NEW TIMES ENERGY CORPORATION LIMITED
新時代能源有限公司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 00166)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019 AND CHANGE IN USE OF PROCEEDS

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2019	Year ended 31 December 2018
Revenue *(HK$'000)*	**236,646**	297,989
Loss before taxation *(HK$'000)*	**(2,310,385)**	(246,447)
Loss for the year *(HK$'000)*	**(2,290,137)**	(257,224)
Loss per share – Basic *(HK cent)*	**(26.15)**	(2.91)

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019.

* *For identification purposes only*

The board of directors (the "**Board**") of New Times Energy Corporation Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	**2019** ***HK$'000***	2018 *(note)* *HK$'000*
Revenue	*5*	**236,646**	297,989
Cost of sales		**(224,724)**	(286,863)
Gross profit		**11,922**	11,126
Other income	*6*	**3,026**	(10,747)
General and administrative expenses		**(52,248)**	(53,224)
Assets impairment losses	*7(c)*	**(2,250,076)**	(72,771)
Net investment loss	*7(d)*	**(4,211)**	(100,321)
Exploration expenses		**(202)**	(371)
Loss from operations		**(2,291,789)**	(226,308)
Finance costs	*7(a)*	**(13,812)**	(15,687)
Share of losses of joint ventures		**(4,784)**	(4,452)
Loss before taxation	*7*	**(2,310,385)**	(246,447)
Income tax	*8*	**20,248**	(10,777)
Loss for the year		**(2,290,137)**	(257,224)
Attributable to:			
Owners of the Company		**(2,290,086)**	(257,218)
Non-controlling interests		**(51)**	(6)
Loss for the year		**(2,290,137)**	(257,224)
Loss per share	*10*		
Basic (HK cent)		**(26.15)**	(2.91)
Diluted (HK cent)		**(26.15)**	(2.91)

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
		(note)
	HK$'000	*HK$'000*
Loss for the year	**(2,290,137)**	(257,224)
Other comprehensive income for the year (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Other investment in equity securities at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	**(2,626)**	(17,923)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas and the People's Republic of China ("**PRC**") subsidiaries	**45**	409,850
Other comprehensive income for the year	**(2,581)**	391,927
Total comprehensive income for the year	**(2,292,718)**	134,703
Attributable to:		
Owners of the Company	**(2,292,667)**	134,709
Non-controlling interests	**(51)**	(6)
Total comprehensive income for the year	**(2,292,718)**	134,703

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 HK$'000	2018 (note) HK$'000
Non-current assets			
Exploration and evaluation assets	*11*	**103,835**	2,337,497
Property, plant and equipment		**28,539**	32,811
Interest in joint ventures		**7,849**	12,827
Other investment in equity securities		**16,068**	18,694
Prepayments, deposits and other receivables	*12*	**10,911**	15,462
Total non-current assets		**167,202**	2,417,291
Current assets			
Inventories		**14,304**	21,032
Trade and other receivables	*12*	**21,985**	32,756
Current tax recoverable		**41**	66
Other financial assets	*13*	**120,100**	80,468
Cash and cash equivalents		**771,662**	928,476
Total current assets		**928,092**	1,062,798
Current liabilities			
Trade and other payables	*14*	**64,246**	93,057
Other borrowings	*15*	**10,544**	56,792
Lease liabilities		**834**	–
Provisions		**9,968**	5,131
Total current liabilities		**85,592**	154,980
Net current assets		**842,500**	907,818
Total assets less current liabilities		**1,009,702**	3,325,109

	Note	2019	2018
			(note)
		HK$'000	*HK$'000*
Non-current liabilities			
Other borrowings	*15*	**141,000**	154,000
Deferred tax liabilities		**11,711**	31,436
Provisions		**10,536**	9,697
Total non-current liabilities		**163,247**	195,133
NET ASSETS		**846,455**	3,129,976
CAPITAL AND RESERVES			
Share capital		**87,589**	87,589
Reserves		**758,710**	3,042,180
Total equity attributable to owners of the Company		**846,299**	3,129,769
Non-controlling interests		**156**	207
TOTAL EQUITY		**846,455**	3,129,976

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

Notes:

1. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements of the Group also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In determining the appropriate basis of preparation of the financial statements, the directors of the Company have reviewed the Group's cash flow projections prepared by management based on estimations of future revenue from sales of crude oil and other products, future production costs, committed and planned capital expenditure and the availability of financing, which cover a period of twelve months from the reporting period end date. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due and committed future capital expenditure within the next twelve months from the end of the current reporting period and that there are no material uncertainties in this respect which individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

3. CHANGES IN ACCOUNTING POLICIES

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

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

HKFRS 16, *Leases*

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

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

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

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

a. New definition of a lease

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

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

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

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

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

4. HYPERINFLATION ACCOUNTING IN ARGENTINA

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

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

– Hyperinflation accounting was applied as of 1 January 2018;

– Non-monetary assets and liabilities stated at historical cost (e.g. exploration and evaluation assets, property plant and equipment, and etc.) and equity of the Argentine subsidiaries are indexed up to reflect the change in the price index from that at the date of acquisition to that at the reporting date. The gain or loss from holding monetary assets or liabilities and income and expenses is indexed up from the date initially recorded to reflect the purchasing power at the reporting date;

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

– In accordance with HKAS 21, *The Effects of Changes in Foreign Exchange Rates*, all amounts (e.g. assets, liabilities, equity items, income and expenses) of the results of the Argentine subsidiaries are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The Group's comparative information presented in Hong Kong dollars has not been restated;

– The gain or loss on the net monetary position derived as the difference resulting from the restatement of non-monetary assets, equity and items in the statement of profit or loss are reported through the consolidated statement of profit or loss on "Hyperinflation monetary adjustments" in other income (see note 6). The hyperinflation effect of opening balances is presented as an adjustment to accumulated losses in the consolidated statement of changes in equity.

5. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are (i) exploration, development, production and sale of natural resources; (ii) commodities trading. Further details regarding the Group's principal activities are disclosed in note 5(b).

(a) Disaggregation of revenue

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Trading of non-ferrous metals and oil products under commodities trading	**216,331**	265,030
– Sale of oil products under oil exploration and production	**20,315**	32,959
	236,646	297,989

The Group has four (2018: two) customers and the amounts of individual customer are disclosed as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer 1	**211,872**	265,030
Customer 2	**14,394**	32,959
Customer 3	**5,921**	–
Customer 4	**4,459**	–

(b) 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 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 oil products.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of interest in joint ventures, other investment in equity securities and unallocated corporate assets. Segment liabilities include all the liabilities with the exception of deferred tax liabilities and unallocated corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment profit/loss represents the profit/loss resulted by each segment without allocation of assets impairment losses, share of losses of joint ventures, net investment loss, unallocated interest income and interest 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.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

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 performance assessment for the year is set out below:

	Upstream		Commodities trading		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue *(note)*	**20,315**	32,959	**216,331**	265,030	**236,646**	297,989
Reportable segment loss	**(26,600)**	(47,290)	**(259)**	(179)	**(26,859)**	(47,469)
Depreciation and amortisation	**4,617**	5,624	**–**	–	**4,617**	5,624
Exploration expenses	**202**	371	**–**	–	**202**	371
Interest income	**44**	5	**–**	–	**44**	5
Additions to non-current segment assets during the year	**19,804**	40,821	**–**	–	**19,804**	40,821
Reportable segment assets	**168,798**	2,455,299	**4,861**	–	**173,659**	2,455,299
Reportable segment liabilities	**(30,083)**	(53,559)	**(848)**	(601)	**(30,931)**	(54,160)

Note:

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

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2019	2018
		(note)
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**236,646**	297,989
Loss		
Reportable segment loss	**(26,859)**	(47,469)
Unallocated interest income	**14,891**	16,603
Unallocated interest expense	**(13,812)**	(15,687)
Assets impairment losses	**(2,250,076)**	(72,771)
Other net expenses in corporate head office	**(25,517)**	(22,350)
Share of losses of joint ventures	**(4,784)**	(4,452)
Net investment loss	**(4,228)**	(100,321)
Consolidated loss before taxation	**(2,310,385)**	(246,447)

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

	2019	2018
		(note)
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**173,659**	2,455,299
Interest in joint ventures	**7,849**	12,827
Other investment in equity securities	**16,068**	18,694
Unallocated corporate assets		
– Cash and cash equivalents	**767,713**	904,935
– Other financial assets	**119,173**	80,468
– Other receivables	**9,522**	7,472
– Others	**1,310**	394
Consolidated total assets	**1,095,294**	3,480,089

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

	2019	2018
		(note)
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(30,931)**	(54,160)
Deferred tax liabilities	**(11,711)**	(31,436)
Unallocated corporate liabilities		
– Other borrowings	**(151,544)**	(210,792)
– Deposit received	**(48,880)**	(48,880)
– Lease liabilities	**(834)**	–
– Others	**(4,939)**	(4,845)
Consolidated total liabilities	**(248,839)**	(350,113)

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

(iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than other investment in equity securities ("**specified non-current assets**"). The geographical location of the Group's revenue is based on the locations of customers. The geographical location of the specified non-current assets is based on (i) the physical location of the asset, in the case of property, plant and equipment and exploration and evaluation assets; and (ii) the location of the operation to which they are allocated, in the case of intangible assets, goodwill, prepayments, deposits and other receivables. In the case of interest in joint ventures, it is based on the location of the operation of such joint ventures.

	Revenues from external customers		**Specified non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Singapore	**211,872**	265,030	**–**	–
Argentina	**20,315**	32,959	**142,534**	2,385,691
Hong Kong	**4,459**	–	**1,697**	1,173
PRC	**–**	–	**6,903**	11,733
	236,646	297,989	**151,134**	2,398,597

6. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**14,935**	12,689
Interest income on promissory note receivable	**–**	3,919
Total interest income on financial assets not at fair value through profit or loss	**14,935**	16,608
Net foreign exchange loss	**(34,865)**	(46,399)
Net loss on disposal of non-current assets of Palmar Largo concession	**–**	(7,186)
Drilling service income	**1,523**	14,588
Hyperinflation monetary adjustments *(note 4)*	**21,416**	4,009
Others	**17**	7,633
	3,026	(10,747)

7. LOSS BEFORE TAXATION

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

(a) Finance costs

	2019	2018
		(note)
	HK$'000	*HK$'000*
Interest on other borrowings	**13,721**	15,687
Interest on lease liabilities	**91**	–
	13,812	15,687

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

(b) Staff costs (including directors' remuneration)

	2019	2018
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**17,674**	16,034
Contributions to defined contribution retirement plan	**1,903**	4,604
	19,577	20,638

(c) Assets impairment losses

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Exploration and evaluation assets	*11*	**2,243,254**	–
Inventories		**6,822**	–
Promissory note receivable	*12*	**–**	38,846
Trade and other receivables		**–**	33,925
		2,250,076	72,771

(d) Net investment loss

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Listed equity securities	*13(i)*	**6,850**	100,492
Listed debt securities	*13(ii)*	**(1,010)**	–
Unlisted equity-linked securities	*13(iii)*	**(1,612)**	(2,126)
Unlisted funds		**(17)**	1,955
		4,211	100,321

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – overseas		
Provision for the year	**–**	–
Under/(over)-provision in respect of prior years	**9**	(55)
	9	(55)
Deferred tax		
(Reversal)/origination of temporary differences	**(20,257)**	10,832
	(20,248)	10,777

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

No provision for Hong Kong profits tax has been made as the Group's operations in Hong Kong had no assessable profits for the year. The provision for Hong Kong profits tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profit for the years.

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

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

9. DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: nil).

10. LOSS PER SHARE

(a) Basic loss per share

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

	2019	2018
	HK$'000	*HK$'000*
Loss attributable to owners of the Company	**(2,290,086)**	(257,218)

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

	2019	2018
	'000	*'000*
Issued ordinary shares at 1 January	**8,758,881**	8,865,483
Effect of purchase of own shares	**–**	(22,723)
Weighted average number of ordinary shares (basic) at 31 December	**8,758,881**	8,842,760

(b) Diluted loss per share

For the years ended 31 December 2019 and 2018, basic and diluted loss per share was the same as there were no potentially dilutive ordinary shares in issue during the year.

11. EXPLORATION AND EVALUATION ASSETS

	Exploration rights HK$'000	Exploratory drilling HK$'000	Geological studies HK$'000	Others HK$'000	Total HK$'000
Cost					
At 1 January 2018	3,229,171	92,864	96,194	33,991	3,452,220
Additions	893	37,512	–	–	38,405
Write off	–	(371)	–	–	(371)
Hyperinflation adjustments *(note 4)*	(351)	(3,667)	91,730	–	87,712
At 31 December 2018	3,229,713	126,338	187,924	33,991	3,577,966
At 1 January 2019	**3,229,713**	**126,338**	**187,924**	**33,991**	**3,577,966**
Additions	**–**	**19,285**	**–**	**–**	**19,285**
Write off	**–**	**(202)**	**–**	**–**	**(202)**
Hyperinflation adjustments *(note 4)*	**(1,442)**	**(8,049)**	**(5,938)**	**–**	**(15,429)**
At 31 December 2019	**3,228,271**	**137,372**	**181,986**	**33,991**	**3,581,620**
Accumulated impairment					
At 1 January 2018	1,013,545	5,009	96,194	33,991	1,148,739
Hyperinflation adjustments *(note 4)*	–	–	91,730	–	91,730
At 31 December 2018	1,013,545	5,009	187,924	33,991	1,240,469
At 1 January 2019	**1,013,545**	**5,009**	**187,924**	**33,991**	**1,240,469**
Impairment (note (a))	**2,214,726**	**28,528**	**–**	**–**	**2,243,254**
Hyperinflation adjustments *(note 4)*	**–**	**–**	**(5,938)**	**–**	**(5,938)**
At 31 December 2019	**3,228,271**	**33,537**	**181,986**	**33,991**	**3,477,785**
Net book value					
At 31 December 2019	**–**	**103,835**	**–**	**–**	**103,835**
At 31 December 2018	2,216,168	121,329	–	–	2,337,497

Notes:

(a) The exploration rights represent the Group's 69.25% interest in the Tartagal concession and Morillo concession (collectively the "**T&M Concessions**") which are the concessions in the province of Salta in northern Argentina, through an Union of Temporary Enterprise ("**T&M UTE**"). Exploration permits were granted for oil and developments of hydrocarbons in the T&M Concessions for an initial period of four years starting from 29 December 2006 and additional extensions up to an aggregate of nine years may be obtained. The Group submitted applications to the Secretary of Energy of Province of Salta, Argentina ("**Salta SOE**") for extensions of the exploration permits and obtained the approvals in July 2010, July 2011, December 2013, March 2016 and March 2018 respectively. Pursuant to the approval document issued in March 2018, the exploration permits were extended to 13 September 2019. If successful hydrocarbon discoveries are made, the exploration permits could be converted to exploitation permits for a term of 25 years with a possible extension of 10 years.

The Group submitted its application to the Secretary of Energy of Province of Salta ("**Salta SOE**") for one-year extension of the exploration permits in May 2019, and for entering into the second exploratory period in early September 2019.

However, on 17 September 2019, the Salta SOE issued resolutions rejecting both the Group's applications for one-year extension and entering into the second exploratory period in the T&M Concessions ("**Resolutions**"). In late September 2019, the Group have submitted its appeal to the Minister of Production in the Province of Salta in order to seek the revocation of the Resolutions. Based on the latest communication with the related authorities in the Province of Salta and a legal opinion obtained from an independent Argentinian legal counsel, the Group believes there is significant uncertainty in relation to the timing and possibility of a positive appeal result in favour of the Group. The Group recognised full impairment of HK$2,243,254,000 in respect of the exploration and evaluation assets related to the T&M Concessions as at 31 December 2019.

(b) As at 31 December 2019, the exploratory drilling represents the drilling activities in the Chirete concession in the province of Salta in Northern Argentina ("**Chirete Concession**"), in which the Group farmed into 50% participating interest under a farm-in agreement with Pampa Energia S.A..

In 2016, the Group had an oil discovery in the HLG.St.LB.x-1002 exploratory well drilled in October 2015 in the Chirete Concession and agreed with Pampa Energia S.A that the additional cost for further drilling activities would be financed by the two participants.

In 2018, the Group drilled another exploratory well, HLG.St.LB.x-2001 in the Chirete Concession and significant oil and gas were discovered.

In 2019, the construction of the Group's permanent production facilities at HLG.St.LB.x-2001 exploratory well has been completed.

The current exploratory permit in Chirete Concession has expired since 18 November 2019. The Group and its partner Pampa Energia S.A., have submitted the request for an exploitation permit to the Salta SOE. At the date of issuance of this announcement, the application is still in progress. In this connection, based on a legal opinion from an independent Argentinian legal counsel, the Group believes that the exploitation permit will be granted after the Salta SOE approves the work and investment plan submitted by the Group recently, and the Group has the right to receive the revenue from oil sales from the Chirete Concession even though the exploitation permit has not been obtained.

As at 31 December 2019, on the basis that the exploitation permit in the Chirete Concession could be obtained, no impairment loss was recognised for the exploration and evaluation assets related to Chirete Concession based on its recoverable amount determined using value-in-use calculations by preparing discounted cash flow forecasts with reference to the technical reports issued by independent qualified technical consultants.

On 11 March 2020, the World Health Organisation declared a pandemic of the Coronavirus outbreak (COVID-19) due to its rapid spread throughout the world. This situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty. In Argentina, on 19 March 2020, the local government declared social isolation, preventive and compulsory, which will govern from 20 to 31 March 2020 inclusive, being able to extend this term for the time considered necessary in light of the epidemiological situation. On the other hand, the governors of the oil producing provinces, grouped in the Federal Organization of Hydrocarbon Producing States, by virtue of the context that affects the oil industry, are seeking that the national government determine a support oil price, which guarantees the maintenance of the activity level and decouples the price in the domestic market from the international price. The directors of the Company consider that any possible changes in one or more of the key assumptions used to determine the recoverable amount of the exploration and evaluation assets related to the Chirete Concession due to the abovementioned events would cause the carrying amount of the exploration and evaluation assets exceed the recoverable amount. However, these consolidated financial statements have not been adjusted according to HKAS 10, *Events after the Reporting Period*, for these non-adjusting events which are a result of conditions that arose after the reporting date.

12. TRADE AND OTHER RECEIVABLES

	Notes	**31 December 2019 *HK$'000***	31 December 2018 *HK$'000*
Trade receivables, net of loss allowance		**2,505**	3,184
Other debtors		**7,790**	15,471
Amount due from a joint venture		**561**	314
Financial assets measured at amortised cost		**10,856**	18,969
VAT recoverable		**10,911**	15,462
Other tax recoverable		**4,024**	6,165
Other prepayment and deposits		**7,105**	7,622
Promissory note receivable	*(i)*	**–**	–
		32,896	48,218
Reconciliation to the consolidated statement of financial position:			
Non-current		**10,911**	15,462
Current	*(ii)*	**21,985**	32,756
		32,896	48,218

Notes:

(i) 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.

On the maturity date of the promissory note, the Group did not receive any repayment in respect of the outstanding promissory note and the said event constituted a default in repayment by Foothills. The Group is in negotiation with Foothills for the repayment of the past due promissory note. Foothills'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 default, the Group provided full impairment on the past due balance of promissory note receivable as at 31 December 2019 and 31 December 2018.

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

(iii) The following is an ageing analysis of trade receivables, presented based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**2,321**	–
31 – 60 days	**–**	3,184
61 – 90 days	**–**	–
Over 90 days	**184**	–
	2,505	3,184

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

13. OTHER FINANCIAL ASSETS

	2019	2018
	HK$'000	*HK$'000*
Listed equity securities *(note (i))*	**80,618**	80,468
Listed debt securities *(note (ii))*	**30,528**	–
Unlisted equity-linked securities *(note (iii))*	**8,027**	–
Unlisted funds	**927**	–
	120,100	80,468

Notes:

(i) The listed equity securities represent listed shares on the Stock Exchange and are stated at fair value. Net investment loss of approximately HK$6,850,000 has been recognised in profit or loss during the year ended 31 December 2019 (2018: HK$100,492,000).

(ii) The listed debt securities represent the senior notes listed on the Singapore Exchange Securities Trading Limited and the Stock Exchange and are stated at fair value. Net investment income of approximately HK$1,010,000 has been recognised in profit or loss during the year ended 31 December 2019.

(iii) The unlisted equity-linked securities represent securities which contained embedded derivatives, the return of which were determined with reference to the closing price of certain equity securities listed on the Stock Exchange. The unlisted equity-linked securities were designated as fair value through profit or loss at initial recognition, and the net investment income of approximately HK$1,612,000 has been recognised in profit or loss during the year ended 31 December 2019 (2018: loss of approximately HK$2,126,000).

14. TRADE AND OTHER PAYABLES

	Notes	2019 HK$'000	2018 HK$'000
Trade payables	*(ii)*	**6,401**	27,544
Other creditors and accrued charges	*(iii)*	**57,633**	65,492
Financial liabilities measured at amortised cost		**64,034**	93,036
Receipt in advance		**212**	21
		64,246	93,057

Notes:

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

(ii) The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	2019 HK$'000	2018 HK$'000
0 – 30 days	**3,460**	21,940
31 – 60 days	**536**	4,231
61 – 90 days	**1,152**	399
Over 90 days	**1,253**	974
	6,401	27,544

(iii) The amounts include a 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. The potential acquisition had been cancelled and the deposit was classified as "other creditors and accrued charges" to be returned to those third parties.

15. OTHER BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Term loans due for repayment within 1 year	**10,544**	56,792
Term loans due for repayment after 1 year:		
After 1 year but within 2 years	**138,000**	10,000
After 2 years but within 5 years	**3,000**	144,000
	141,000	154,000
	151,544	210,792
Reconciliation to the consolidated statement of financial position:		
Current liabilities	**10,544**	56,792
Non-current liabilities	**141,000**	154,000
	151,544	210,792

16. COMMITMENTS

Capital commitments outstanding at 31 December 2019 not provided for in the consolidated financial statements were as follows:

	2019	2018
	HK$'000	*HK$'000*
Authorised but not contracted for	**43,608**	138,905

17. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared a pandemic of the Coronavirus outbreak (COVID-19) due to its rapid spread throughout the world. This situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. Up to the date of issue of these consolidated financial statements, besides those disclosed in note 11(b), the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL REVIEW

The year 2019 has proved to be another challenging year for the Group and its main operations in Argentina. While the Group is pleased to have completed construction of its permanent production facility and commenced oil production at the Chirete Concession, the first new production in decades for the Province of Salta, the Group is disappointed to report that, for the financial year ended 31 December 2019, a loss after tax of HK$2,290 million was incurred.

The loss was mainly attributable to the provision for full impairment loss of the Group's exploration and evaluation assets in the Tartagal Oriental and Morillo Concessions (the "**T&M Concessions**") of HK$2,243 million, following the inexplicable and unexpected decision by the previous provincial authorities of Salta (the "**Authorities**") on 17 September 2019 to reject the Group's application for an extension in the concessions. In response, the Group has filed administrative appeals to overturn the decision, while at the same time has commenced negotiations with the new Authorities in the hope to remedy the situation either way. However as the negotiations and appeal are concurrently still on-going, the Group in accordance with relevant financial reporting standards has made the necessary accounting provision for the year ended 31 December 2019, on the basis that it currently does not have an extension, and that there are significant uncertainties in both the likelihood and timing of an extension being obtained in the T&M Concessions.

With the uncertainties surrounding the Group's future involvement in the T&M Concessions, the Group has little option but to suspend the planning and preparation efforts for the Morillo Deep exploratory drill, originally scheduled for 2020, until the permit extension issue is first resolved.

In regards to the Chirete Concession, following the successful construction and commissioning of a newly built production facilities, the Group resumed oil production from its HLG.St.LB.x-2001 discovery well (the "**Well**") in November 2019. Initially the Well had been set to produce at a rate of 550 barrels of oil per day ("**bopd**"), to be stepped up gradually to approximately 1,500 bopd, depending on the response of the reservoir to well pressure fluctuations, as well as the prevailing domestic oil price.

With the existing exploration permit on the Chirete Concession already expired on 18 November 2019, the application for an exploitation permit has already been submitted by the Group to the Authorities. The Group is presently awaiting receipt of the exploitation permit which, when issued, will formally grant the Group and Pampa Energia S.A. ("**Pampa**"), the legal right to produce hydrocarbon for the next 25 years in the concession. The Group expects the exploitation permit to be granted late, since it is not unusual in Argentina for permits to be issued 6 to 8 months after the expiration dates of existing permits.

Economically, the Argentina oil market in 2019 has continued to remain depressed. Domestic oil price on average was less than 70% of the Brent Oil Price during a year where the Argentine Pesos ("**ARS**") currency has continued to weaken and hyperinflation rate rising from 47.6% in 2018 to nearly 54% in 2019, the highest on record since 1991. With the Argentina Peso also having devalued over 70% in 2019, it has been reported that more than 35% of the country's population were living in poverty in the first half of 2019.

Faced with the prospect of an increasingly challenging business environment in Argentina, the Group is actively seeking complementary investment opportunities in the energy sector elsewhere in the world. Though the Group's principal business is that of oil and gas exploration and production, the Group is also interested in diversifying into the renewable energy business.

BUSINESS REVIEW

The Group's oil and gas participation in Argentina during 2019 was solely in the Northwest Basin located in the province of Salta. In addition to the Group's oil and gas exploration and production activities, the Group was engaged in the business of commodities trading.

Northwest Basin, Argentina

The Northwest Basin is one of the significant gas producing basins in Argentina. This basin is geologically and structurally complex because of the superposition of four main basins and tectonic influences, including a Late Jurassic to Early Cretaceous-aged rift extension and Tertiary-aged Andean compression. The Group is of the view that the complex geological structures create opportunities for the discovery of conventional light oil and natural gas during exploration activities.

As at 31 December 2019, the Group held the following concession in the Northwest Basin situated in Northern Argentina:

	Participating interest	**Surface area** *(in km^2)*	**Recoverable Volume** *(MMBBL)*	**Prospective Resources** *(MMBBL)*	**Group's Net Interest** *(MMBBL)*
Chirete Concession	50.00%	897	2.4	2.5	2.45

Exploration, Development and Production activities

Chirete Concession

Operated by the Group, the Chirete Concession covers a surface area of approximately 897 km^2 in the Province of Salta in Northern Argentina, and the Group's estimated net interest is 2.45 MMBBL. The Chirete Concession is an oil concession in which the Group has farmed into a 50% participating interest, with Pampa Energia S.A. being the owner of the other 50%. The Group is responsible for the day to day operational activities.

HLG.St.LB.x-2001 discovery well

Following the oil discovery at the Group's exploration well HLG.St.LB. x-2001 on 29 November 2018, an extended test program was conducted during the first quarter of 2019 in order to determine the characteristics of the oil, and the potential recoverable volume of the reservoir.

Approximately 82,000 barrels of crude oil was produced during the three month extended test program to 18 March 2019, before the Well was temporarily shut-in to allow for the construction of a permanent production facilities on site. During the tests, the Well was confirmed to contain light crude oil with an API index in the region of 37º with virtually zero water content, and free of contaminants.

In November 2019, the Group resumed commercial oil production from the Well, following the successful commissioning of the newly built production facilities. Although the Well was set to produce at an initial rate of 550 bopd under a 4mm choke size, the Well has been achieving an average production rate closer to 600 bopd since November 2019 through to date of the publication of this announcement.

Depending on the response of the reservoir to initial production and well pressure fluctuations, the Group, as the operator, and in consultation with Pampa will consider the option to gradually increase output to approximately 1,500 bopd. The current facilities have a designed production capacity of up to 2,000 bopd, in the event the Well is able to handle a higher rate of production.

The Group's recent oil discovery and production at the Chirete Concession is the first new production in decades for the Province of Salta. It has been welcome news for the new Authorities of the province, as it hopes to attract and reinvigorate oil exploration investment activity in the region.

Exploitation permit for the Chirete Concession

Prior to the expiry of the exploration permit in the Chirete Concession on 18 November 2019, the Group filed an application to the Authorities in request for an exploitation permit. As legally entitled to, under the Hydrocarbon Laws of Argentina, an operator may request for an exploitation permit upon a commercial oil discovery.

The Group has duly complied with all application filing requirements and is presently awaiting receipt of the exploitation permit from the Authorities. Once the permit is granted, the Group and Pampa will be entitled to produce hydrocarbon for the next 25 years in the Chirete Concession.

As the expiry of the exploration permit in the Chirete Concession coincided with the National and Provincial Elections of Argentina and inauguration in November and December 2019, and the government summer recess in January 2020, the Group expects the exploitation permit to be granted late, since it is not unusual in Argentina, under normal conditions, for permits to be issued 6 to 8 months after the expiry of existing permits.

Tartagal Oriental and Morillo Concessions

The T&M Concessions comprising of the Tartagal Oriental block and the Morillo block, located in the Province of Salta in Northern Argentina, covers a total surface area of 10,583 km^2 and have an estimated net resources of 130.0 MMBBL for the Group.

Prior to the rejection by the previous Authorities to grant the Group a permit extension to continue exploration activities beyond the expiry date of 13 September 2019, the Group had held a 69.25% participating interest in the concessions and was the Operator.

Exploration permit

On 17 May 2019, the Group had submitted its application for a one year extension of the current exploration permit in the T&M Concessions, which was due to expire on 13 September 2019. Despite the Group knowing that one year would be insufficient time to complete the outstanding working unit commitments in the T&M Concessions, the Group nevertheless proceeded to apply for a one year extension, since this was the only way an approval could realistically be granted, based on the recommendations of the previous Authorities.

In September 2019, the Group also applied to the Authorities, under National Law No. 17,319 and Article 3 of the Executive Orders 3391/06 and 3388/06, to enter into a new exploration permit in the T&M Concessions. The Group understood that, whilst an extension of the current exploration permit could be rejected by the Authorities, an application to enter into a new exploration permit was an undeniable legal right of the Group, provided that it made a commitment to drill one additional exploration well in return.

On 17 September 2019, the Group was however notified under Resolution No. 037/19 that the Authorities had rejected, both the Group's one year extension request of the current exploration permit, as well as the Group's other request to enter into a new exploration permit by offering to commit to drill one additional exploration well. Additionally, the Group was notified under Resolution No. 038/19 and in accordance with Article 85 of the National Law No. 17,319 to relinquish the T&M Concessions with immediate effect.

The Group duly appealed the aforementioned resolutions (the "**Resolutions**") of the Authorities before the 30 September 2019 deadline, on the premise that the Authorities rejected the Group's extension and permit applications without having completed the due administrative process or given proper consideration in regards to the disputed working units matter. Therefore, the decision by the Authorities to issue the Resolutions was appealed on the grounds that they were premature, arbitrary, unreasonable and illegitimate.

Furthermore, on 25 October 2019, the Group successfully filed an Amparo Judicial Process against the Authorities, which in essence is an injunction preventing the execution of the Resolutions, until such time the Authorities have properly addressed the Group's disputed working units matter first.

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**") respectively.

As the 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 the government summer recess in January 2020, the department within the new Authorities overseeing oil & gas previous matters in the province of Salta were taking longer time to attend to the disputes between the Authorities and the Group. Therefore, it would appear that the extension issue of the T&M Concessions would not be resolved soon.

Nevertheless, on 20 January 2020, the Group had an informal meeting with the new Authorities in charge, with a view to taking the first step towards resolving and reversing the Resolutions issued by the previous Authorities in charge. While the meeting was courteous, it appeared that the issues surrounding the T&M Concessions was unlikely to be resolved within the next few months from date of publication of this announcement. The Group will be submitting new proposals to the new Authorities as to how the outstanding issues and working units may be mutually 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 delay has exacerbated as the coronavirus has become a pandemic, spreading to Argentina and resulting in government shutdown.

The Group remains committed to continuing its negotiations with the new Authorities, in regards to both the disputed working units matter and its right to resume exploration activities in the T&M Concessions. However, the Group will also continue to resolutely pursue the appropriate administrative and judiciary procedures to appeal the recent Resolutions which may amount to an attempt by the previous Authorities to illegally seize oil and gas assets from the Group.

Morillo Deep exploration well

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

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

Furthermore, following the unexpected decision by the previous Authorities on 17 September 2019 to reject the Group's application for an extension and notification to relinquish the T&M Concessions immediately, the Group has little option but to suspend the planning and preparation efforts for the Morillo Deep exploratory drill, originally scheduled for 2020, until the permit extension issue is first resolved with the new Authorities and Governor.

Provision for full impairment loss

In light of the latest developments in regards to the T&M Concessions, a provision for the full impairment loss of the Group's exploration and evaluation assets in these concessions of HK$2,243 million was recognised for the year ended 31 December 2019.

The provision for full impairment loss was made in accordance with the Group'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 Asset*.

The reason and basis for the provision was due to the expiry of the Group's exploration permit in the T&M Concessions on 13 September 2019, and the subsequent issuance of the Resolutions on 17 September 2019 by the previous Authorities, formally notifying the Group to relinquish the T&M Concessions with immediate effect based on erroneous calculation of unfulfilled working units, and the rejection of the Group's extension request and alternative request to enter into a new exploration permit.

Although the Group is continuing negotiations with the new Authorities, and has filed an appeal against the Resolutions, the significant uncertainties that exists in both, the likelihood and timing that an extension in the T&M Concessions can be obtained has resulted in the aforementioned provision for full impairment loss to be recognised in 2019.

Subject to the outcome of the Group's negotiations and appeal, the Group may consider a reversal of the provision for impairment loss of the exploration and evaluation assets in the T&M Concessions in relevant future financial year(s), where considered appropriate.

Palmar Largo Concessions

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

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

During 2019, the Group continued to seek for a satisfactory resolution with the new owner and operator of the PL Concessions, as well as the Formosa authorities for the immediate and unfettered access to the vacated site, so that the Group may physically recover the properties on behalf of the UTE.

However, due to the time elapsed and the lack of cooperation from the new owner and the Formosa authorities, the Group and UTE have little option other than to escalate the matter and consider taking direct legal action, in order to recover the UTE's properties illegally seized by the new operator.

Oil Price

Following the resumption of oil production at Chirete Concession in November 2019, the Group has had some success in locating alternative, better priced customer options to sell its oil to, other than Refinor, the only major oil refinery in Northern Argentina. The Group will continue to develop and build its customer base, in order to try to secure a fairer price for its crude oil, more aligned with the prices in the rest of Argentina.

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

For the 2019 year, the average selling price the Group received was USD45.28 (2017: USD54.05) per barrel, which is about 70% of the price of Brent Oil. However, the international oil price has collapsed in recent days with Brent Oil trading to as low as US$25.00 per barrel. If the Brent Oil pricing should remain in this low level, any exploratory drilling in the Argentina will not be economically feasible and probably will not proceed as planned.

Devaluation of the Argentine Pesos and Hyperinflation

During 2019, the Argentine Pesos continued to devalue rapidly from ARS35.1 per USD at the beginning of the year to ARS59.8 per USD by 31 December 2019. This equated to a 70.4% decline.

In respect of the economy of Argentina, the country continued to be blighted by hyperinflationary pressures. Following an annual inflation of 47.6% experienced in 2018, the highest on record since 1991, the country in 2019 suffered a further 54% inflation.

In order to temporarily ease the burden of the hyperinflation for its citizens, the Argentina government introduced a 90 day freeze of crude oil prices in mid-August 2019. This severely impacted the revenues of the country's crude oil producers in USD terms, as the Argentine Pesos continued to depreciate. Furthermore, currency control policies announced by the government in September 2019 prohibit international companies from repatriating dividends from Argentina.

With substantial depreciation of the Argentine Pesos and hyperinflationary pressures, Argentina has always been a difficult business environment for the Group and other international companies to operate in. 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.

COMMODITIES TRADING

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

In line with the Group's objective to diversify its revenue base and source of profit generation, the Group remains committed to this business segment, though 2019 has been a noticeably quieter year, mirroring worldwide demand.

CORONAVIRUS PANDEMIC AND OIL PRICE WAR

The start of 2020 has seen significant global market turmoil following the outbreak of the coronavirus pandemic, and the oil price war between Saudi Arabia and Russia. This has resulted in a sharp decrease in world oil prices, international stock market indices, and global economic activity/demand. Presently, the Group is assessing the impact of these market developments for its financial position, financial performance and future cash flows. However, the Group is not aware of any material adverse effects, not already reflected in its consolidated financial statements for the year ended 31 December 2019.

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 commitment to health, safety and the environment are uncompromised.

Despite the previous Authorities rejecting the Group's application for a permit extension in the T&M Concessions, which has resulted in the subsequent relinquishment of the concessions, and the recognition of a sizable provision for impairment loss in 2019, the Group will strenuously seek to overturn this decision. Given the circumstances of the rejection, the Group considers it to amount to an attempt by the previous Authorities to illegally seize oil and gas assets from Group. However while the negotiations and appeal with the new Authorities is still on-going, there are no certainties as to, if and when the Group may resume exploration activities in the T&M Concessions again. In the meantime, the Group has little option but to suspend the planning and preparation efforts for the Morillo Deep exploratory drill, originally scheduled for 2020.

Though the newly elected national and provincial governments are a cause for renewed optimism in Argentina, the Group is cautious about the country's political and economic outlook, and will continue to closely monitor developments and plan accordingly.

With adequate cash reserve, the Group continues to urgently and actively seek complementary investment opportunities in the energy sector elsewhere in the world in order to broaden and diversify its risk and revenue stream. Though its principal business is that of oil and gas exploration and production, the Group is also interested in diversifying into the renewable energy business. As such, the Board of Directors has officially updated its vision and mission statement to say "We develop energy for the new times. Diversify for climate change and the environment."

Change In Use of Proceeds

As at 31 December 2019 and the date of this announcement, the Group had unutilized net proceeds totaling HK$759.36 million of which a total of HK$259.36 million was allocated for Argentina operational purposes. This amount comprises HK$200.07 million from the 2016 Share Subscription Proceeds and an unused amount from the 2017 Open Offer Proceeds of HK$59.29 million. In addition, an amount of unused net proceeds from the 2017 Open Offer Proceeds of HK$500 million was for investment in oil and gas assets. Please refer to the table below for the status of the utilization of the aforesaid fund raising proceeds and the proposed changes:

	Unutilized amount of net proceeds as at 31 December 2018	Utilized amount of Net proceeds during the year ended 31 December 2019	Unutilized amount of net proceeds as at 31 December 2019	Unutilized amount of net proceeds as the date of this announcement	New allocation/ remaining portion of proceeds
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
2016 Share Subscription Proceeds					
Argentina operational purposes	216.16	(16.09)	200.07	200.07	20.71
2017 Open Offer Proceeds					
Argentina operational purposes	59.29	–	59.29	59.29	59.29
General working capital requirements	84.98	(84.98)	–	–	–
Investment in oil and gas portfolio	500.00		500.00	500.00	–
New Uses					
Investment in Oil and Gas, power generation and renewable energy					579.36
Investment in short to medium term financial instruments, general administrative purposes					100.00
Total	860.43	(101.07)	759.36	759.36	759.36

Considering the changing situations mentioned above, and with reference to the announcement of the Company dated 27 August 2018, the Board of Directors has resolved to change the uses of proceeds as follows:

(1) HK$80 million remaining for Argentina operational purposes.

This reduction from HK$259.36 million to HK$80 million is due to the ongoing dispute in regard to the T&M Concessions in the Provincial Government of Salta. While the negotiation between the Company and the Salta government is still ongoing, the process will take considerable time to resolve as the international travel ban caused by the coronavirus outbreaks is likely to persist and the results are uncertain. The low oil price also makes oil and gas exploration in Argentina uneconomical in the near to intermediate term.

Furthermore, the CAPEX for future oil and gas exploration in Argentina could be financed by the Group's existing oil production in the Chirete Concession. Hence, the Group believes it is prudent to transfer some of the previously committed proceeds to investments in other opportunities mentioned below.

(2) HK$579.36 million will be allocated for possible investments in oil & gas assets, power generation and renewable energy/energy storage.

Of this amount, HK$500 million was derived from the 2017 Open Offer Proceeds and was originally designated for investments in oil & gas assets. In view of the country risk of Argentina and the outlook of the oil & gas market, the Group has been spending a significant amount of time in exploring and seeking acquisition opportunities in energy projects in the solar farm, vanadium storage and power generating plant businesses. The Company will continue to look at investment opportunities which complement its updated mandate and mission.

Thus, the Company believes that it is in its interest and that of the shareholders' to make additional funds available for future acquisitions in this expanded group of energy opportunities.

(3) HK$100 million will be allocated for investments in short to medium term financial instruments and general administrative purposes.

Short to medium term investments will be limited to bonds, shares and other financial instruments associated with reputable companies.

The change of proceeds for the Group represents an active initiative to diversify its investments into renewable energy which is consistent with its updated mandate and company mission.

Shareholders will accordingly be advised as soon as any new investment opportunities can be confirmed by the Group.

FINANCIAL REVIEW

The Group's revenue for the year ended 31 December 2019 was approximately HK$236.65 million, which represents a decrease of approximately 20.58% as compared to approximately HK$297.99 million for the corresponding period in 2018. The revenue derived from commodities trading for the year ended 31 December 2019 was approximately HK$216.33 million. This represents a decrease of approximately 18.38% as compared to the HK$265.03 million revenue generated for the corresponding period in 2018. Additionally, revenue derived from the sale of oil products under the Group's oil exploration and production business for the year ended 31 December 2019 was approximately HK$20.32 million. This represents a decrease of approximately 38.35% as compared to the HK$32.96 million revenue generated for the corresponding period in 2018. The Group reported a gross profit of approximately HK$11.92 million (2018: HK$11.13 million) for the year ended 31 December 2019.

General and administrative expenses of the Group for the year ended 31 December 2019 was approximately HK$52.25 million, which represents a decrease of approximately 1.82% as compared to approximately HK$53.22 million for the corresponding period in 2018.

For the year ended 31 December 2018, the Group recognised an impairment loss on promissory note receivable, and trade and other receivables of approximately HK$38.85 million and HK$33.93 million respectively; whilst there were no such impairment losses recognised for the year ended 31 December 2019.

For the year ended 31 December 2019, the Group recognised impairment losses on exploration and evaluation assets in respect of the Union of Temporary Enterprise in Tartagal Oriental and Morillo Concessions, and inventories amounting to approximately HK$2.24 billion and HK$6.82 million respectively; whilst there were no such impairment losses for the corresponding period in 2018.

The Group recognised a net investment loss in respect of financial instruments of approximately HK$4.21 million (2018: HK$100.32 million) for the year ended 31 December 2019.

The Group recognised exploration expenses in relation to a dry hole of approximately HK$0.20 million (2018: HK$0.37 million) for the year ended 31 December 2019.

Finance costs of the Group for the year ended 31 December 2019 was approximately HK$13.81 million, which represents a decrease of approximately 11.98% as compared to approximately HK$15.69 million for the corresponding period in 2018.

Share of losses of joint ventures of the Group for the year ended 31 December 2019 were approximately HK$4.78 million, which represents an increase of approximately 7.42% as compared to approximately HK$4.45 million for the corresponding period in 2018.

Income tax credit of the Group for the year ended 31 December 2019 was approximately HK$20.25 million; whilst it was an income tax charge of approximately HK$10.78 million for the corresponding period in 2018.

For the year ended 31 December 2019, the Group recorded a loss for the year of approximately HK$2.29 billion (2018: HK$257.22 million).

Basic loss per share for the year ended 31 December 2019 was approximately HK26.15 cents (2018: HK2.91 cents).

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

In respect of the aggregate net proceeds of approximately HK$557.23 million ("**2016 Subscription Shares Proceeds**") raised from the subscription of shares in July 2016 and November 2016, amongst which approximately HK$341.07 million had been used up to 31 December 2018 towards its intended use as stated in the circular of the Company dated 28 June 2016 and the announcement of the Company dated 28 October 2016. As at 31 December 2018, the unused balance of the 2016 Subscription Shares Proceeds was approximately HK$216.16 million. The actual use of the 2016 Subscription Shares Proceeds during the year ended 31 December 2019 was, as to approximately HK$16.09 million, for Argentina operational purposes as intended. As at 31 December 2019, the unused balance of the 2016 Subscription Shares Proceeds was approximately HK$200.07 million.

The following table summarises the use of net proceeds for the 2016 Subscription Shares Proceeds during the year ended 31 December 2019.

Intended use	**Unused amount of net proceeds as at 31 December 2018** *HK$ million*	**Actual use of net proceeds during the year ended 31 December 2019** *HK$ million*	**Unused amount of net proceeds as at 31 December 2019** *HK$ million*
Argentina operational purposes	216.16	(16.09)	200.07 *(Note)*

Note:

The expected timeline in relation to the use of the unused amount of net proceeds as at 31 December 2019 will depend on the Group's business, and oil and gas investment plans in Argentina, which are discussed in the sections headed "Exploration, Development and Production activities" and "Future Prospects and Developments" under Management Discussion and Analysis to this announcement.

In respect of the net proceeds of approximately HK$736.40 million ("**Open Offer Proceeds**") raised from the open offer in April 2017, amongst which approximately HK$92.13 million had been used up to 31 December 2018 towards its intended use as stated in the circular of the Company dated 28 February 2017 and the offering memorandum dated 27 March 2017. As at 31 December 2018, the unused balance of the Open Offer Proceeds was approximately HK$644.27 million. The actual use of the Open Offer Proceeds during the year ended 31 December 2019 was, as to approximately HK$84.98 million, for general working capital requirements including the repayment of interest and payment of overhead expenses as intended. As at 31 December 2019, the unused balance of Open Offer Proceeds was approximately HK$559.29 million.

The following table summarises the use of net proceeds for the Open Offer Proceeds during the year ended 31 December 2019.

Intended use	**Unused amount of net proceeds as at 31 December 2018** *HK$ million*	**Actual use of net proceeds during the year ended 31 December 2019** *HK$ million*	**Unused amount of net proceeds as at 31 December 2019** *HK$ million*
General working capital requirements	84.98	(84.98)	–
Argentina operational purposes	59.29	–	59.29 *(Note 1)*
Investment for oil and gas portfolio	500.00	–	500.00 *(Note 2)*
	644.27	(84.98)	559.29

Notes:

1. The expected timeline in relation to the use of the unused amount of net proceeds as at 31 December 2019 will depend on the Group's business, and oil and gas investment plans in Argentina, which are discussed in the sections headed "Exploration, Development and Production activities" and "Future Prospects and Developments" under Management Discussion and Analysis to this announcement.

2. The expected timeline in relation to the use of the unused amount of net proceeds as at 31 December 2019 will depend on the availability and timing of suitable opportunities.

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 31 December 2019, the Group's net current assets amounted to approximately HK$842.50 million (31 December 2018: HK$907.82 million) and the Group had cash and cash equivalents of approximately HK$771.66 million (31 December 2018: HK$928.48 million).

Cash and cash equivalents of the Group as at 31 December 2019 were mainly denominated in Hong Kong Dollar, United States Dollar and Argentine Peso.

As at 31 December 2019, total equity of the Group was approximately HK$846.46 million (31 December 2018: HK$3,129.98 million). Net asset value per share equated to approximately HK$0.10 (31 December 2018: HK$0.36). Debt ratio, calculated as total liabilities divided by total assets, was approximately 22.72% (31 December 2018: 10.06%).

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

Borrowings

As at 31 December 2019, the carrying amount of other borrowings of the Group denominated in Hong Kong Dollar was approximately HK$151.54 million (31 December 2018: HK$210.79 million), which represents unsecured debt securities in issue and carries interest at fixed rates. Details of the maturity of the carrying amount of the Group's other borrowings are set out in note 15 to this announcement.

Financial Covenants

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

Gearing Ratio

As at 31 December 2019, gearing ratio, calculated on the basis of interest bearing borrowings divided by total equity, was approximately 17.90% (31 December 2018: 6.73%).

Charge on Assets

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

Contingent Liabilities

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

Capital Commitments

Details of the capital commitments of the Group as at 31 December 2019 are set out in note 16 to this announcement.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects are subject to a number of risks and uncertainties including business risks, operational risks and financial risks.

The Group's business of commodities trading is exposed to development risk, as well as supply chain risk. The Group mitigates these risk factors by developing its customer base in order to achieve better operating performance on its commodities trades, and also by expanding its supplier base to achieve a stable supply of commodities.

The Group's business activities in exploration, development, production and sale of crude oil are susceptible to geological, exploration and development risks. Uncertainties exist with regards to the Group's application status of exploitation permit in the Chirete concession. Details are disclosed in note 11(b) to this announcement. The Group strives to establish and maintain comprehensive technical and operational teams. Through detailed planning, analysis and discussion amongst the teams, and with support from experienced consultants and experts, the Group is able to manage and mitigate the risks arising from changes in the business environment to a reasonably acceptable level.

In the normal course of business, the Group is exposed to credit risk, liquidity risk, interest rate risk, currency risk, price risk arising from prices fluctuation of crude oil and commodities, and equity price risk arising from its investment in equity securities. Details of the financial risk management of the Group will be set out in notes to the consolidated financial statements of the forthcoming annual report of the Company.

In addition to the abovementioned risks and uncertainties, there may be other risks and uncertainties which the Group has not identified, or is aware of, or considers it to be of minimal impact to the Group presently, which however has the potential to become significant in the future.

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

Employees

As at 31 December 2019, the Group employed a total of 38 (2018: 47) permanent employees in Hong Kong and Argentina. Total employee remuneration (including directors' remuneration and benefits) for the year ended 31 December 2019 amounted to approximately HK$19.58 million (2018: HK$20.64 million). The Group provides its employees with competitive remuneration packages relative to their job performance, qualifications, experience, and prevailing market conditions in the respective geographical locations and businesses in which the Group operates.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers, social communities and governments to meet its objectives and long-term goals. Save as disclosed in the section headed "Business Review", there was no material or significant dispute between the Group and its suppliers, customers and/or other stakeholders during the year.

Material Acquisitions and Disposals

The Group did not have any material acquisitions and disposals of subsidiaries, associated companies, and joint ventures during the year ended 31 December 2019.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavors to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Details of the environmental policies and performance of the Group will be set out in "Environmental, Social and Governance Report" section of the forthcoming annual report of the Company.

Significant Investments

As at 31 December 2019, the Group held other investment in equity securities and other financial assets amounting to approximately HK$16.07 million and HK$120.10 million respectively.

(i) Other investment in equity securities

As at 31 December 2019, the Group's other investment in equity securities comprised of unlisted equity investments in Borealis Alaska Oil, Inc. ("**Borealis**") (formerly known as NordAq Energy Inc.) and Foothills Exploration Inc. ("**Foothills Exploration**") amounting to approximately HK$15.93 million and HK$0.14 million respectively.

Borealis 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 year ended 31 December 2019, the Group recognised a loss of approximately HK$1.95 million on the change in fair value of the equity investment in Borealis in the consolidated statement of other comprehensive income.

Foothills Exploration is an oil and gas exploration and production company engaged in the acquisition and development of oil and natural gas properties in the United States of America. For the year ended 31 December 2019, the Group recognised a loss of approximately HK$0.67 million on the change in fair value of the equity investment in Foothills Exploration in the consolidated statement of other comprehensive income.

(ii) Other financial assets

As at 31 December 2019, the Group's other financial assets comprised of listed equity securities, unlisted equity-linked securities, listed debt securities and unlisted funds amounting to approximately HK$80.62 million, HK$8.03 million, HK$30.53 million and HK$0.93 million respectively.

As at 31 December 2019, details of the listed equity securities with an aggregated value of 5% or more of the Group's total assets are set out below:

Name of company	Principal business	Number of shares held by the Group at 31 December 2019	Percentage of shares held by the Group at 31 December 2019	Investment cost	Fair value at 31 December 2019	Proportion as to total assets of the Group	Net investment loss for the year ended 31 December 2019	Investment strategy
			%	*HK$ million*	*HK$ million*	*%*	*HK$ million*	
Beijing Gas Blue Sky Holdings Limited (Stock Code: 6828)	Sales and distribution of natural gas and other related products	357,637,761	2.75	201.27	74.03	6.76	(6.44) *(Note (i))*	*Note (ii)*
China Tower Corporation Limited (Stock Code: 788) – H shares	Construction and operation of telecommunications towers, provision of telecommunications tower site space; provision of maintenance services and power services; provision of indoor distributed antenna systems and other trans-sector site application and information services	3,829,735	0.01	7.00	6.59	0.60	(0.41) *(Note (i))*	*Note (ii)*
Total				208.27	80.62	7.36	(6.85)	

Notes:

(i) Balance represented a loss arising from the change in fair value for the year ended 31 December 2019.

(ii) The investment is held for trading purposes.

As at 31 December 2019, the Group held an investment of unlisted equity-linked securities, the return of which are determined with reference to the closing prices of certain equity securities listed on The Stock Exchange of Hong Kong Limited. For the year ended 31 December 2019, the Group recognised a net investment income of approximately HK$1.61 million, which comprised interest income of approximately HK$1.59 million and a gain arising from the change in fair value of approximately HK$0.02 million, on the aforementioned unlisted equity-linked securities in the consolidated statement of profit or loss.

As at 31 December 2019, the Group held five investments of debt securities listed in Hong Kong or overseas. The carrying value for each of these five investments is less than 5% of the total assets of the Group. For the year ended 31 December 2019, the Group recognised a net investment income of approximately HK$1.01 million, which comprised interest income of approximately HK$1.49 million and a loss arising from the change in fair value of approximately HK$0.48 million, on the aforementioned listed debt securities in the consolidated statement of profit or loss.

As at 31 December 2019, the Group held an investment of unlisted funds that invest primarily in cash. For the year ended 31 December 2019, the Group recognised a net investment income of approximately HK$0.02 million, which represented a gain arising from the change in fair value on the aforementioned unlisted funds, in the consolidated statement of profit or loss.

EVENT AFTER THE REPORTING PERIOD

(a) Change of Company Secretary and Authorised Representative

Ms. LAM, Katrina Lai Kuan ceased to act as the Company Secretary and Authorised Representative on 17 January 2020. Ms. LI, Shan Mui Janice was appointed as the Company Secretary and Authorised Representative on 17 January 2020.

Ms. LI, Shan Mui Janice ceased to act as the Company Secretary and Authorised Representative on 10 March 2020. Mr. LEE, Kun Yin has been appointed and will act as the Company Secretary and Mr. TANG, John Wing Yan has been appointed and will act as the Authorised Representative with effect from 10 March 2020.

Further details regarding the change of Company Secretary and Authorised Representative were set out in the announcements dated 17 January 2020 and 10 March 2020 respectively.

(b) Resignation of Independent Non-Executive Director and Changes in Composition of Board Committees

Mr. CHAN, Chi Yuen ("**Mr. Chan**") resigned as an Independent Non-Executive Director on 24 March 2020. As a result of the resignation of Mr. Chan as an independent non-executive director of the Company, he also ceased to be the chairman of both the Remuneration Committee and the Nomination Committee as well as a member of the Audit Committee. Mr. YUNG, Chun Fai Dickie has been appointed as the chairman of both the Remuneration Committee and the Nomination Committee, Mr. LEE, Chi Hin Jacob has resigned as a member of the Remuneration Committee and Mr. CHENG, Kam Chiu Stewart has resigned as a member of the Nomination Committee; all with effect from 24 March 2020.

Following the resignation of Mr. Chan as an independent non-executive director of the Company, the Company will fail to meet the requirement of the minimum number of three independent non-executive directors under Rule 3.10(1) of the Listing Rules. Pursuant to Listing Rule 3.11, the Company will seek a suitable candidate to fill the abovementioned vacancy and expects the replacement to be appointed within three months from 24 March 2020.

Further details regarding Mr. Chan's resignation and changes in composition of board committees were set out in the announcement dated 24 March 2020.

Save as disclosed above and in notes 11(b) and 17 to this announcement, the Group does not have any material subsequent events after 31 December 2019 and up to the date of this announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The board (the "**Board**") of directors (the "**Directors**") of the Company and management of the Group strive to attain and maintain high standards of corporate governance best suited to the needs of its businesses and interest and value of the shareholders of the Company (the "**Shareholders**") 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 Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. For the year ended 31 December 2019 (the "**Year**"), the Company complied with all code provisions of the CG Code and adopted the recommended best practices of the CG Code insofar as they are relevant and practicable, apart from the deviations set out below.

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. Having made specific enquiry of all Directors, each of the Directors has confirmed that he had complied with the required standard set out in the Model Code throughout the Year.

SCOPE OF WORK OF KPMG

The financial figures in this announcement of the Group's results for the Year have been agreed by the Group's external auditor, Messrs. KPMG (the "**Auditor**" or "**KPMG**"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance has been expressed by KPMG on this announcement.

REVIEW OF 2019 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the Year.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company had no retained profits available for cash distribution and/or distribution in specie. Pursuant to the Company Act 1981 of Bermuda (as amended), the Company's contributed surplus of HK$740,880,000 is currently not available for distribution. The Company's share premium account of HK$4,868,181,000 may be distributed in the form of fully paid bonus shares.

DIVIDEND

The Directors did not recommend the payment of a final dividend for the Year (2018: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules throughout the Year and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 5 June 2020 (the "**AGM**"). A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders in due course.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2019. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group for the year ended 31 December 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the period from Tuesday, 2 June 2020 to Friday, 5 June 2020 (both days inclusive), during which no transfers of shares will be registered, for the purpose of determining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 1 June 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the respective websites of the Company (www.nt-energy.com) and The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for the Year will be dispatched to the Shareholders and made available on the above websites in due course.

GLOSSARY

"BOPD"	Barrels of oil per day
"km^2"	Square kilometers
"MMBBL"	Million barrels of oil, a barrel is equivalent to 42 U.S. Gallons or 0.158987 m^3
"Recoverable Volume"	Quantities of petroleum anticipated to be commercially recoverable by the application of development projects to known accumulations, which at present does not fully meet the definition of Reserves as defined under the Petroleum Resources Management System (PRMS) due to pending exploitation permit.
"Prospective Resources"	Quantities of petroleum which are estimated to be potentially recovered from undiscovered accumulations
"Probable Reserves"	Additional reserves that are less certain to be recovered than Proven Reserves but which, together with Proven Reserves, are as likely as not to be recovered

"Proven Reserves"	Proven oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible
"2P Reserves"	Proven Reserves + Probable Reserves

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

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises:

EXECUTIVE DIRECTORS:
Mr. CHENG, Kam Chiu Stewart *(Chairman)*
Mr. TANG, John Wing Yan *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTOR:
Mr. LEE, Chi Hin Jacob

INDEPENDENT NON-EXECUTIVE DIRECTORS:
Mr. YUNG, Chun Fai Dickie
Mr. CHIU, Wai On