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NewOcean Energy Holdings Limited **(新海能源集團有限公司)***

(Incorporated in Bermuda with limited liability)

(Stock Code: 342)

Website: <http://www.newoceanhk.com>

FURTHER ANNOUNCEMENT OF AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITED FINAL RESULTS

Reference is made to the announcement of NewOcean Energy Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 31 March 2021, in relation to the unaudited final results for the year ended 31 December 2020 (the “**Announcement**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The board of directors (the “**Board**”) of the Company hereby announces that the Company’s auditor, Crowe (HK) CPA Limited (“**Crowe**”), has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2020 in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Save for the reconciliation as disclosed in this announcement, the final results contained in the Announcement remain unchanged.

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the Announcement have been audited by Crowe to the amounts set out in the Group’s Annual Report for the year ended 31 December 2020 as approved by the Board on 28 June 2021 and the reconciliations are set out below. The work performed by Crowe in this respect did not constitute an assurance engagement in accordance with HKSAs, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Crowe on the Announcement.

RECONCILIATION OF THE UNAUDITED AND AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Set forth below are the reconciliation of the 2020 unaudited annual results of the Group and the audited financial information contained in the Annual Report. The items give rise to such differences are also set out in the respective notes below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	Disclosure in the Annual Report HK\$'000 (Audited)	Disclosure in the Announcement HK\$'000 (Unaudited)	Difference HK\$'000
Revenue		19,179,843	19,179,843	-
Cost of sales		<u>(18,984,205)</u>	<u>(18,984,205)</u>	<u>-</u>
Gross profit		195,638	195,638	-
Other gains and losses		(84,658)	(84,658)	-
Other income		168,602	168,602	-
Selling and distribution expenses		(509,968)	(509,968)	-
Administrative expenses		(380,732)	(380,732)	-
Finance costs		(282,706)	(282,706)	-
Impairment losses on trade and other receivables	<i>1</i>	(1,140,944)	(756,944)	(384,000)
Impairment losses on goodwill and other intangible assets	<i>2</i>	(790,386)	(766,386)	(24,000)
Impairment losses on property, plant and equipment	<i>3</i>	(84,000)	-	(84,000)
Impairment losses on deposits paid and prepayment	<i>4</i>	(827,000)	-	(827,000)
Impairment losses on right-of-use assets	<i>5</i>	(31,000)	-	(31,000)
Share of profits of joint ventures		3,473	3,473	-
Share of profit of an associate		<u>849</u>	<u>849</u>	<u>-</u>
Loss before taxation		(3,762,832)	(2,412,832)	(1,350,000)
Taxation		<u>46,936</u>	<u>46,936</u>	<u>-</u>
Loss for the year		<u><u>(3,715,896)</u></u>	<u><u>(2,365,896)</u></u>	<u><u>(1,350,000)</u></u>
Loss for the year attributable to:				
Owners of the Company		(3,558,546)	(2,236,546)	(1,322,000)
Non-controlling interests		<u>(157,350)</u>	<u>(129,350)</u>	<u>(28,000)</u>
		<u><u>(3,715,896)</u></u>	<u><u>(2,365,896)</u></u>	<u><u>(1,350,000)</u></u>
Basic loss per share		<u><u>(HK\$2.42)</u></u>	<u><u>(HK\$1.52)</u></u>	<u><u>(HK\$0.90)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	<i>Note</i>	Disclosure in the Annual Report <i>HK\$ '000</i> <i>(Audited)</i>	Disclosure in the Announcement <i>HK\$ '000</i> <i>(Unaudited)</i>	Difference <i>HK\$ '000</i>
Non-current assets				
Property, plant and equipment	6	2,438,159	2,272,159	166,000
Right-of-use assets	5	461,596	492,596	(31,000)
Goodwill	2	144,864	168,864	(24,000)
Other intangible assets		-	-	-
Interest in an associate		7,977	7,977	-
Interests in joint ventures		12,361	12,361	-
Deposits paid and prepayments	7	116,609	1,203,609	(1,087,000)
Deferred tax assets		878	878	-
		3,182,444	4,158,444	(976,000)
Current assets				
Inventories		865,602	865,602	-
Trade receivables	8	3,957,749	3,987,749	(30,000)
Other debtors, deposits and prepayments	9	1,398,027	2,090,027	(692,000)
Amount due from an associate		7,830	7,830	-
Derivative financial instruments		13,775	13,775	-
Properties held for sales		20,000	20,000	-
Properties under development for sales	10	1,118,570	868,570	250,000
Pledged bank deposits		385,129	385,129	-
Bank balances and cash		873,742	873,742	-
		8,640,424	9,112,424	(472,000)
Current liabilities				
Trade payable		44,387	44,387	-
Other creditors and accrued charges		318,468	318,468	-
Contract liabilities		93,522	93,522	-
Lease liabilities		50,974	50,974	-
Amount due to an associate		10,411	10,411	-
Amount due to a joint venture		-	-	-
Derivative financial instruments		25,180	25,180	-
Tax liabilities		108,813	108,813	-
Borrowings secured by pledged bank deposits – repayable within one year		328,487	328,487	-
Borrowing secured by other assets – repayable within one year		21,209	21,209	-
Borrowings unsecured – repayable within one year		6,271,147	6,271,147	-
		7,272,598	7,272,598	-
Net current assets		1,367,826	1,839,826	(472,000)
Total assets less current liabilities		4,550,270	5,998,270	(1,448,000)

	Disclosure in the Annual Report HK\$'000 (Audited)	Disclosure in the Announcement HK\$'000 (Unaudited)	Difference HK\$'000
Capital and reserves			
Share capital	146,812	146,812	-
Share premium and other reserves	4,507,047	5,927,047	(1,420,000)
Equity attributable to owners of the Company	4,653,859	6,073,859	(1,420,000)
Non-controlling interests	(196,856)	(168,856)	(28,000)
Total equity	4,457,003	5,905,003	(1,448,000)
Non-current liabilities			
Deferred tax liabilities	15,185	15,185	-
Borrowings secured by other assets – repayable over one year	-	-	-
Borrowing unsecured – repayable over one year	-	-	-
Lease liabilities	78,082	78,082	-
	93,267	93,267	-
	4,550,270	5,998,270	(1,448,000)

Notes:

1. Additional impairment losses on trade and other receivables of HK\$384,000,000 assessed under revised expected credit loss model on individual trade receivables and other receivables.
2. Further impairment loss of goodwill amounted to HK\$24,000,000 made for one of the cash-generating unit (“CGU”), that engages in bottled liquefied petroleum gas in the People’s Republic of China (the “PRC”), this CGU is under a lawsuit and the business operation may be discontinued.
3. Additional impairment losses of HK\$70,000,000 is recognised on the vessels owned by the Group in the PRC with reference to the valuation performed by an independent professional valuer, the remaining amount of HK\$14,000,000 is related to the property, plant and equipment owned by the CGU set out in note 2 above.
4. The amount represents impairment losses of: (i) HK\$610,000,000 deposits paid for purchase of property, plant and equipment related to the Group’s refinery project in Malaysia, (ii) HK\$178,000,000 deposits paid for investment project of constructing a hydrogen manufacturing plant in the PRC; and (iii) HK\$39,000,000 trade deposits paid to a supplier which was put into liquidation in 2021. Given that the Group is under debt restructuring, the Group is short of capital resources to invest in existing projects, thus the management decided to discontinue those projects, and make full impairment provision.
5. Impairment loss on right-of-use assets that related to note 4(i).
6. The net effect of: (i) note 3; (ii) a reclassification of total HK\$299,000,000 from non-current deposits paid that related to construction of the Group’s properties in Zhuhai, the PRC that being completed before year end; and (iii) reversal of exchange reserve of HK\$49,000,000.
7. The aggregate effect of note 4(i), 4(ii) and reclassification of HK\$299,000,000 to property, plant and equipment mentioned in note 6(ii).
8. Additional impairment loss for a credit-impaired trade receivable of approximately HK\$30,000,000.
9. The aggregate effect of: (i) reclassification of HK\$299,000,000 to properties under development for sales that related to construction completed before year end; (ii) additional impairment losses of HK\$354,000,000 for other receivables; and (iii) note 4(iii).
10. The net effect of note 9(i) and the reversal of exchange reserve of HK\$49,000,000.

An updated management discussion and analysis on the audited financial statements will be included in our Annual Report to be published by the Company in coming weeks.

AUDIT OPINION

The Auditor has issued a disclaimer opinion on the consolidated financial statements of the Group for the year under audit. An extract of the independent auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020" below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As set out in Note 1A to the consolidated financial statements, the Group incurred a net loss of HK\$3,715,896,000 during the year ended 31 December 2020. As at the same date, out of the Group's current borrowings of HK\$6,620,843,000, HK\$4,202,627,000 were overdue. In addition, based on the financial position of the Group as at 31 December 2020, the Group was not in compliance with certain restrictive financial covenants and certain borrowings of the Group contain cross-default terms, causing borrowings of the Group of HK\$2,418,216,000 as at 31 December 2020 to become immediately repayable in accordance with the respective loan agreements whereas the Group only had cash and cash equivalents of HK\$873,742,000 as at 31 December 2020.

These conditions, together with other matters described in Note 1A to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, to refinance its operations and to restructure its debts which are set out in Note 1A to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) whether the Group can obtain the necessary and relevant approval for the scheme of arrangement as described in Note 1A to the consolidated financial statements; (ii) whether the Group is able to negotiate with the relevant banks for the renewal or extension of repayment of the bank borrowings, including those overdue principal and interests; (iii) whether the Group is able to obtain waivers from complying with certain restrictive financial covenants and due payments of loan principal and interests pursuant to the cross-default terms for certain borrowings; (iv) whether the Group can successfully implement its operation plan to generate cash flows from its operations; (v) whether the Group can obtain additional sources of financing to finance its business as and when needed to restore the Group's business activities to a more desirable scale; (vi) whether the Group can successfully collect its outstanding receivables by taking active measures in addition to/in lieu of litigation; and (vii) whether the Group can successfully take measures to down size the oil products business to reduce operating cost and to generate additional cash through disposal of certain core and non-core asset items and sales of Zhuhai commercial properties development, which requires executing definitive agreement with the potential buyers and obtaining the necessary approvals from the regulatory authorities and shareholders.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

By Order of the Board
NewOcean Energy Holdings Limited
Shum Siu Hung
Chairman

Hong Kong, 28 June 2021

As at the date of this announcement, the Board of the Company comprises Mr. Shum Siu Hung, Mr. Shum Chun, Lawrence and Mr. Cen Ziniu being the Executive Directors, Mr. Cheung Kwan Hung, Anthony, Mr. Chan Yuk Wai, Benedict and Dr. Xu Mingshe being the Independent Non-executive Directors.

** for identification purposes only*