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NEW TIMES ENERGY CORPORATION LIMITED

新時代能源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00166)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHTS	Six months ended 30 June	
	2021	2020
Revenue (<i>HK\$'000</i>)	4,928,637	298,002
Loss before taxation (<i>HK\$'000</i>)	(19,286)	(53,342)
Loss for the period (<i>HK\$'000</i>)	(21,681)	(51,990)
Loss per share – Basic (<i>HK cent</i>)	(0.25)	(0.59)

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021.

* *For identification purposes only*

The board of directors (the “**Board**”) of New Times Energy Corporation Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		(Unaudited)	
		Six months ended 30 June	
		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	4,928,637	298,002
Cost of sales	6	(4,923,216)	(288,130)
Gross profit		5,421	9,872
Other income, gains and losses, net	5	11,517	(3,443)
General and administrative expenses	6	(26,852)	(19,213)
Assets impairment loss	7	–	(602)
Net investment loss	8	(5,089)	(32,968)
Finance costs	9	(4,279)	(5,587)
Share of losses of joint ventures		(4)	(1,401)
Loss before taxation		(19,286)	(53,342)
Income tax (expense)/credit	10	(2,395)	1,352
Loss for the period		(21,681)	(51,990)
(Loss)/profit attributable to:			
Owners of the Company		(21,685)	(51,975)
Non-controlling interests		4	(15)
Loss for the period		(21,681)	(51,990)
Loss per share for loss attributable to owners of the Company for the period	12		
Basic (<i>HK cent</i>)		(0.25)	(0.59)
Diluted (<i>HK cent</i>)		(0.25)	(0.59)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Loss for the period	(21,681)	(51,990)
Other comprehensive loss:		
Item that will not be reclassified to profit or loss:		
Change in fair value of equity investments at fair value through other comprehensive income	26	(5,467)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(21,176)	(25,339)
Other comprehensive loss for the period, net of tax	(21,150)	(30,806)
Total comprehensive loss for the period	(42,831)	(82,796)
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(42,835)	(82,781)
Non-controlling interests	4	(15)
	(42,831)	(82,796)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Exploration and evaluation assets	<i>13</i>	–	63,128
Property, plant and equipment	<i>14</i>	133,318	62,150
Investments in joint ventures		937	941
Financial assets at fair value through other comprehensive income		34	8
Prepayments, deposits and other receivables	<i>16</i>	131,409	4,316
		265,698	130,543
Current assets			
Inventories	<i>15</i>	194,850	28,800
Trade and other receivables	<i>16</i>	17,327	76,833
Current tax recoverable		209	1,398
Derivative financial instruments		5,317	–
Financial assets at fair value through profit or loss	<i>17</i>	69,530	74,090
Gold investment	<i>18</i>	63,949	68,589
Cash and cash equivalents		341,663	640,915
		692,845	890,625
Current liabilities			
Trade and other payables	<i>19</i>	66,939	70,447
Contract liabilities	<i>20</i>	58,240	31
Borrowings	<i>21</i>	38,000	143,067
Lease liabilities		4,558	3,162
Derivative financial instruments		–	2,925
Provisions		21,244	20,117
Income tax payable		1,049	1,040
		190,030	240,789
Net current assets		502,815	649,836
Total assets less current liabilities		768,513	780,379

		(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
	<i>Note</i>		
Non-current liabilities			
Borrowings	21	–	3,000
Lease liabilities		8,685	3,503
Deferred tax liabilities		18,923	14,920
Provisions		3,885	–
		<u>31,493</u>	<u>21,423</u>
Net assets		<u><u>737,020</u></u>	<u><u>758,956</u></u>
Equity			
Equity attributable to owners of the Company			
Share capital	22	87,589	87,589
Reserves		649,478	671,418
		<u>737,067</u>	<u>759,007</u>
Non-controlling interests		<u>(47)</u>	<u>(51)</u>
Total equity		<u><u>737,020</u></u>	<u><u>758,956</u></u>

Notes:

1. GENERAL INFORMATION

New Times Energy Corporation Limited (the “**Company**”) is a limited liability company incorporated in Bermuda as an exempted company and its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 1402, 14/F., New World Tower I, 16-18 Queen’s Road Central, Hong Kong respectively. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company is an investment holding company. The Company and its subsidiary are collectively referred as the Group.

This condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (**HK\$’000**), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting”. The interim report does not include all the notes of the type normally included in annual financial report. Accordingly, this interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the following amendments to standards for the first time for accounting periods beginning on or after 1 January 2021.

(a) Amendments to standards adopted by the Group

HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

The adoption of the above amendments to standards did not result in any impact on the results and financial position of the Group.

(b) **IFRS Interpretation Committee (“IFRIC”) agenda decision adopted by the Group**

The Group has voluntarily changed its accounting policy to conform with the IFRIC agenda decision “Translation of a Hyperinflationary Foreign Operation – Presenting Exchange Differences” and the change in accounting policy has applied retrospectively in the annual financial statements for the year ended 31 December 2020.

The accounting policy change resulted in all the translation effects to be presented in other comprehensive income as opposed to directly in equity and presented the cumulative pre-hyperinflation foreign exchange differences in the exchange reserve. The balances of exchange reserve and accumulated losses as at 30 June 2020 has been restated, while having no overall impact on the Group’s total equity.

To conform with the accounting policy adopted by the Group for the year ended 31 December 2020, the condensed consolidated statement of comprehensive income for the six months ended 30 June 2020 was restated and its impact was presented below:

Condensed consolidated statement of comprehensive income (extract) – For the six months ended 30 June 2020	As originally presented <i>HK\$’000</i>	Change of accounting policy <i>HK\$’000</i>	As restated <i>HK\$’000</i>
Exchange differences on translation of foreign operations	43	(25,382)	(25,339)
Other comprehensive loss for the period, net of tax	(5,424)	(25,382)	(30,806)
Total comprehensive loss for the period	(57,414)	(25,382)	(82,796)
Total comprehensive loss attributable to owners of the Company	<u>(57,399)</u>	<u>(25,382)</u>	<u>(82,781)</u>

(c) **New standard, amendments to standards, improvement, interpretation, and accounting guideline that are not yet effective and have not been early adopted by the Group**

The following new standard, amendments to standards, improvement, interpretation, and accounting guideline have been issued but are not yet effective for the six months ended 30 June 2021:

		Effective for annual periods beginning on or after
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to HKFRS Standards 2018-2020	Annual Improvements to HKFRSs Standards 2018-2020	1 January 2022
Amendments to HKFRS 3, HKAS 16, and HKAS 37	Narrow-scope Amendments	1 January 2022
Hong Kong Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 (Revised) (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKFRS Practice Statement 2 (Amendment)	Making Materiality Judgements	1 January 2023
HKAS 8 (Amendments)	Accounting Policies, Change in Accounting Estimates and Errors	1 January 2023
HKAS 12 (Amendments)	Income taxes	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HK (IFRIC)-Int 5	Presentation of Financial Statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 4 (Amendments)	Expiry Date of the Deferral Approach	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group will adopt the above new standard, amendments to standards, improvement, interpretation, and accounting guideline when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standard, amendments to standards, improvement, interpretation, and accounting guideline, none of which is expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are (i) exploration, development, production and sale of natural resources in Argentina; and (ii) general and commodities trading in Hong Kong and the Mainland China. Further details regarding the Group's principal activities are disclosed in Note 4(b).

(a) Disaggregation of revenue

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

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of physical gold and silver under general and commodities trading	4,840,064	286,408
– Sales of petroleum-related products under general and commodities trading	71,610	–
– Sales of oil products under oil exploration and production	16,963	11,594
	<u>4,928,637</u>	<u>298,002</u>

(b) Segment reporting

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to making strategic decisions. The chief operating decision-maker is identified as the executive directors of the Company. The executive directors assess the performance of the operating segments based on the segment assets, segment liabilities, segment revenue and segment results for the purposes of allocating resources and assessing performance.

During the year ended 31 December 2020, the Group expanded its commodities trading of non-ferrous metal to include physical gold trading. In addition, the Group also entered into the trading of petroleum-related products in the Mainland China. The trading of petroleum-related products in the Mainland China is not a reportable operating segment, as it did not meet the quantitative threshold accordance with HKFRS 8. The results of the general trading have been aggregated into one segment with commodities trading as they have similar nature of business and similar average gross margins. As a result, “commodities trading” segment has been renamed to “general and commodities trading” segment.

During the six months ended 30 June 2021, the Group has further expanded its physical silver trading within the commodities trading operating segment.

Management has identified two reportable segments based on the Group's business model:

- a. 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.
- b. General and commodities trading: This segment includes trading of non-ferrous metals, physical gold and silver and petroleum-related products.

Segment assets include all the assets with the exception of investments in joint ventures, financial assets at fair value through other comprehensive income ("FVOCI") and unallocated corporate assets. Segment liabilities include all the liabilities with the exception of deferred tax liabilities and unallocated corporate liabilities.

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

Capital expenditure comprises addition to exploration and evaluation assets and property, plant and equipment.

(i) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's chief executive decision-maker for the purposes of resource allocation and performance assessment for the period is set out below:

	Upstream		(Unaudited) General and commodity trading		Total	
	Six months ended		Six months ended		Six months ended	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue (Note)	<u>16,963</u>	<u>11,594</u>	<u>4,911,674</u>	<u>286,408</u>	<u>4,928,637</u>	<u>298,002</u>
Reportable segment result	<u>543</u>	<u>(5,115)</u>	<u>2,635</u>	<u>(1,710)</u>	<u>3,178</u>	<u>(6,825)</u>
Depreciation	7,082	1,799	260	–	7,342	1,799
Fair value loss on gold investment	–	–	(4,640)	–	(4,640)	–
Gain/(loss) on derivative financial instruments	–	–	10,749	(2,976)	10,749	(2,976)
Provision for inventories	–	–	(1,490)	–	(1,490)	–
Interest income	1,164	5	35	–	1,199	5
Interest expense	–	–	(71)	–	(71)	–
Addition to non-current segment assets	4,293	1,187	7,485	507	11,778	1,694
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 June	31 December	30 June	31 December	30 June	31 December
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	<u>164,682</u>	<u>162,324</u>	<u>391,366</u>	<u>278,984</u>	<u>556,048</u>	<u>441,308</u>
Reportable segment liabilities	<u>(31,038)</u>	<u>(28,063)</u>	<u>(80,266)</u>	<u>(22,109)</u>	<u>(111,304)</u>	<u>(50,172)</u>

Note:

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

(ii) **Reconciliations of reportable segment revenues, loss before taxation, assets and liabilities:**

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Reportable segment revenue	4,928,637	298,002
Result		
Reportable segment result	3,178	(6,825)
Unallocated interest income	497	5,376
Unallocated interest expense	(4,208)	(5,587)
Assets impairment loss	–	(602)
Other expenses in corporate head office	(13,660)	(11,335)
Share of losses of joint ventures	(4)	(1,401)
Net investment loss	(5,089)	(32,968)
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Loss before taxation	(19,286)	(53,342)
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	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Reportable segment assets	556,048	441,308
Investments in joint ventures	937	941
Financial assets at FVOCI	34	8
Unallocated corporate assets		
– Cash and cash equivalents	203,839	502,858
– Financial assets at fair value through profit or loss (“FVPL”)	69,530	74,090
– Other receivables	127,536	1,354
– Others	619	609
	<hr/>	<hr/>
Consolidated total assets	958,543	1,021,168
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	(111,304)	(50,172)
Deferred tax liabilities	(18,923)	(14,920)
Unallocated corporate liabilities		
– Unallocated borrowings	(38,000)	(141,316)
– Deposit received	(44,994)	(44,994)
– Unallocated lease liabilities	(5,381)	(6,187)
– Others	(2,921)	(4,623)
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Consolidated total liabilities	(221,523)	(262,212)
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(iii) Geographical information

The Company is domiciled in Bermuda while the Group operates its business primarily in Hong Kong, the Mainland China and Argentina.

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 financial assets at FVOCI ("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 prepayments, deposits and other receivables. In the case of investments in joint ventures, it is based on the location of the operation of such joint ventures.

	(Unaudited)		(Unaudited)	(Audited)
	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	4,272,516	286,408	136,391	1,682
Mainland China	71,610	–	355	483
Argentina	16,963	11,594	128,918	128,370
Singapore	567,548	–	–	–
	<u>4,928,637</u>	<u>298,002</u>	<u>265,664</u>	<u>130,535</u>

5. OTHER INCOME, GAINS AND LOSSES, NET

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Bank interest income	1,696	5,381
Drilling service income	–	469
Gain/(loss) on derivative financial instruments	10,749	(2,976)
Fair value loss on gold investment (Note 18)	(4,640)	–
Hyperinflation monetary adjustments (Note)	5,526	8,079
Net foreign exchange losses	(2,403)	(14,567)
Others	589	171
	<u>11,517</u>	<u>(3,443)</u>

Note:

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", for the activities of the Argentine subsidiaries and branches from 1 January 2018 onwards.

Under HKAS 29, the non-monetary assets and liabilities stated at historical cost, the equity and the statement of profit or loss of subsidiaries and branches operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index, and monetary items that are already stated at the measuring unit at the end of the reporting period are not restated.

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.

Current year hyperinflation monetary adjustment for the change in price index amounting to approximately HK\$5,526,000 (2020: HK\$8,079,000) was recognised in the condensed consolidated statement of profit or loss.

6. EXPENSES BY NATURE

Loss before taxation has been arrived after charging the following items:

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories recognised as expense	4,908,028	287,637
Depreciation of property, plant and equipment	7,091	1,809
Depreciation of right-of-use assets	260	1,122
Employee benefit expenses (including directors' remuneration)	8,018	8,892
Provision for inventories	1,490	–
Processing charges	8,109	493
Legal and professional fee	8,228	2,119
Agency fee	2,193	141
Others	6,651	5,130
	<hr/>	<hr/>
Total cost of sales and general and administrative expenses	4,950,068	307,343
	<hr/> <hr/>	<hr/> <hr/>

7. ASSETS IMPAIRMENT LOSS

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exploration and evaluation assets	–	602
	<hr/>	<hr/>
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8. NET INVESTMENT LOSS

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Net losses in listed equity investments (<i>Note 17</i>)	5,425	34,222
Net loss/(gain) in listed and unlisted debt investments (<i>Note 17</i>)	95	(702)
Net gains in unlisted equity-linked debt investments (<i>Note 17</i>)	(431)	(552)
	5,089	32,968

9. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Interest on borrowings	4,111	5,522
Interest on lease liabilities	168	65
	4,279	5,587

10. INCOME TAX EXPENSE/(CREDIT)

	(Unaudited)	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax – The Mainland China		
Provision for the period	9	–
Current tax – Overseas		
Provision for the period	163	–
Deferred tax		
Charged/(credited) to profit or loss	2,223	(1,352)
	2,395	(1,352)

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 periods.

Hong Kong profits tax has been provided for at the rate of 16.5% for the six months ended 30 June 2021 (2020: 16.5%) on the estimated assessable profit for the period. No provision for Hong Kong profits tax has been made for the six months ended 30 June 2021 as the Group’s operations in Hong Kong had no assessable profits (2020: Nil).

Subsidiaries of the Group in Argentina are subject to Argentina corporate income tax at 30% (2020: 30%).

Subsidiaries of the Group in the Mainland China are subject to Corporate Income Tax (“CIT”) in accordance with the Law of the PRC on Corporate Income Tax (the “CIT Law”). Under the CIT Law, the income tax rate applicable to these subsidiaries is 25% (2020: 25%). One of the subsidiaries is entitled to tax concession and tax relief whereby the profit of this subsidiary is taxed at a preferential income tax rate of 2.5% (2020: Nil).

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

11. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (2020: Nil).

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the Group’s loss attributable to owners of the Company of approximately HK\$21,685,000 (2020: HK\$51,975,000) and weighted average number of ordinary shares in issue during the period of approximately 8,758,881,000 shares (2020: 8,758,881,000 shares).

(b) Diluted loss per share

For the six months ended 30 June 2021 and 2020, basic and diluted loss per share was the same as there were no potentially dilutive ordinary shares in issue during the period.

13. EXPLORATION AND EVALUATION ASSETS

	Exploration rights <i>(Note (a))</i> <i>HK\$'000</i>	Exploratory drilling <i>(Notes (a) and (b))</i> <i>HK\$'000</i>	Geological studies <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020 (Audited)					
Cost	3,228,271	137,372	181,986	33,991	3,581,620
Accumulated impairment	(3,228,271)	(33,537)	(181,986)	(33,991)	(3,477,785)
	–	103,835	–	–	103,835
Six months ended 30 June 2020 (Unaudited)					
At 1 January 2020	–	103,835	–	–	103,835
Additions	–	1,252	–	–	1,252
Impairment	–	(602)	–	–	(602)
Hyperinflation adjustments	–	(5,085)	–	–	(5,085)
At 30 June 2020	–	99,400	–	–	99,400
At 30 June 2020 (Unaudited)					
Cost	3,227,171	126,873	158,643	31,570	3,544,257
Accumulated impairment	(3,227,171)	(27,473)	(158,643)	(31,570)	(3,444,857)
	–	99,400	–	–	99,400
At 1 January 2021 (Audited)					
Cost	3,226,181	89,212	137,637	31,429	3,484,459
Accumulated impairment	(3,226,181)	(26,084)	(137,637)	(31,429)	(3,421,331)
	–	63,128	–	–	63,128
Six months ended 30 June 2021 (Unaudited)					
At 1 January 2021	–	63,128	–	–	63,128
Additions	–	408	–	–	408
Transfer <i>(Note (b))</i>	–	(57,320)	–	–	(57,320)
Hyperinflation adjustments	–	(6,216)	–	–	(6,216)
At 30 June 2021	–	–	–	–	–
At 30 June 2021 (Unaudited)					
Cost	3,225,575	25,092	124,781	31,343	3,406,791
Accumulated impairment	(3,225,575)	(25,092)	(124,781)	(31,343)	(3,406,791)
	–	–	–	–	–

Notes:

- (a) The total costs of exploration rights and exploratory drilling amounting to approximately HK\$3,225,575,000 (31 December 2020: HK\$3,226,181,000) and HK\$25,092,000 (31 December 2020: HK\$26,084,000) as at 30 June 2021 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 Salta SOE for a further extension of the exploration permits in May 2019, and for entering the second exploratory period in early September 2019.

However, on 17 September 2019, the Salta SOE issued resolutions rejecting both the Group's applications of 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 regard to the timing and possibility of a positive appeal result in favour of the Group. The Group recognised full impairment in respect of the exploration and evaluation assets related to T&M Concessions as at 31 December 2019.

There was no significant update on the appeal in respect of the revocation of the Resolutions during the six months ended 30 June 2021.

- (b) The balances represented the drilling activities in the Los Blancos Concession (formerly known as Chirete Concession) in the province of Salta in Northern Argentina ("**Los Blancos Concession**"), in which the Group farmed into 50% participating interest under a farm-in agreement with Pampa Energia S.A., a joint participation partner (the "**Partner**").

In 2016, the Group had an oil discovery in the HLG.St.LB.x-1002 exploratory well drilled in October 2015 in the Los Blancos Concession and agreed with the Partner 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 Los Blancos 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.

On 15 October 2020, the exploitation permit for Los Blancos Concession has been granted by the provincial authorities of Salta. The exploitation permit officially entitles the Group to produce crude oil in the Los Blancos Concession for the next 25 years.

In January 2021, the Group transferred the remaining balance of exploratory drilling for Los Blancos Concession from exploratory drilling to property, plant and equipment, following the finalisation of the geographical coordinates of the area of exploitation with the provincial authorities of Salta. The carrying amount of approximately HK\$57,320,000 in exploratory drilling has been assessed for impairment before reclassification to property, plant and equipment and no impairment was considered necessary on the date of transfer.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, additions to the cost of property, plant and equipment were HK\$11,378,000 (2020: HK\$7,510,000) and the transfer from exploration and evaluation assets to property, plant and equipment was HK\$57,320,000 (2020: Nil). For the details of the commitments for the purchase of property, plant and equipment, refer to Note 23.

As at 30 June 2021, since the carrying amount of the net assets of the Group was more than its market capitalisation, management considered that there was impairment indicator at the end of the reporting period. The Group conducted the impairment assessment for its oil properties, which mainly included "machinery" and "oil production assets" of property, plant and equipment, totaled of HK\$125,580,000. Since the recoverable amount exceeded its carrying amount, no impairment loss was considered as necessary on 30 June 2021.

15. INVENTORIES

	(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
Physical gold and silver held for trading	170,117	15,980
Consumables	13,985	12,756
Petroleum-related products	10,664	–
Oil products	84	64
	<u>194,850</u>	<u>28,800</u>

During the six months ended 30 June 2021, the Group has made a provision for inventories amounting to approximately HK\$1,490,000 (2020: Nil) for physical silver and was included in cost of sales.

16. TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
Trade receivables (<i>Note (b)</i>)	1,726	61,271
Other debtors	6,806	5,168
Deposits paid for a potential acquisition (<i>Note (c)</i>)	127,354	–
Other deposits	5,065	5,200
Amount due from a joint venture (<i>Note (d)</i>)	577	565
	<hr/>	<hr/>
Financial assets measured at amortised cost	141,528	72,204
	<hr/>	<hr/>
Value added tax recoverable	3,437	3,618
Other tax recoverables	2,109	1,858
Other prepayments	1,662	3,469
	<hr/>	<hr/>
	148,736	81,149
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation to the condensed consolidated statement of financial position:		
Non-current	131,409	4,316
Current	17,327	76,833
	<hr/>	<hr/>
	148,736	81,149
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The Board considers that the carrying amounts of deposits, trade and other receivables are measured at amortised cost approximate their fair values as the impact of discounting is not significant.

- (b) Trade receivables are due within 30 days (31 December 2020: 30 days) from the date of billing. The following is an ageing analysis of trade receivables, presented based on the invoice date and net of loss allowance, is as follows:

	(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
0-30 days	1,250	59,801
31-60 days	127	85
61-90 days	138	1,178
Over 90 days	211	207
	<u>1,726</u>	<u>61,271</u>

- (c) In March 2021, the Group entered into a letter of intent (the “LOI”) with an independent third party in relation to a potential acquisition of the entire interest in a company, principally engaging in the oil and gas industry (the “Potential Acquisition”). Pursuant to the LOI, the Group paid an initial refundable deposit amounting to approximately HK\$6,165,000 to the independent third party. The Group deposited, on 29 June 2021, an amount of approximately HK\$121,189,000 as a client money held by a solicitor appointed by the Group which is refundable to the Group on demand. As of the date of approval of this condensed consolidated interim financial information, the Group is still negotiating with the independent third party to finalise the formal acquisition agreements for the Potential Acquisition.
- (d) The amount due from a joint venture is non-secured, interest-free and repayable demand.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
Listed equity investments (<i>Note (i)</i>)	54,478	53,054
Listed debt investments (<i>Note (ii)</i>)	10,087	14,945
Unlisted debt investments (<i>Note (ii)</i>)	–	6,091
Unlisted equity-linked investments (<i>Note (iii)</i>)	4,965	–
	<u>69,530</u>	<u>74,090</u>

Notes:

- (i) The listed equity investments represent listed shares on the Stock Exchange and are stated at fair value in level 1 hierarchy, except for a listed equity investment with suspension of trading, which is measured in level 3 hierarchy. Net investment loss of approximately HK\$5,425,000 (2020: HK\$34,222,000) (Note 8) has been recognised in profit or loss during the six months ended 30 June 2021.

- (ii) The listed debt investments represent the senior notes listed on the Singapore Exchange Securities Trading Limited or the Stock Exchange and are stated at fair value. The unlisted debt securities are issued by a company listed on the Stock Exchange and are designated as financial assets at FVPL. Net investment loss of approximately HK\$95,000 (2020: net investment gain of approximately HK\$702,000) (*Note 8*) has been recognised in profit or loss during the six months ended 30 June 2021.
- (iii) The unlisted equity-linked investments represent investments which contain embedded derivatives, the return of which are determined with reference to the closing price of certain equity investments listed on the Stock Exchange. The unlisted equity-linked investments were designated as financial assets at FVPL at initial recognition. For the six months ended 30 June 2021, net investment gain of approximately HK\$431,000 (2020: HK\$552,000) (*Note 8*) has been recognised in profit or loss.

18. GOLD INVESTMENT

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Gold held for investment, at fair value	<u>63,949</u>	<u>68,589</u>

The balance represented investment in physical gold bullions which was measured at fair value. The purposes of holding physical gold bullions is to achieve capital appreciation and capture the effectiveness of gold as inflation-proofing instruments. The fair value loss of approximately HK\$4,640,000 (2020: Nil) has been recognised in profit or loss during the six months ended 30 June 2021.

19. TRADE AND OTHER PAYABLES

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Trade payables (<i>Note (ii)</i>)	4,374	5,695
Other creditors and accrued charges (<i>Note (iii)</i>)	<u>62,098</u>	<u>64,524</u>
Financial liabilities measured at amortised cost	66,472	70,219
Other tax payables	<u>467</u>	<u>228</u>
	<u>66,939</u>	<u>70,447</u>

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:

	(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
0-30 days	2,201	4,147
31-60 days	334	50
61-90 days	241	48
Over 90 days	1,598	1,450
	<u>4,374</u>	<u>5,695</u>

- (iii) Included in other creditors and accrued charges is a deposit of approximately HK\$44,994,000 (31 December 2020: HK\$44,994,000) 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 is to be returned to those third parties.

20. CONTRACT LIABILITIES

	(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
Receipt in advance from customers for sales of goods – Current liabilities	<u>58,240</u>	<u>31</u>

A contract liability is recognised for revenue relating to sales of goods at the time of the non-refundable advance payment received from customers and is released when sales of goods transferred at a point in time are recognised.

21. BORROWINGS

	(Unaudited) 30 June 2021 <i>HK\$'000</i>	(Audited) 31 December 2020 <i>HK\$'000</i>
Unsecured term loans due for repayment within 1 year	38,000	143,067
Unsecured term loans due for repayment after 1 year: After 1 year but within 2 year	–	3,000
	<u>38,000</u>	<u>146,067</u>
Reconciliation to the condensed consolidated statement of financial position:		
Non-current	–	3,000
Current	<u>38,000</u>	<u>143,067</u>
	<u>38,000</u>	<u>146,067</u>

The term loans carried fixed interest rates at 8% (31 December 2020: ranging from 4% to 8%) per annum.

22. SHARE CAPITAL

Authorised and issued share capital

	2021		2020	
	No. of shares '000	HK\$'000	No. of shares '000	HK\$'000
Authorised:				
At 1 January, 30 June and 31 December				
Ordinary shares of HK\$0.01 each	<u>200,000,000</u>	<u>2,000,000</u>	<u>200,000,000</u>	<u>2,000,000</u>
Ordinary shares, issued and fully paid:				
At 1 January, 30 June and 31 December				
Ordinary shares of HK\$0.01 each	<u>8,758,881</u>	<u>87,589</u>	<u>8,758,881</u>	<u>87,589</u>

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

23. COMMITMENTS

	(Unaudited) 30 June 2021 HK\$'000	(Audited) 31 December 2020 HK\$'000
Authorised but not contracted for	<u>155,308</u>	<u>236,606</u>

24. LITIGATION

On 4 June 2021, a wholly-owned subsidiary of the Group, was notified of the initiation of an arbitration process against it by the Partner. The origin of the alleged claim arises from the dispute with the Partner in relation to the calculation and settlement of farm-in cost, due to differences in the interpretation by the two parties of the relevant clause and terminology contained in the Farm – Out Agreement (“FOA”). The Partner is now seeking for the restitution of the subsidiary's 50% participating interest in the Los Blancos Concession, the removal of the subsidiary as the operator of Los Blancos Concession, and the request of payments for the potential disputed difference. The Group is of the view that, on the basis of the legal advice from the Group's internal counsel and the external solicitor, it is not probable that the claim from the Partner would lead to the restitution of the Group's 50% participating interest in Los Blancos Concession and removal as the operator, given that there is no actual breach of the FOA. The maximum exposure for the alleged claim is estimated at approximately US\$180,000 (equivalents to approximately HK\$1,404,000). No provision had been provided in respect of the potential disputed difference as at 30 June 2021, as the directors of the Company determined that the outflow of economic benefit in relation to the alleged claim is not probable and is dependent on the outcome of the arbitration process or out-of-court settlement.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL REVIEW

During the six month period ended 30 June 2021, the Group's main activities were oil & gas production in Argentina, and commodities trading, specifically physical gold and silver trading.

While the Group incurred an operating financial loss of HK\$21.681 million, the financial position of the Group was in good shape, with decreasing debt and a healthy cash balance.

While international oil prices have rebounded to over USD70 per barrel in the first half of 2021, the domestic price per barrel in Argentina was considerably lower during the same period. However, the demand for crude oil in the country has been less affected, due to Argentina government's policy to minimise social restriction measures as much as possible, so that daily life and economic activity can be carried on relatively unhindered.

In respect of the Group's commodities trading business, specifically its physical gold trading, there has been a dampening of gold prices during the last six months to June 2021. Volume of physical gold trades nevertheless has remained robust during this period. To guard against exposure to gold price volatility, the Group operates a policy of fully hedging all its physical trades.

Following the success of its physical gold trading business, the Group in June 2021 commenced plans to setup a refinery in Hong Kong for processing precious metals, including gold, silver, platinum and palladium. The Group at present is in the process of renovating a newly leased property, where the refinery is to be located, and sourcing the specialised plant and equipment that will be installed at the facilities. The Group anticipates the new refinery will become operational in the first half of 2022, subject to the timing of prerequisite registration and licence approvals.

On the mergers and acquisition ("M&A") front, the Group continues to contemplate and pursue M&A opportunities in both the oil and gas sector, as well as in renewables energy business. The Group has yet to enter into any legally binding transactions.

OIL & GAS EXPLORATION AND PRODUCTION IN ARGENTINA

Los Blancos Concession

Operated by High Luck Group Limited (“**High Luck**”), the Group’s wholly owned Argentina subsidiary, the Los Blancos Concession (“**Los Blancos**”) covers a surface area of approximately 95 km² in the Province of Salta in Northern Argentina, with estimated net proven plus probable reserves of approximately 1.8 million barrels of oil equivalent (“**MMBOE**”) attributable to the Group. This is after the recent relinquishment of the remaining exploratory area by High Luck, following the granting of a 25 year permit in the exploitation area.

Los Blancos is an oil exploitation concession in which the Group has a 50% participating interest, with Pampa Energia S.A. (NYSE:PAM) being the owner of the other 50%. Being the operator of the concession, High Luck is responsible for the day to day production, operation and management decisions of the field.

Operations update

During the six month period ended 30 June 2021, Argentina continued to be gripped by the COVID-19 pandemic, with record high numbers of new infections per day in the country. Despite the situation, the Argentina government has persevered to keep nationwide social restriction measures to a minimum, in order to allow its economy to operate as unaffected as possible.

In January 2021, oil production at Los Blancos was halted for a month to allow for routine pressure volume tests and analysis to be conducted on the well. The tests and inspections allowed the Group to determine the optimum balance between the rate of oil production per day, while preserving the integrity and the life of the well.

During the six months to June 2021, the Group endured a number of labour union interference/strikes which temporarily disrupted oil production and deliveries at Los Blancos. The interference/strikes were the result of exaggerated labour union demands, including the creation of non-essential jobs to be filled exclusively by union members, and demands for “improvement” of working conditions, despite existing conditions exceeding the required regulatory standards. Though the on-going issues remain in a deadlock, High Luck and the labour union have managed to agree to mitigate operational interruptions, on the understanding that open dialogue be maintained with a view to reaching a compromise on this latest set of demands.

Average daily production achieved by the Group's 50% participating interest in Los Blancos during the first half of 2021 was approximately 295 bopd (barrels of oil per day). Production has since been increased to 400 bopd starting from August 2021. As the operator of the concession, the Group is pleased to report that light sweet crude oil with an API gravity of approximately 37° and zero water content and other contaminants continues to freely flow under high wellhead pressure.

Tartagal Oriental and Morillo Concessions

The Tartagal Oriental and Morillo Concessions ("**T&M Concessions**") is located in the Province of Salta in Northern Argentina, and comprises of two oil blocks. The concessions cover a total surface area of 10,583 km² and have an estimated net resource of 130.0 MMBOE attributable to the Group.

Prior to the refusal by the previous provincial authorities of Salta to grant the Group an exploration permit extension beyond the expiry date of 13 September 2019, the Group was a 69.25% participating interest holder in the concessions and the operator of the field. The Group fully impaired the entire asset value of the T&M Concessions in 2019.

The Group continues to negotiate with the Province of Salta with a view towards a settlement of all disputes.

Oil Price

During the six month period ended 30 June 2021, international oil prices have witnessed a steady rebound to over USD70 per barrel, as optimism for a global economic recovery spreads, and the members of the Organization of the Petroleum Exporting Countries ("**OPEC**") are in consensus regarding the level of oil output for the near term.

Despite the positive sentiment of the international oil market, the price per barrel of oil in Argentina was considerably lower, during the same six month period. Though Argentina continued to be gripped by the COVID-19 pandemic, domestic economic activity and demand for crude oil was relatively unaffected as a result of government policy to minimise social restriction measures, as far as possible.

Devaluation of Argentine Pesos and Hyperinflation

During the six months to 30 June 2021, the Argentine Pesos ("**ARS**") further devalued from a rate of ARS84.1 per USD at the beginning of the year, to ARS95.6 per USD by 30 June 2021. This equated to 13.7% decline.

In regards to the Argentina economy, the country continues with its struggle to contain the spiralling hyperinflation. As at 30 June 2021, the annualized inflation rate was 41.3%, compared to 36.1% at end of previous year.

With the substantial depreciation of the Argentine Pesos and hyperinflation, Argentina is an increasingly challenging business environment to operate in. Due to capital restrictions preventing the Group from purchasing USD with ARS at the official exchange rate for repatriation purposes, and the unofficial “Blue Dollar Rate” being prohibitively high, the Group is evaluating the possible options available for High Luck and the ARS denominated cash that is accumulating in Argentina.

COMMODITIES TRADING

Over the past six months ended 30 June 2021, the Group’s physical gold and silver trade business had a total trading volume of HK\$4,480,064 million. The Group’s physical gold trade business is operated via an established and reputable intermediary, with a long history and presence in Hong Kong. To ensure the Group is not financially exposed to the day to day fluctuations of gold prices, all physical gold trades, and physical gold inventories held by the Group are hedged with financial hedging instruments.

Due to the success that the Group has been experiencing with the physical gold trading business, the Group is proceeding with plans to setup its own precious metals refinery, with a view to growing its trading volume and profit margins. In June 2021, the Group signed a five year lease agreement for a property in Hong Kong, where the new refinery will be situated. The renovation work and the sourcing of specialised plant and equipment to be installed at the facilities has already begun. Subject to the timing of industry registration and licence approvals, the Group anticipates the new refinery will be operational in the first half of 2022.

Regarding the Group’s plan to establish a wholly owned foreign enterprise (“**WOFE**”) in Nanjing in early 2021 for the purpose of hydrocarbon commodities trading, the Group will temporarily defer the commencement date to a later date until the market conditions further improve and become more compelling.

Following the recent legislative change enacted by China’s central government to transform Hainan Province into a free trade port, the Group has established a branch office in Hainan, with a view to exploring new opportunities in this potential high growth, business friendly, tax favourable region.

MERGERS AND ACQUISITIONS

During the six month period ended 30 June 2021, the Group considered a number of non-binding offers for M&A opportunities in the oil and gas sector. The Group has yet to enter into any legally binding transactions. It is expected that potential acquisitions will be financed by existing internal resources and no public fund raising of the Company is required.

The Group is continuously on the lookout for the acquisition of clean energy assets at reasonable and sustainable prices to enhance its shareholders’ value. The Group remains committed to the future investment and development of clean energy for global sustainability, and will explore ways in which it can achieve Net Zero Emissions.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2021 was approximately HK\$4,928.64 million (2020 first half: HK\$298.00 million). The revenue derived from general and commodities trading for the six months ended 30 June 2021 was approximately HK\$4,911.67 million (2020 first half: HK\$286.41 million). The increase in revenue derived from general and commodities trading was due to (i) expansion in sales of physical gold, (ii) commencement of sales of physical silver since March 2021 and (iii) trading of petroleum-related products in PRC for the six months ended 30 June 2021. The revenue derived from sales of oil products under the Group's oil exploration and production business for the six months ended 30 June 2021 was approximately HK\$16.96 million. This represented an increase of approximately 46.31% as compared with the revenue of approximately HK\$11.59 million for the corresponding period in 2020.

The Group reported a gross profit of approximately HK\$5.42 million for the six months ended 30 June 2021 (2020 first half: HK\$9.87 million).

For the six months ended 30 June 2021, the Group recorded gains of approximately HK\$11.52 million in other income, gains and losses, net (2020 first half: losses of HK\$3.44 million), mainly resulting from a decrease in net exchange loss and an increase in gain on derivative financial instruments, partially offset by decrease in bank interest income and hyperinflation monetary gains.

General and administrative expenses of the Group for the six months ended 30 June 2021 were approximately HK\$26.85 million, which represented an increase of approximately 39.76% as compared with approximately HK\$19.21 million for the corresponding period in 2020.

The Group recognised net investment loss in respect of financial instruments of approximately HK\$5.09 million for the six months ended 30 June 2021 (2020 first half: HK\$32.97 million), mainly as a result of a relatively stable stock market in Hong Kong during the six months ended 30 June 2021, compared to the same period in 2020.

Finance costs of the Group for the six months ended 30 June 2021 was approximately HK\$4.28 million, representing a decrease of approximately 23.41% as compared with approximately HK\$5.59 million for the corresponding period in 2020.

Share of losses in joint venture operations of the Group for the six months ended 30 June 2021 were approximately HK\$4,000, representing a decrease of approximately 99.71% as compared with approximately HK\$1.40 million for the corresponding period in 2020.

Income tax expense of the Group for the six months ended 30 June 2021 was approximately HK\$2.40 million; whilst it was an income tax credit of approximately HK\$1.35 million for the corresponding period in 2020.

For the six months ended 30 June 2021, the Group recorded a significant decrease in the loss attributable to the owners of the Company by 58.28%, to approximately HK\$21.69 million, mainly as a result of the increase in other income, gains and losses, net, and the decrease in net investment loss.

Basic loss per share for the six months ended 30 June 2021 was approximately HK0.25 cent (2020 first half: HK0.59 cent).

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (2020 first half: 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, approximately HK\$449.32 million had been used up to 30 June 2021, according to its intended use as stated in the circular of the Company dated 28 June 2016, and the announcements of the Company dated 28 October 2016 and 27 August 2018. On 26 March 2020, the Company announced a change of its intended use of the unused balances of the 2016 Subscription Shares Proceeds and the Open Offer Proceeds (as defined below). Details of the change were set out in the announcement of the Company dated 26 March 2020. As at 30 June 2021, the unused balance of the 2016 Subscription Shares Proceeds was approximately HK\$107.91 million. The actual use of the 2016 Subscription Shares Proceeds during the six months ended 30 June 2021 was approximately HK\$23.13 million, for the investment in short-term financial instruments.

In respect of the net proceeds of approximately HK\$736.40 million (“Open Offer Proceeds”) raised from the open offer in April 2017, approximately HK\$412.75 million had been used up to 30 June 2021, according to its intended use as stated in the circular of the Company dated 28 February 2017, the offering memorandum of the Company dated 27 March 2017, and the announcement of the Company dated 27 August 2018. On 26 March 2020, 29 April 2020 and 18 March 2021, the Company announced changes on its intended use of the unused balances of the 2016 Subscription Shares Proceeds and the Open Offer Proceeds. Details of the changes were set out in the announcements of the Company dated 26 March 2020, 29 April 2020 and 18 March 2021. As at 30 June 2021, the unused balance of the Open Offer Proceeds was approximately HK\$323.65 million. The actual use of the Open Offer Proceeds during the six months ended 30 June 2021 was approximately HK\$150.12 million, for the purposes of expansion of metal commodities trading as intended.

The following table summarises the use of net proceeds for the 2016 Subscription Shares Proceeds and Open Offer Proceeds for the six months ended 30 June 2021.

	Unused amount of net proceeds as at 31 December 2020 <i>HK\$'million</i>	Change in use of proceeds on 18 March 2021 <i>HK\$'million</i> <i>(Note 5)</i>	Actual use of net proceeds during the six months ended 30 June 2021 <i>HK\$'million</i>	Unused amount of net proceeds as at 30 June 2021 <i>HK\$'million</i>
2016 Subscription Share Proceeds				
– Argentina operational purposes	20.50	–	–	20.50 <i>(Note 1)</i>
– Investment in oil and gas, power generation and renewable energy	79.36	–	–	79.36 <i>(Note 2)</i>
– Investment in short to medium term financial instruments and general administrative purposes	31.18	–	(23.13)	8.05 <i>(Note 3)</i>
Total	<u>131.04</u>	<u>–</u>	<u>(23.13)</u>	<u>107.91</u>
Open Offer Proceeds				
– Argentina operational purposes	59.29	(59.29)	–	–
– Investment in oil and gas, power generation and renewable energy	150.00	59.29	–	209.29 <i>(Note 2)</i>
– Expansion of metal commodities trading	264.48	–	(150.12)	114.36 <i>(Note 4)</i>
Total	<u>473.77</u>	<u>–</u>	<u>(150.12)</u>	<u>323.65</u>

Notes:

- The expected timeline in relation to the use of the unused amount of net proceeds as at 30 June 2021 will depend on the Group's business, and oil and gas investment plans in Argentina, which are discussed in the section headed "Operations update" and "Mergers and acquisitions" under Management Discussion and Analysis to this announcement. The unused amount of net proceeds as at 30 June 2021 is expected to be utilised on or before year ended 31 December 2022. The deferral in usage of the proceeds from the previous anticipated timeline was due to the Argentina business being financially self-sufficient, following the Los Blancos oil discovery and commercial production, as well as delays in the drilling of new wells due to the depressed oil prices.
- The unused amount of net proceeds as at 30 June 2021 is expected to be utilised on or before 30 June 2022. Over the past number of years, the Group investigated multiple investment opportunities, but had deferred utilising the proceeds, due to inherent uncertainties that exist in regards to the timing and outcome of negotiations with counterparties.

3. The unused amount of net proceeds as at 30 June 2021 is expected to be utilised on or before the year ending 31 December 2021.
4. The unused amount of net proceeds as at 30 June 2021 is expected to be utilised on or before the year ending 31 December 2023.
5. Details of the change in use of proceeds are set out in the announcement of the Company dated 18 March 2021.

The Group maintains a treasury policy (as reviewed or modified from time to time when deemed necessary) for the investment of surplus cash. Surplus cash is primarily maintained in the form of term deposits with licensed banks. Management 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.

The Group entered into certain derivative financial instruments for economic hedging purposes in order to mitigate the financial impact of price fluctuations in gold and silver inventories and gold investment held by the Group. The use of these derivative financial instruments is closely monitored and controlled by the Group.

As at 30 June 2021, the Group's net current assets amounted to approximately HK\$502.82 million (31 December 2020: HK\$649.84 million) and the Group had cash and cash equivalents of approximately HK\$341.66 million (31 December 2020: HK\$640.92 million).

Cash and cash equivalents of the Group as at 30 June 2021 were mainly denominated in Hong Kong Dollar, United States Dollar, Argentine Peso and Renminbi.

As at 30 June 2021, total equity of the Group was approximately HK\$737.02 million (31 December 2020: HK\$758.96 million). Net asset value per share equated to approximately HK\$0.08 (31 December 2020: HK\$0.09). Debt ratio, calculated as total liabilities divided by total assets, was approximately 23.11% (31 December 2020: 25.68%).

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

Borrowings

As at 30 June 2021, included within the carrying amount of borrowings of the Group was unsecured debt securities of approximately HK\$38 million (31 December 2020: HK\$141.32 million) denominated in Hong Kong Dollar and carrying interest at fixed rate. As at 30 June 2021, there was no unsecured short-term loan (31 December 2020: approximately HK\$4.75 million denominated in Renminbi and carrying interest at fixed rate). The decrease in borrowings was mainly due to the repayment of certain borrowings during the period. Details of the maturity of the carrying amount of the Group's borrowings are set out in Note 21 to this announcement.

Gearing Ratio

As at 30 June 2021, gearing ratio, calculated on the basis of interest bearing borrowings divided by total equity, was approximately 5.16% (31 December 2020: 19.25%).

Charge on Assets

As at 30 June 2021, the Group did not have any charge on its assets (31 December 2020: Nil).

Contingent Liabilities

As at 30 June 2021, saved as disclosed in Note 24, the Group did not have other material contingent liabilities (31 December 2020: Nil).

Capital Commitments

Details of the capital commitments of the Group as at 30 June 2021 are set out in Note 23 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. 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.

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

Employees

As at 30 June 2021, the Group employed a total of 50 (31 December 2020: 36) permanent employees in Hong Kong, China and Argentina. Total employee benefit expenses (including directors' remuneration) for the six months ended 30 June 2021 amounted to approximately HK\$8.02 million (2020: HK\$8.89 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 stakeholders during the period.

Material Acquisitions and Disposals

The Group did not have material acquisitions or disposals of subsidiaries, associated companies, and joint ventures during the six months ended 30 June 2021.

Significant Investments

As at 30 June 2021, the Group held financial assets at fair value through profit or loss and gold investment in gold bullion amounting to approximately HK\$69.53 million and HK\$63.95 million respectively.

(i) Financial assets at fair value through profit or loss

As at 30 June 2021, the Group's financial assets at fair value through profit or loss comprised of listed equity investments, unlisted equity-linked investments and listed debt investments amounting to approximately HK\$54.48 million, HK\$4.97 million, and HK\$10.09 million, respectively.

Details of the listed equity investments as at 30 June 2021 are set out below:

Name of company	Principal business	Fair value at 30 June 2021 <i>HK\$'million</i>	Net fair value (gains)/losses for six months ended 30 June 2021 <i>HK\$'million</i>
Beijing Gas Blue Sky Holdings Limited (Stock code: 6828) <i>(Note (ii))</i>	Sales and distribution of natural gas and other products	37.07	6.21 <i>(Note (i))</i>
NWS Holdings Limited (Stock Code: 659)	Development of, investment in and/or operation of roads, commercial aircraft leasing, construction and insurance; and investment in and/or operation of environmental and logistic projects, facilities and transport	4.29	(0.55) <i>(Note (i))</i>
China Overseas Land & Investment Ltd. (Stock code: 688)	Property development and investment and other operation	6.32	(0.28) <i>(Note (i))</i>
JD Health International Inc. (Stock code: 6618)	The online healthcare platform and online retail pharmacy in China	6.80	0.20 <i>(Note (i))</i>
		<u>54.48</u>	<u>5.58</u>

Note:

- (i) The amounts represented (gains)/losses arising from the change in fair value for the six months ended 30 June 2021.
- (ii) Beijing Gas Blue Sky Holdings Limited halted trading from 18 January 2021. As there was an absence of quoted prices for the shares which were suspended for trading, the fair value was determined by valuation conducted by the independent professional valuer. The fair value was estimated based on the latest market bid price before suspension, adjusted by the share price fluctuation of comparable companies, and applied discounts for lack of marketability by considering the probability of delisting.

The carrying value for each of the above listed equity investments is less than 5% of the total assets of the Group.

At as 30 June 2021, the Group held two debt investments listed in Singapore, and an investment of unlisted equity-linked investments. The carrying value for each of these three investments was less than 5% of the total assets of the Group. For the six months ended 30 June 2021, the Group recognised a net investment gain of approximately HK\$336,000, which comprised of interest income of approximately HK\$1,157,000 and a loss arising from the change in fair value of approximately HK\$821,000, on the listed and unlisted debt securities in the condensed consolidated statement of profit or loss.

(ii) Gold investment

As at 30 June 2021, the Group held gold investment at a fair value of approximately HK\$63.95 million, representing approximately 6.67% of the total assets of the Group. For the six months ended 30 June 2021, the Group recognised a loss arising from the change in fair value of gold investment amounting to approximately HK\$4.64 million which was largely offset by the hedging gains on derivative financial instruments for the gold investment amounting to HK\$4.71 million. The purpose of holding gold bullion is to achieve capital appreciation. Historically, gold has been an effective inflation proofing commodity.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Group does not have any material subsequent events after 30 June 2021 and up to the date of this announcement.

UPDATE ON DIRECTORS' INFORMATION

Upon specific enquiry and confirmations from each of the Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the Company's last published annual report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Group strives to attain and maintain high standards of corporate governance best suited to the needs of its businesses and the best interests of its stakeholders as the Board believes that effective governance is essential to the maintenance of the Group's competitiveness and to its healthy growth. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. In the opinion of the Directors, the Company was in compliance with the applicable code provisions of the CG Code for the six months ended 30 June 2021 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for the following deviation:

Code Provision C.1.2

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

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2021.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2021 have been reviewed by the audit committee of the Company. The unaudited interim financial information as of and for the six months ended 30 June 2021 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (2020: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.nt-energy.com) and The Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2021 containing all the information required by the Listing Rules shall be dispatched to the shareholders of the Company and made available on the aforementioned websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all of our management team members and staff for their commitment and contributions. I also greatly appreciate the continued support of our shareholders, investors, business partners, bankers, customers and suppliers. We shall be grateful for your continuing trust and support in the years to come.

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

Hong Kong, 27 August 2021

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

Mr. HUANG, Victor