open offer *(note 18(a))*	**–**	1,322,475
Effect of bonus element on shares issued under open offer	**–**	86,911
Weighted average number of ordinary shares (basic) at 30 June	**8,865,483**	7,319,708

(b) Diluted loss per share

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

For the six months ended 30 June 2017, basic and diluted loss per share was the same as the effect of the potential ordinary shares outstanding was anti-dilutive.

9. 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 2017	3,229,499	105,589	106,404	34,495	3,475,987
Additions	894	33,739	–	–	34,633
Write off	–	(35,544)	–	–	(35,544)
Exchange adjustments	(1,222)	(10,920)	(10,210)	(504)	(22,856)
At 31 December 2017	3,229,171	92,864	96,194	33,991	3,452,220
At 1 January 2018	**3,229,171**	**92,864**	**96,194**	**33,991**	**3,452,220**
Additions	**280**	**4,187**	**–**	**–**	**4,467**
Write off *(note (c))*	**–**	**(1,254)**	**–**	**–**	**(1,254)**
Exchange adjustments	**(2,933)**	**(25,774)**	**(23,469)**	**(1,160)**	**(53,336)**
At 30 June 2018	**3,226,518**	**70,023**	**72,725**	**32,831**	**3,402,097**
Accumulated impairment					
At 1 January 2017	1,261,385	6,802	106,404	34,495	1,409,086
Reversal of impairment loss *(note (b))*	(248,040)	–	–	–	(248,040)
Exchange adjustments	200	(1,793)	(10,210)	(504)	(12,307)
At 31 December 2017	1,013,545	5,009	96,194	33,991	1,148,739
At 1 January 2018	**1,013,545**	**5,009**	**96,194**	**33,991**	**1,148,739**
Exchange adjustments	**–**	**(4,124)**	**(23,469)**	**(1,160)**	**(28,753)**
At 30 June 2018	**1,013,545**	**885**	**72,725**	**32,831**	**1,119,986**
Net book value					
At 30 June 2018	**2,212,973**	**69,138**	**–**	**–**	**2,282,111**
At 31 December 2017	2,215,626	87,855	–	–	2,303,481

(a) As at 30 June 2018, 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 and March 2016 respectively. On 13 September 2017, the exploration permits expired and in March 2018 the Group obtained the extension of the exploration permits 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.

(b) As at 31 December 2017, on the basis that the extension of the exploration permits in the T&M Concessions were to be obtained in a reasonable period of time, the Group reversed impairment loss of HK$248,040,000 for exploration and evaluation assets in respect of T&M UTE. The reversal of impairment loss was provided based on the calculations with reference to a valuation report issued by an independent appraisal firm, Roma Appraisals Limited. These calculations used cash flow projections based on financial forecasts prepared by management with reference to technical reports issued by Netherland, Sewell & Associates, Inc., an independent qualified technical consultant.

The cash flow projections covered the remaining life of the oil fields for a 22-year period for Tartagal concession and a 23-year period for Morillo concession. Pre-tax discount rates of 25.23% and 25.00% for Tartagal concession and Morillo concession respectively were applied in the cash flow projections. The reversal of impairment loss was mainly attributable to a decrease in pre-tax discount rate driven by the lower country risk premium of Argentina and lower systematic risk of oil and gas companies.

As at 30 June 2018, 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.

(c) During the six months ended 30 June 2018, exploration and evaluation assets of HK$1,254,000 (for the six months ended 30 June 2017: nil) in respect of an exploration well in T&M UTE which has been determined to be non-commercial and has been recognised as exploration expenses for dry hole.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, total additions to the cost of property, plant and equipment were approximately HK$6,000 (for the six months ended 30 June 2017: HK$191,000) which mainly comprised furniture, fixtures and office equipment. Other changes during the current period represented the effect of exchange rate changes between Argentine Peso and Hong Kong Dollar.

11. INTEREST IN JOINT OPERATION

Significant joint operation	Country of operation	Principal activity	At 30 June 2018	At 31 December 2017
Palmar Largo UTE Interest	Argentina	Exploration, development and exploitation of hydrocarbons	38.15%	38.15%

On 26 February 2014, the Group acquired 38.15% participating interest in Palmar Largo Union of Temporary Enterprise (the "**Palmar Largo UTE Interest**"). The Palmar Largo UTE Interest consists of (i) rights and obligations arising from the joint venture contract that aims at the exploration, development and exploitation of hydrocarbons in the Palmar Largo concession area and (ii) interest in the production equipment and facilities required to perform and execute the exploitation work. The hydrocarbons exploitation rights on the Palmar Largo concession area have a term of 25 years from 23 December 1992 to 23 December 2017, extendible for another 10 years up to 23 December 2027 upon the unanimous decision of the Palmar Largo UTE parties and the approval of the relevant local government.

In regards to the Palmar Largo concession, the Group's exploitation rights were expired on 23 December 2017. At the date of the issuance of the interim results, the Group has yet to receive a formal extension decree from the Secretary of Energy of Province of Formosa, Argentina. Extensive dialogue is ongoing with a view to either brokering a mutually acceptable investment plan, in return for the granting of a further 10 years term, or some other commercially viable plan on the way forward. In the meantime, whilst discussions continue, the Group remains as the operator of the production facilities in the Palmar Largo concession during the six months ended 30 June 2018.

Pursuant to Palmar Largo UTE agreement, all the participants in the joint operation approve the operating and capital budgets and therefore the Group has joint control over the relevant activities of Palmar Largo UTE. According to Palmar Largo UTE agreement, the participants in Palmar Largo UTE have joint control over the rights to the assets and obligations for the liabilities relating to Palmar Largo UTE. Accordingly, Palmar Largo UTE Interest is accounted for as a joint operation.

As at 30 June 2018, the Group recognised its share of assets and liabilities held jointly in the Palmar Largo UTE, including property, plant and equipment of approximately HK$144,000 (31 December 2017: HK$590,000), intangible assets of approximately HK$9,658,000 (31 December 2017: HK$16,296,000) and goodwill of approximately HK$152,000 (31 December 2017: HK$234,000).

12. 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 2018	At 31 December 2017 *(note (a))*
	HK$'000	*HK$'000*
0-30 days	**10,942**	7,461
31-60 days	**6,794**	–
Trade receivables, net of loss allowance *(note (b))*	**17,736**	7,461
Other debtors	**7,144**	8,528
Amount due from joint ventures	**314**	330
Financial assets measured at amortised cost	**25,194**	16,319
VAT recoverable	**29,245**	48,396
Other tax recoverable	**6,029**	8,484
Other prepayment and deposits	**42,224**	41,746
	102,692	114,945
Reconciliation to the consolidated statement of financial position:		
Non-current	**25,754**	40,286
Current *(note (c))*	**76,938**	74,659
	102,692	114,945

Notes:

(a) The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated. See note 2.

(b) Trade receivables are due within 30 days (2017: 30 days) from the date of billing.

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

13. PROMISSORY NOTE RECEIVABLE

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
Promissory note receivable	**46,606**	42,687
Less: impairment loss	**(46,606)**	–
	–	42,687

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

The Group has initially applied HKFRS 9 at 1 January 2018, under the transition method chosen, comparative information is not restated. The Group has recognised additional ECLs amounting to HK$7,760,000 as an adjustment to the opening balance of equity at 1 January 2018. See note 2(b).

Subsequent to 30 June 2018, 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 currently in negotiation with Foothills for the repayment of the past due promissory note. Foothills's 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 recent default, the Group provided additional impairment loss of approximately HK$38,846,000 on the past due balance of promissory note receivable at 30 June 2018.

14. OTHER FINANCIAL ASSETS

	At 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Listed equity securities at fair value *(note (a))*	**191,795**	198,972
Unlisted investment funds at fair value *(note (b))*	**–**	100,778
Unlisted equity-linked securities *(note (c))*	**–**	29,860
	191,795	329,610

Notes:

(a) The listed equity securities at fair value represent listed shares of Beijing Gas Blue Sky Holdings Limited ("**Blue Sky**") from conversion of convertible notes issued by Blue Sky.

(b) The unlisted investment funds at fair value represent investments in a wide range of equity or debt investment products, which were disposed during the six months ended 30 June 2018.

(c) During the year ended 31 December 2017, the Group acquired equity-linked securities which contain embedded derivative, 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 at FVPL at initial recognition. During the six months ended 30 June 2018, the unlisted equity-linked securities have been redeemed.

15. CASH AND CASH EQUIVALENTS

	At 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	**932,300**	843,948

16. 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 2018 HK$'000	At 31 December 2017 HK$'000
0-30 days	**6,639**	15,050
31-60 days	**615**	10,342
61-90 days	**201**	1,393
Over 90 days	**2,029**	1,292
Trade payables	**9,484**	28,077
Other creditors and accrued charges	**14,133**	11,130
Financial liabilities measured at amortised cost	**23,617**	39,207
Deposit received *(note (b))*	**48,880**	48,880
Receipt in advance	**34**	55
	72,531	88,142

Notes:

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

(b) The amount represented a total deposit of HK$48,880,000 received from two independent third parties which appointed a subsidiary of the Company as trustee to pursue an acquisition, which was under negotiation as at 30 June 2018.

17. OTHER BORROWINGS

	At 30 June 2018 HK$'000	At 31 December 2017 HK$'000
Term loans due for repayment within 1 year	**2,352**	2,380
Term loans due for repayment after 1 year:		
After 1 year but within 2 years	**54,400**	54,400
After 2 years but within 5 years	**154,000**	157,000
	208,400	211,400
	210,752	213,780
Reconciliation to the consolidated statement of financial position:		
Current liabilities	**2,352**	2,380
Non-current liabilities	**208,400**	211,400
	210,752	213,780

Note: Certain of the Group's other borrowings are subject to the fulfilment of covenants relating to the Company's assets/liabilities ratio and the Group's consolidated adjusted tangible net assets, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the other borrowings would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2018 and 31 December 2017, none of the covenants relating to other borrowings had been breached.

18. SHARE CAPITAL

Authorised and issued share capital

	2018		2017	
	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	**8,865,483**	**88,655**	5,910,322	59,103
Shares issued under open offer *(note (a))*	**–**	**–**	2,955,161	29,552
At 30 June 2018/31 December 2017				
Ordinary shares of HK$0.01 each	**8,865,483**	**88,655**	8,865,483	88,655

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.

Notes:

(a) Shares issued under open offer

In April 2017, the Company completed an open offer of 2,955,160,996 ordinary shares of the Company at a subscription price of HK$0.25 per share for net proceeds of approximately HK$736,397,000, of which approximately HK$29,552,000 and approximately HK$706,845,000 were credited to the share capital and the share premium accounts respectively.

(b) Warrants reserve

On 16 July 2012, pursuant to the conditional warrant subscription agreement dated 29 May 2012 entered into between the Company and Max Sun Enterprises Limited, a total of 100,000,000 unlisted warrants was issued by the Company to Max Sun Enterprises Limited at an issue price of HK$0.02 conferring the rights to subscribe for an aggregate of 100,000,000 ordinary shares of the Company at an exercise price of HK$1.05 per share. The issuance costs of the unlisted warrants were approximately HK$199,000. Upon the completion of open offer in January 2015, the exercise price of the unlisted warrants was adjusted from HK$1.05 to HK$0.86 per share. As a result, the rights attached to the unlisted warrants to subscribe ordinary shares of the Company were adjusted from 100,000,000 ordinary shares to 122,093,023 ordinary shares. On 15 July 2017, all unlisted warrants in issue were lapsed and accordingly warrants reserve of HK$1,801,000 was released to accumulated losses.

(c) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(d) Fair value reserve (recycling)

Prior to 1 January 2018, this reserve included the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period in accordance with HKAS 39. This amount has been reclassified to fair value reserve (non-recycling) upon the initial adoption of HKFRS 9 at 1 January 2018 (see note 2(b)).

(e) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 2(b)(i)).

19. 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.
China Venturetechno International Co., Ltd.	Mr. Cheng Kam Chiu, Stewart, the chairman and executive director of the Company, is a common director.
Blue Sky	Mr. Cheng Ming Kit, who was the non-executive director of the Company, was a common director until he resigned as the non-executive director of the Company with effect from 13 April 2018.
盤錦遼河曙光實業有限公司	The company is a subsidiary of Full Charming Limited, which is a joint venture of the Group.
Max Sun Enterprises Limited	The company is an indirect non-wholly owned subsidiary of Chow Tai Fook (Holding) Limited, an intermediate parent of the Company.

Save as disclosed elsewhere in these 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	
	2018	2017
	HK$'000	*HK$'000*
Short-term employee benefits	**5,230**	4,514
Post-employment benefits	**29**	47
	5,259	4,561

(b) Other related party transactions

Related parties		Nature of transactions	Six months ended 30 June **2018** ***HK$'000***	2017 *HK$'000*
(i)	New World Tower Company Limited	Rent and management fee	**1,146**	1,025
(ii)	CiF Solutions Limited	IT management and support	**60**	57
(iii)	Max Sun Enterprises Limited	Underwriting commission	**–**	2,394

20. CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2018 not provided for in the condensed consolidated interim financial statements were as follows:

	At 30 June 2018 ***HK$'000***	At 31 December 2017 *HK$'000*
Authorised but not contracted for	**176,075**	175,393

21. COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL REVIEW

During the six month period to June 2018, the Group's main activities were oil and gas exploration and production in Argentina, and commodities trading.

Despite the lifting of the import ban of foreign oil into Argentina, and the move towards a free market oil economy by the incumbent government, the full financial effects of the recovering world oil price have not benefited the producers of Northern Argentina, where the Group is situated. As the only refinery in the region, Refinor is able to offer a price significantly lower than prevailing world oil prices to the oil producers in the area, knowing they have no other economically viable alternative. This situation has created a major adverse effect on oil exploration activities in the region.

Hoping for a possible improvement to the current situation, the Group continues to lobby its concerns with the provincial governments, warning them of the potential irreversible damage that the refineries' unfair market practices may cause to the region's oil and gas industry in the long term, and its ability to attract future investment.

In the meantime, the Group remains focused on managing its operating costs, as well as maintaining production levels at the Palmar Largo Concessions (the "**PL Concessions**"), in an effort to preserve operating margins in a mature, marginal and declining oilfield.

With respect to the Group's permits on its concessions, both the exploratory permits of the Tartagal Oriental and Morillo Concessions (the "**T&M Concessions**"), and Chirete Concession were renewed and extended by a further 24 months from 13 September 2017, and 12 months from 18 November 2017, respectively. This was after 12 to 18 months of persistent effort and lobbying with the government. As a condition for the granting of the extension decrees by the Salta provincial regulatory authorities on 19 March 2018, the Group was required to submit accompanying performance bond insurance, which it duly did in early April 2018.

In regards to the PL Concessions, the Group's production permit as previously reported expired on 23 December 2017. The Group to date has yet to receive a formal extension decree from the Formosa provincial regulatory authorities, or notification on how they wish to proceed with those concessions. Extensive dialogue is ongoing with a view to either brokering a mutually acceptable investment plan, in return for the granting of a further 10 year term, or some other commercially viable plan on the way forward. In the meantime, whilst discussions continue, the Group continues to operate the production facilities in the concessions, for and on behalf of the Union of Temporary Enterprise (the "**UTE**") in which it is the owner of a 38.15% participating interest.

In an effort to complete its exploration commitment with the Provisional Government of Salta, Argentina, the Group is scheduled to spud its next exploration well in the Chirete Concession, HLG.st.LB.x-2001 in October 2018.

During the six months to June 2018, the Group was also engaged in the business of commodities trading. This was in line with the Group's objective to broaden its revenue base, as well as seek additional source of profit generation. For the period, the Group was solely involved in the trading of non-ferrous metals.

The political and financial risks associated with doing business in Argentina including, but not limited to, the rapid devaluation of the Argentine Peso, the high inflation rates, the exceptionally high key commercial lending rates are all of concerns to the Group and are being monitored closely.

REVIEW OF BUSINESS OPERATION

Northwest Basin, Argentina

Exploration, Development and Production Activities

*Tartagal Oriental and Morillo Concessions (the "**T&M Concessions**")*

As previously reported in the Group's 2017 Annual Report, the EP.x-2001 exploration well was drilled to its target drill depth of 2,853 meters on 28 October 2017. This was significantly later than the Group had planned due to a number of factors beyond control of the Group including late issuance of drill permit by local authority, labour union disruption and inclimate weather. Despite the presence of hydrocarbons, post logging analysis and petro-physical studies concluded the well and geological structure was incapable of being commercially viable for further development and production. EP.x-2001 well was subsequently plugged and abandoned in early November 2017, and since been subject to routine environmental audits by Salta provincial regulatory authorities for which no issues were noted during the six month period to June 2018.

On 19 March 2018, the Group successfully secured a 24 month extension on its exploration permit at the T&M Concessions from the Salta provincial regulatory authorities, effective from the expiry date of 13 September 2017. This extension of 18 months took 12 months to secure. A key condition for granting of the extension was that the Group provide performance bond insurance coverage for the remainder outstanding work commitments on the concessions, which it duly did in early April 2018 in full compliance.

Furthermore, the Group has already requested from the Salta provincial authorities, an extension beyond 13 September 2019 for the purposes of realistically completing the remainder work commitments on the T&M Concessions. An additional 6 months application until March 2020 was submitted by the Group, along with detailed drilling plans, schedules and analysis in support.

Concurrently, the Group has an outstanding commitment of 4,488 Work Units, and has submitted its application for the reduction of its total Work Unit commitments balance almost to its entirety in the Salta Province based on previous unclaimed qualifying expenditures. Subject to a lengthy detailed audit by the provincial regulatory bodies, the Group anticipates the official recognition of those previous expenditures as qualifying expenditures.

When the Salta Government agrees to the reduction in its total work commitments balance, the Group will approach its insurers for a reduced performance bond insurance coverage.

Assuming that most of the Work Unit commitments are recognised by the Salta Government, the Group would still have an outstanding commitment of drilling 2 exploration wells under the T&M Concessions.

The T&M Concessions are presently at an exploration stage with no existing development or production activities currently being performed.

*Palmar Largo Concessions (the "**PL Concessions**")*

The PL Concessions comprise three blocks, namely the Palmar Largo block located in the Province of Formosa, together with the Balbuena Este block and the El Chorro block located in the Province of Salta. The concessions' 25 year term expired on 23 December 2017. The Group owns a 38.15% interest the PL Concessions and is the operator of the production facilities.

During the six month period to 30 June 2018, the Group continued active dialogue with the Formosa provincial regulatory authority with a view to securing a further 10 year production permit, or some other mutually acceptable and economically viable arrangement.

Presently, the Formosa authority has given no indication on the direction they wish to proceed with the Palmar Largo block. The Group understands that the Formosa authority is considering the possibility of reassuming the legal ownership of the block, and may potentially (but there is no assurance whatsoever) retain the services of the Group in a capacity as an operator for a further 3 to 5 year period, and in return for operating the block, the Group may be compensated possibly by a percentage share of oil production, or by way of a fixed service income arrangement.

To date, no definitive offer has been presented to the Group or the UTE for consideration by the Formosa authority. In the meantime, whilst discussions are ongoing, the Group continues to operate the production facilities in the Palmar Largo block, for and on behalf of the UTE.

With increasing frequency, the Group on behalf of the UTE is pushing the Formosa provincial authorities for a swift and definitive answer regarding its intention for the future of the block. In the meantime, the Group has no option but to suspend and defer its significant discretionary investments/expenditures, originally planned for the second half of 2017, until this matter is first resolved.

Operationally, in the past six months to 30 June 2018, the Group conducted a number of slickline unit interventions on certain oil wells in order to maintain their production rates. Essential planned maintenance was also performed during the period to ensure continued safe working conditions. No workover interventions were undertaken, or contemplated. Such discretionary expenditure will be deferred until the over 20 month discussion with the Formosa authority is concluded, since it involved significant amounts and longer payback periods.

With respect to the Balbuena Este block and El Chorro block located in the Province of Salta, the Group has informed the Salta Government of its intention to relinquish both concessions. The office of the Secretary of Energy for the Province of Salta is establishing communication with the concession owner, YPF, for any activities that may be required on the concession. Furthermore, as the operator for the UTE, the Group is seeking to understand the extent of site remediation required by the authorities.

During the period under review, the average daily production rate of the Group's 38.15% participating interest in the PL Concessions was approximately 266 barrels of oil per day ("**BOPD**") (2017: 312 BOPD). The Group's share of production for the period under review equated close to 56.5 thousand barrels of oil ("**MBBL**") (2017: 57.4 MBBL).

Sales of crude oil from the Group's 38.15% participating interest in the PL Concessions for the six month period, contributed HK$22.61 million in revenue (2017: HK$21.69 million). The average selling price the Group received during the period under review was US$54.89 (2017: US$50.48) per barrel.

There were no exploration and development activities in the PL Concessions during the period under review.

Chirete Concession

During the period under review, the Group made steady progress with the preparations of the exploratory drill of the HLG.st.LB.x-2001 well, the spud date of which is scheduled for late October, 2018. The construction of access road and location drill site were at an advanced stage and according to schedule, as well as the tendering of periphery drilling services for their formal award and engagement.

Subject to the agreement of Pampa Energia, the 50% participating and funding partner of the LB.x-2001 well, the Group intends to drill this latest well utilising the divisions' own rig and crew, where it successfully drilled the EP.x-2001 well in Q4 2017 with no major mechanical downtimes or health and safety incident.

The Group is in the midst of finalising the operational and financial conditions of the division's LB.x.2001 drilling service contract with Pampa Energia. It is presently experiencing some delays which will inevitably impact and shift the original spud date. However, the Group is hopeful that these contractual terms and conditions will be imminently resolved to the mutual satisfaction of both parties.

With respect to the exploratory permit on the Chirete Concession, the Group received an extension on 19 March 2018 which will expire on 18 November 2018. This extension with an effective period of only 6 months came after 12 months of lobbying efforts. By December 2018, the Group and Pampa Energia should be in a position to make a decision on the future of its mutual participation on the concession following the conclusion of drilling of the LB.x.2001 well, and assessment of its economic viability for possible development and production.

The Chirete Concession is presently at an exploration stage with no existing development or production activities currently being performed; except for oils accumulating naturally from the LB x-1002 well drilled in December 2015 of approximately 1 BOPD (2017: 5 BOPD).

Commodities Trading

During the six month period to June 2018, the Group successfully engaged and closed out a number of commodities trades involving non-ferrous metals. 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 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 recent lifting of the import ban of foreign oil into Argentina by the government, and the move towards a free market oil economy by the incumbent government, the full financial benefit of the recovering world oil price has not been reciprocated in Northern Argentina, where it is dominated by Refinor, the only major refinery and where the Group's concessions are situated. The Group continues to work closely with the regions' provincial governments in the hope of finding a solution to address this position of the refineries, and for the long term health and prosperity of the oil and gas industry in the area.

With no immediate prospect for a significant rebound in the Northern Argentine oil and gas price, the business outlook for the Group and the regions' producers in the area is expected to continue to be challenging in the next 6 to 12 months at least.

However thankfully, the Group has a strong cash position as a result of its previous fund-raising activities in the form of subscription share issue and open offer, as well as diligent treasury management. This will enable the Group to weather through these difficult trading conditions in Argentina, whilst it seeks for value adding and complimentary 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 2018 was approximately HK$202.23 million, as compared to approximately HK$21.69 million for the corresponding period in 2017. The increase in revenue was mainly attributable to the revenue generated from commodities trading. The revenue derived from commodities trading for the six months ended 30 June 2018 was approximately HK$179.62 million (2017: Nil). 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 2018 was approximately HK$22.61 million. This represents an increase of approximately 4.24% as compared to the HK$21.69 million revenue generated for the corresponding period in 2017. During the period under review, the Group reported a gross profit of approximately HK$8.00 million (2017: HK$3.45 million). The increase in gross profit was mainly contributed by the increase in gross profit of the Group's oil exploration and production business.

General and administrative expenses of the Group for the six months ended 30 June 2018 was approximately HK$26.38 million, which represents an increase of approximately 1.93% as compared to approximately HK$25.88 million for the corresponding period in 2017.

The Group recognised an impairment loss on promissory note receivable, and trade and other receivables of approximately HK$38.85 million (2017: Nil) and approximately HK$1.16 million (2017: Nil) respectively for the six months ended 30 June 2018. For the six months ended 30 June 2017, the Group recognised an impairment loss on available-for-sale investments of approximately HK$12.52 million; whilst there was no such impairment loss recognised for the six months ended 30 June 2018.

For the six months ended 30 June 2017, the Group recognised an impairment loss on exploration and evaluation assets in respect of the Union of Temporary Enterprise in Tartagal Oriental and Morillo Concessions of approximately HK$155.46 million; whilst there was no such impairment loss recognised for the six months ended 30 June 2018.

The Group recognised a net investment loss in respect of financial instruments of approximately HK$3.45 million (2017: HK$35.71 million) for the six months ended 30 June 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 2017.

For the six months ended 30 June 2017, the Group recorded a gain of approximately HK$3.30 million on the partial disposal of interest in a joint venture of the Group (the "**Partial Disposal**"). The Partial Disposal was completed in January 2017 resulting in the Group's interest in the joint venture being decreased from 42.10% to 29.92%.

Finance costs of the Group for the six months ended 30 June 2018 was approximately HK$7.79 million, which represents a decrease of approximately 28.33% as compared to approximately HK$10.87 million for the corresponding period in 2017.

Share of losses of joint ventures of the Group for the six months ended 30 June 2018 were approximately HK$2.12 million, representing an increase of approximately 25.44%, as compared to approximately HK$1.69 million for the corresponding period in 2017.

Income tax charge of the Group for the six months ended 30 June 2018 was approximately HK$2.38 million; whilst it was an income tax credit of approximately HK$0.95 million for the corresponding period in 2017.

For the six months ended 30 June 2018, the Group recorded a loss for the period of approximately HK$97.33 million (2017: HK$222.91 million).

Basic loss per share for the six months ended 30 June 2018 was approximately HK1.10 cents (2017: HK3.05 cents).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES, AND CHANGE IN USE OF PROCEEDS

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$305.93 million had been utilised up to 31 December 2017 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 2017, the unutilised balance of the 2016 Subscription Shares Proceeds was approximately HK$251.3 million. The actual use of the 2016 Subscription Shares Proceeds during the six months ended 30 June 2018 was, as to approximately HK$31.12 million, for Argentina operational purposes as intended. As at 30 June 2018, the unutilised balance of the 2016 Subscription Shares Proceeds was approximately HK$220.18 million.

The following table summarises the use of net proceeds for the 2016 Subscription Shares Proceeds during the six months ended 30 June 2018.

	Unutilised amount of net proceeds brought forward as at 31 December 2017 *HK$ million*	**Utilised amount of net proceeds during the six months ended 30 June 2018** *HK$ million*	**Unutilised amount of net proceeds as at 30 June 2018** *HK$ million*
Intended use:			
Argentina operational purposes	251.30	(31.12)	220.18

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$66.11 million had been utilised up to 31 December 2017 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 2017, the unutilised balance of the Open Offer Proceeds was approximately HK$670.29 million. The actual use of the Open Offer Proceeds during the six months ended 30 June 2018 was, as to approximately HK$11.00 million, for general working capital requirements including the repayment of loan and payment of overhead expenses as intended. As at 30 June 2018, the unutilised balance of Open Offer Proceeds was approximately HK$659.29 million.

The following table summarises the use of net proceeds for the Open Offer Proceeds during the six months ended 30 June 2018.

	Unutilised amount of net proceeds brought forward as at 31 December 2017 *HK$ million*	**Utilised amount of net proceeds during the six months ended 30 June 2018** *HK$ million*	**Unutilised amount of net proceeds as at 30 June 2018** *HK$ million*
Intended use:			
General working capital requirements	11.00	(11.00)	–
Argentina operational purposes	59.29	–	59.29
Investment for oil and gas portfolio	600.00	–	600.00
	670.29	(11.00)	659.29

Change in use of proceeds

As at 30 June 2018, the Open Offer Proceeds intended to be used for the said general working capital requirements had been fully utilised. The unutilised balance of the Open Offer Proceeds were designated for specific uses (being, as to approximately HK$59.29 million, for Argentina operational purposes and, as to HK$600.00 million, for investment for oil and gas portfolio). As at 30 June 2018, the net proceeds of HK$600.00 million to be used for investment for oil and gas portfolio were unutilised due to lack of suitable target for such purpose. As at the date of this announcement, the Group has outstanding borrowings in the principal amount of approximately HK$208.40 million, of which HK$54.40 million will be repayable on 30 July 2019. In order to cope with the funding requirements for general and administrative expenses to be incurred in the Group's ordinary and usual course of business, and for the repayment of interest and debts that will soon fall due. On 27 August 2018, the Board resolved to change the use of net proceeds of HK$600.00 million originally designated for investment for oil and gas portfolio as follows:

(i) HK$100.00 million for general working capital requirements (including approximately HK$30.00 million for the general and administrative expenses and approximately HK$70.00 million for the repayment of interest and debts upon due), which is expected to be utilised within the next twelve months from the date of this announcement; and

(ii) HK$500.00 million for investment for oil and gas portfolio, when suitable opportunities arise.

The Board considered that the above change in use of proceeds will enhance the allocation of financial resources and are in the interests of the Company and its shareholders as a whole.

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 2018, the Group's net current assets amounted to approximately HK$1,138.17 million (31 December 2017: HK$1,217.66 million) and the Group had cash and cash equivalents of approximately HK$932.30 million (31 December 2017: HK$843.95 million).

Cash and cash equivalents of the Group as at 30 June 2018 were mainly denominated in Hong Kong Dollar, United States Dollar and Argentine Peso.

As at 30 June 2018, total equity of the Group was approximately HK$3,317.54 million (31 December 2017: HK$3,467.32 million). Net asset value per share equated to approximately HK$0.37 (31 December 2017: HK$0.39). Debt ratio, calculated as total liabilities divided by total assets, was approximately 8.25% (31 December 2017: 8.36%).

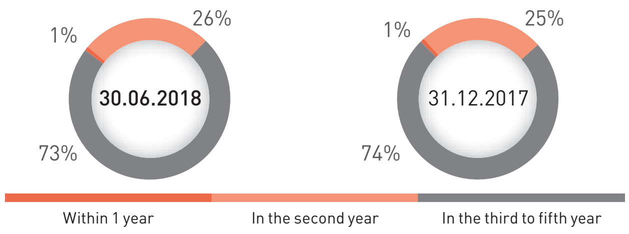
The Group financed its operations generally from a combination of working capital, borrowings and proceeds from the issuance of new shares of the Company.

Borrowings

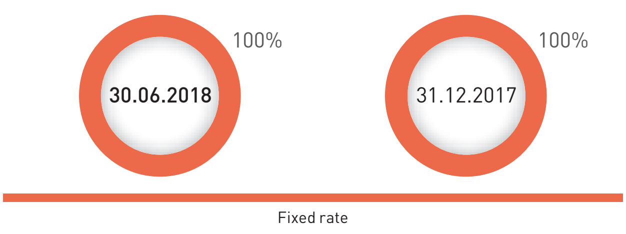
As at 30 June 2018, total borrowings of the Group was approximately HK$210.75 million (31 December 2017: HK$213.78 million), which comprised of debt securities in issue.

As at 30 June 2018, the debt profile of the Group is detailed below:

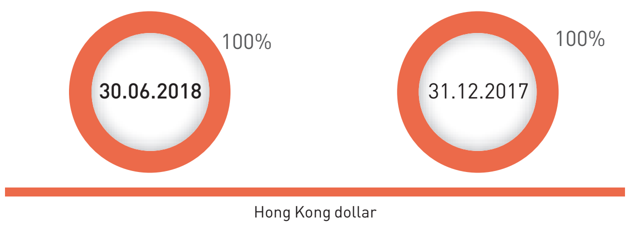
Debt Profile by Maturity



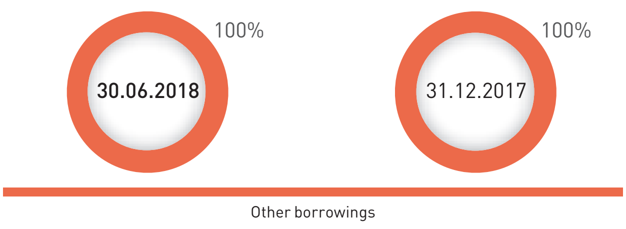
Debt Profile by Interest Rate Structure



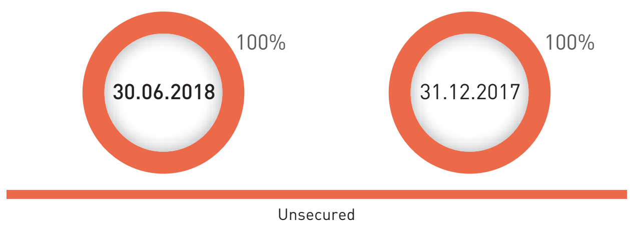
Debt Profile by Currencies



Debt Profile by Types of Borrowings



Debt Profile by Security Nature



Financial covenants

As at 30 June 2018, the Group's other borrowings of approximately HK$54.40 million (31 December 2017: 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 of the Group, as are commonly found in lending arrangements with financial institutions. If the Group were to be in breach these financial covenants, the Group's other borrowings would become payable on demand. As at 30 June 2018 and 31 December 2017, none of the financial covenants relating to other borrowing were breached.

Gearing ratio

As at 30 June 2018, gearing ratio, calculated on the basis of interest bearing borrowings divided by total equity, was approximately 6.35% (31 December 2017: 6.17%).

Charge on Assets

As at 30 June 2018, the Group did not have any charge on its assets (31 December 2017: Nil).

Contingent Liabilities

As at 30 June 2018, the Group did not have any material contingent liabilities (31 December 2017: Nil).

Capital Commitments

Details of the capital commitments of the Group as at 30 June 2018 are set out in note 20 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 our 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 2018, the Group employed a total of 54 (31 December 2017: 51) permanent employees in Hong Kong and Argentina. Total employee remuneration from continuing operations (including directors' remuneration and benefits) for the six months ended 30 June 2018 amounted to approximately HK$12.17 million (2017: HK$11.78 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 2018, the Group held other investment in equity securities and other financial assets amounting to approximately HK$34.47 million and HK$191.80 million respectively.

(i) Other investment in equity securities

As at 30 June 2018, 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$31.36 million and HK$3.11 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 2018, the Group recognised a gain of approximately HK$0.12 million on the change in fair value of the equity investment in NordAq in the 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 2018, the Group recognised an impairment loss of approximately HK$2.27 million on the equity investment in Foothills Exploration in the statement of other comprehensive income.

(ii) Other financial assets

As at 30 June 2018, the Group's other financial assets comprised of listed equity securities at fair value amounting to approximately HK$191.80 million. During the six months ended 30 June 2018, the Group disposed all of unlisted investment funds which were held and classified as other financial assets as at 31 December 2017. Additionally, the Group's unlisted equity-linked securities, which were held and classified as other financial assets as at 31 December 2017, were early redeemed by the issuer. For the six months ended 30 June 2018, the Group recognised a net investment loss of approximately HK$1.87 million in respect of these investments in the statement of profit or loss.

As at 30 June 2018, listed equity securities at fair value 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 2018, the Group recognised a net investment loss of approximately HK$3.56 million in respect of the shares in Blue Sky in the statement of profit or loss.

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 noncompliance with the applicable laws and regulations by the Group.

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 2018 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, all non-executive Director and independent non-executive Directors were not appointed for a specific term. They were, however, 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. As such, the Company considers that sufficient measures were taken to ensure that the Company's corporate governance practices were no less exacting than those in the code provisions of the CG Code.

Code Provision A.6.7

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings. During the period under review, an independent non-executive Director was unable to attend the annual general meeting of the Company as he had other business engagements.

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 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 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (2017: 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.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2018 have been reviewed by the audit committee of the Company. The interim results of the Group for the six months ended 30 June 2018 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 2018 containing all the information required by the Listing Rules shall be despatched to the Shareholders 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, 27 August 2018

At the date of this announcement, the Board comprises:

EXECUTIVE DIRECTORS:
Mr. CHENG Kam Chiu, Stewart
Mr. TANG John Wing Yan

INDEPENDENT NON-EXECUTIVE DIRECTORS:
Mr. WONG Man Kong, Peter
Mr. CHAN Chi Yuen
Mr. YUNG Chun Fai, Dickie
Mr. CHIU Wai On