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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHT

- Revenue for the period was decreased by around 52.44% to approximately HK$6,015 million mainly contributed to the drop in total sales volume of energy products from approximately 3,648,000 tonnes to approximately 1,512,000 tonnes. Since the Group is under debt restructuring and the banks froze their credit facilities granted to the Group, the business operations are wholly financed and supported by the internal resources of the Group. Therefore, the Group has no choice but to downsize the operation level in current period.
- Loss for the period amounted to approximately HK$170 million mainly due to the drop in overall sales volume and the gross profit derived from sales were unable to cover all the expense incurred.
- Equity attributable to the owners of the Company decreased slightly by around 2.93% to approximately HK$4,517 million.

The Board of Directors (the "Board") of NewOcean Energy Holdings Limited (the "Company") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2021 together with comparative figures for the corresponding period in 2020. These condensed consolidated interim results have not been audited, but have been reviewed by the audit committee.

** for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**6,014,793**	12,646,211
Cost of sales		**(5,807,701)**	(12,594,313)
Gross profit		**207,092**	51,898
Other gains and losses	5	**31,165**	(317,721)
Other income	6	**93,649**	78,125
Selling and distribution expenses		**(174,754)**	(262,290)
Administrative expenses		**(185,814)**	(181,761)
Impairment losses on trade and other receivables		—	(554,012)
Finance costs		**(149,044)**	(146,282)
Share of profit of a joint venture		**503**	1,836
Share of profit of an associate		**626**	278
Loss before taxation	7	**(176,577)**	(1,329,929)
Taxation	8	**6,620**	(20,803)
Loss for the period		**(169,957)**	(1,350,732)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**67,359**	(147,124)
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(38,052)**	69,548
Other comprehensive income (expense)		**29,307**	(77,576)
Total comprehensive expense for the period		**(140,650)**	(1,428,308)

	Note	Six months ended 30 June **2021** **(Unaudited)** ***HK$'000***	 2020 (Unaudited) *HK$'000*
Loss for the period attributable to:			
Owners of the Company		**(167,173)**	(1,243,385)
Non-controlling interests		**(2,784)**	(107,347)
		(169,957)	(1,350,732)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(136,464)**	(1,318,966)
Non-controlling interests		**(4,186)**	(109,342)
		(140,650)	(1,428,308)
Basic loss per share	9	**HK$(0.114)**	HK$(0.847)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	As at 30 June 2021 (Unaudited) HK$'000	As at 31 December 2020 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	11	**2,403,841**	2,438,159
Right-of-use assets	11	**425,570**	461,596
Goodwill		**145,593**	144,864
Interest in an associate		**8,823**	7,977
Interest in a joint venture		**12,870**	12,361
Deposits paid and prepayments		**119,464**	116,609
Deferred tax assets		**9,933**	878
		3,126,094	3,182,444
Current assets			
Inventories		**645,062**	865,602
Trade receivables	12	**3,846,192**	3,957,749
Other receivables, deposits and prepayments	12	**1,609,286**	1,398,027
Amount due from an associate		**8,294**	7,830
Derivative financial instruments		—	13,775
Properties held for sales		**21,575**	20,000
Properties under development for sales		**1,133,515**	1,118,570
Pledged bank deposits		—	385,129
Bank balances and cash		**839,077**	873,742
		8,103,001	8,640,424
Current liabilities			
Trade payables	13	**55,550**	44,387
Other payables and accrued charges		**482,743**	318,468
Contracts liabilities		**102,776**	93,522
Lease liabilities		**28,215**	50,974
Amount due to an associate		**10,427**	10,411
Amount due to a joint venture		**6,022**	—
Derivative financial instruments		**4,161**	25,180
Tax liabilities		**108,370**	108,813
Borrowings secured by pledged bank deposits – repayable within one year		—	328,487
Borrowings secured by other assets – repayable within one year		**14,897**	21,209
Borrowings unsecured – repayable within one year		**6,011,844**	6,271,147
		6,825,005	7,272,598
Net current assets		**1,277,996**	1,367,826
Total assets less current liabilities		**4,404,090**	4,550,270

	Note	As at 30 June 2021 (Unaudited) HK$'000	As at 31 December 2020 (Audited) HK$'000
Capital and reserves			
Share capital	14	**146,812**	146,812
Share premium and other reserves		**4,370,583**	4,507,047
Equity attributable to owners of the Company		**4,517,395**	4,653,859
Non-controlling interests		**(201,042)**	(196,856)
Total equity		**4,316,353**	4,457,003
Non-current liabilities			
Deferred tax liabilities		**14,940**	15,185
Lease liabilities		**72,797**	78,082
		87,737	93,267
		4,404,090	4,550,270

1. General Information

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate holding company is Uniocean Investments Limited, a company incorporated in the British Virgin Islands. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business is 23rd Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are sales and distribution of liquefied petroleum gas ("LPG") and natural gas ("NG"), oil products business and sales of electronic products.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the Group operates. For the purpose of the condensed consolidated financial statements and convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong dollars ("HK$"), the presentation currency for the condensed consolidated financial statements.

2. Basis of Preparation

Basis of preparation of the condensed consolidated financial statements

The Group incurred a net loss of approximately HK$169,957,000 for the six months period ended 30 June 2021. The Group had current bank borrowings of approximately HK$6,026,741,000 of which HK$4,775,718,000 were overdue, while the Group maintained its bank balances and cash of approximately HK$839,077,000. Given that the Group incurred a net loss for year 2020 and the six months period ended 30 June 2021, the Group could not fulfil certain bank covenants relating to certain bank loans with cross-default terms of approximately HK$1,251,023,000 causing such bank loans became immediate repayable. The net current assets of the Group were approximately HK$1,277,996,000 as at 30 June 2021. The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

Measurement on resolving the Group's liquidity burden

The directors of the Company (the "Directors") are of the opinion that the Group will have sufficient working capital to meet its financial obligation as and when they fall due for the next twelve months from 30 June 2021 after taking into consideration of the followings:

i) Continued negotiating by the Directors with certain individual banks and financial institutions to extend the existing facilities to the Group;

ii) Continuing review of the up-to-date financial position of the Group with a view to moving forward with the negotiations with banks for debt restructuring under the framework of the non-legal binding debt restructuring term sheet signed with several bank creditors in September 2020;

iii) Preparing applications to (a) the High Court of Hong Kong Special Administrative Region (the "Hong Kong High Court") and (b) the Supreme Court of Bermuda (the "Bermuda Supreme Court") replacing those submitted in December 2020 for the Company to convene meetings of the bank creditors for approving debt restructuring schemes of the Company and Sound Agents Limited ("Sound Agents", a wholly owned subsidiary of the Company) (together the "Court Scheme"). As stated in the Court Scheme announcements, following discussion among the Company and the major Scheme Creditors, the Company anticipated that the Court Scheme will need to be amended. As the amendments will be substantial and will entail, among other things, changes to the composition of classes, the company applied to the Courts to withdraw the Court Scheme. The current applications under preparation will provide for a new court scheme (the "New Court Scheme") incorporating the amendments as aforesaid. The New Court Scheme contemplates that all Scheme Claims will be restructured into a global loan facility provided by the Scheme Creditors to the Group, with the Company as the borrower and Sound Agents as the guarantor. The Directors are optimistic that the Court Scheme will bring about a successful restructuring of the Group's off-shore bank loans;

iv) At the same time while the above measures are taken to mitigate the liquidity burden on the Group, the following measures were taken to maintain its operation and improve its financial situation:

   a. ceasing certain non-revenue generating operation of the Group and carrying out the other business operations with credit facilities granted by financial institutions and internal available cash. The profit generated from these operations is used to finance the ongoing operations the scale of which is adjusted according to the availability of resources;

   b. taking other active measures to recover debts in addition to/in lieu of litigation to expedite collections of outstanding receivables;

   c. intensifying the sales effort of the Zhuhai commercial development through brokers so that sales can be resumed as soon as possible, and actively pursuing other disposal opportunities available to the Group;

   d. taking measures to down size the oil products business to reduce operating cost and to generate additional cash through disposal of non-core asset items for the purpose of repayment to banks and/or additional working capital; and

   e. to exploring means to raise working capital to restore the Group's business activities to a more desirable scale.

v) According to valuations conducted for the purposes of the Court Scheme and the New Court Scheme, the total market value of the Group's certain assets exceeds the amount to be repaid under the New Court Scheme. The Company has potential buyers for major items of these assets and commenced negotiation with these buyers. In general, the price of non-binding offers received from these buyers are equal to or above the valuation; and

vi) As evidenced by the fact that the Group recorded a revenue of approximately HK$6,015 million with a gross profit of approximately HK$207 million during the six months ended 30 June 2021 despite the adverse conditions stated above, the Group remains under effective management and the core strength of the Group remains unaffected.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Definition of Material
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 *Impacts on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"*

The Group has early applied the amendment in the current interim period. The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

3.2 *Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"*

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

4. Revenue and Segment Information

A. Disaggregation of revenue

Six months ended 30 June 2021 (unaudited)

Types of goods and services	**Sales and distribution of LPG** *HK$'000*	**Oil products business** *HK$'000*	**Sales of electronic products** *HK$'000*	**Total** *HK$'000*
Sales and distribution of LPG				
Wholesalers	**1,015,497**	—	—	**1,015,497**
End users	**1,403,400**	—	—	**1,403,400**
	2,418,897	—	—	**2,418,897**
Oil products business				
Sale of oil products	—	**3,486,012**	—	**3,486,012**
Provision of agency services	—	**3,554**	—	**3,554**
	—	**3,489,566**	—	**3,489,566**
Sales of electronic products				
Integrated circuit	—	—	**106,330**	**106,330**
Mobile phones	—	—	—	—
	—	—	**106,330**	**106,330**
Total	**2,418,897**	**3,489,566**	**106,330**	**6,014,793**
Geographical markets, based on shipment destination				
Mainland China	**1,940,780**	**3,191,330**	**106,330**	**5,238,440**
Hong Kong	**15,806**	**248,464**	—	**264,270**
Singapore	—	**49,772**	—	**49,772**
Others (*Note*)	**462,311**	—	—	**462,311**
Total	**2,418,897**	**3,489,566**	**106,330**	**6,014,793**

Note: Other countries represented mainly countries in the Asia Pacific (excluding Singapore).

The timing of all revenue was recognised at a point in time.

Six months ended 30 June 2020 (unaudited)

Types of goods and services	Sales and distribution of LPG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Total *HK$'000*
Sales and distribution of LPG				
Wholesalers	2,246,804	—	—	2,246,804
End users	1,328,435	—	—	1,328,435
	3,575,239	—	—	3,575,239
Oil products business				
Sale of oil products	—	7,448,313	—	7,448,313
Provision of agency services	—	11,443	—	11,443
	—	7,459,756	—	7,459,756
Sales of electronic products				
Integrated circuit	—	—	1,587,477	1,587,477
Mobile phones	—	—	23,739	23,739
	—	—	1,611,216	1,611,216
Total	3,575,239	7,459,756	1,611,216	12,646,211
Geographical markets, based on shipment destination				
Mainland China	2,837,425	3,351,297	1,611,216	7,799,938
Hong Kong	14,431	1,381,244	—	1,395,675
Singapore	—	2,593,324	—	2,593,324
Others (*Note*)	723,383	133,891	—	857,274
Total	3,575,239	7,459,756	1,611,216	12,646,211

Note: Other countries represented mainly countries in the Asia Pacific (excluding Singapore).

The timing of all revenue was recognised at a point in time.

B. Segment Information

Information reported to the Chairman of the Company, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on nature and location of the goods being sold. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group currently organises into the following major operating segments, each of which represents an operating and reportable segment of the Group:

1. Sales and distribution of LPG - This segment derives its revenue from selling of LPG to various customers including industrial customers, auto-gas operators, overseas wholesaler customers, bottled LPG end-users and auto-gas end-users.

2. Oil products business - This segment derives its revenue from selling of oil products, including revenue from oil products in which the Group acts as an agent.

3. Sales of electronic products - This segment derives its revenue from trading of electronic products such as integrated circuit and mobile phones.

4. Sales and distribution of NG - In prior years, the Group began to venture into sales and distribution of NG industry, but still in preliminary stage, the segment information reported below includes assets related to the sales and distribution of NG business. The NG business is still in development stage and no revenue is contributed during the period. Thus, the segment information reported below only includes assets and liabilities related to the sales and distribution of NG industry.

Information regarding the above segments is presented below.

Six months ended 30 June 2021 (Unaudited)

	Sales and distribution of LPG *HK$'000*	**Oil products business** *HK$'000*	**Sales of electronic products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**2,418,897**	**3,489,566**	**106,330**	**6,014,793**
Segment profit (loss)	**200,847**	**(205,278)**	**30**	**(4,401)**
Share of profit of an associate	**626**	—	—	**626**
Share of profit of a joint venture	**503**	—	—	**503**
	201,976	**(205,278)**	**30**	**(3,272)**
Other income				**1,101**
Central administration costs				**(28,772)**
Directors' emoluments				**(2,712)**
Changes in fair values of derivative financial instruments				**6,122**
Finance costs				**(149,044)**
Loss before taxation				**(176,577)**

Six months ended 30 June 2020 (Unaudited)

	Sales and distribution of LPG *HK$'000*	Oil products business *HK$'000*	Sales of electronic products *HK$'000*	Consolidated *HK$'000*
Segment revenue	3,575,239	7,459,756	1,611,216	12,646,211
Segment profit (loss)	73,252	(657,603)	(432,284)	(1,016,635)
Share of profit of an associate	278	—	—	278
Share of profit of a joint venture	1,836	—	—	1,836
	75,366	(657,603)	(432,284)	(1,014,521)
Other income				52,678
Central administration costs				(54,555)
Directors' emoluments				(3,135)
Changes in fair values of derivative financial instruments				(164,114)
Finance costs				(146,282)
Loss before taxation				(1,329,929)

All of the segment revenue reported above is from external customers or a joint venture or an associate. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of certain other income, central administration costs, directors' emoluments, changes in fair values of derivative financial instruments and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

The Group has a subsidiary engages in the property investment and development in the PRC which is considered as ordinary course of business. There was no property sold for the six months ended 30 June 2021 and 2020. The operating results and other financial information of this subsidiary are not reviewed by the CODM for the purpose of resources allocation and performance assessments.

The following is an analysis of the Group's assets and liabilities by operating segment:

Segment assets

	As at 30 June 2021 (Unaudited) *HK$'000*	As at 31 December 2020 (Audited) *HK$'000*
Sales and distribution of LPG	**3,336,040**	3,524,464
Sales and distribution of NG	**13,352**	18,545
Oil products business	**4,652,532**	4,270,158
Sales of electronic products	—	362,416
Total segment assets	**8,001,924**	8,175,583
Deferred tax assets	**9,933**	878
Pledged bank deposits	—	385,129
Bank balances and cash	**839,077**	873,742
Derivative financial instruments	—	13,775
Properties under development for sales	**1,133,515**	1,118,570
Properties held for sales	**21,575**	20,000
Other unallocated assets	**1,223,071**	1,235,191
Consolidated assets	**11,229,095**	11,822,868

Segment liabilities

	As at 30 June 2021 (Unaudited) *HK$'000*	As at 31 December 2020 (Audited) *HK$'000*
Sales and distribution of LPG	**399,206**	292,673
Sales and distribution of NG	**6,022**	—
Oil products business	**158,148**	212,110
Sales of electronic products	**114**	114
Total segment liabilities	**563,490**	504,897
Derivative financial instruments	**4,161**	25,180
Tax liabilities	**108,370**	108,813
Deferred tax liabilities	**14,940**	15,185
Borrowings	**6,026,741**	6,620,843
Other unallocated liabilities	**195,040**	90,947
Consolidated liabilities	**6,912,742**	7,365,865

5. Other Gains and Losses

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Changes in fair values of derivative financial instruments (*Note*)	**6,122**	(164,114)
Loss on disposal of property, plant and equipment and right-of-use assets	**(4,029)**	(125,503)
Net exchange gain (loss)	**29,072**	(28,104)
	31,165	(317,721)

Note: At as 30 June 2021, derivative financial instruments comprise cross currency swaps (six months ended 30 June 2020: cross currency swaps, commodities swaps, foreign exchange option, interest rate cap, range exchange forward and interest rate swaps) which are measured at fair value at the end of the reporting period. The resulting gains or losses are recognised in profit or loss.

6. Other Income

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Income from provision of transportation and storage services	**2,323**	13,872
Interest income	**1,101**	38,328
Rental income	**86,023**	9,282
Others	**4,202**	16,643
	93,649	78,125

7. Loss before Taxation

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging (crediting):		
Amortisation of other intangible assets (included in selling and distribution expenses)	**—**	19,853
Depreciation of property, plant and equipment	**64,872**	63,570
Depreciation of right-of-use assets	**46,265**	35,641
Total depreciation and amortisation	**111,137**	119,064
Gross rental income from leasing of oil vessels and warehouses	**(86,023)**	(9,282)
Less: Direct operating expenses	**36,355**	3,790
	(49,668)	(5,492)

8. Taxation

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**(14)**	(2,378)
Other regions in the PRC	**2,749**	24,875
	2,735	22,497
Deferred tax		
Current period	**(9,355)**	(1,694)
	(6,620)	20,803

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%, except for certain subsidiaries which qualified as Small Low-Profit Enterprise in the PRC and entitled to a concessionary tax rate of 5% for both periods.

The Group's subsidiaries established in Macau, other than those holding an offshore company license ("Offshore Companies") which are exempted from paying Complementary Tax (Profit Tax) under Decree-Law No. 58/99/M (Macau Offshore Regime), are taxed at 12% on the estimated assessable profits for both periods. From 1 January 2021 onward, Offshore Companies are also taxed at 12% on the estimated assessable profits.

The Group's subsidiaries established in Singapore are taxed at 17% on the estimated assessable profits for both periods.

The Group is not subject to any taxation under the jurisdiction of Bermuda and the British Virgin Islands for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries operating in the PRC because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

9. Basic Loss per Share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to the owners of the Company)	**(167,173)**	(1,243,385)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,468,124,216**	1,468,124,216

No diluted loss per share is presented as there are no potential ordinary shares in issue during the six months ended 30 June 2021 and 30 June 2020.

10. Dividend

No dividend was paid or proposed for ordinary shareholders of the Company during 2020, nor any dividend been proposed or paid since the end of the financial years ended 31 December 2020.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

11. Movements in Property, Plant and Equipment and Right-of-use Assets

During the six months ended 30 June 2021, the Group paid approximately HK$18,335,000 (six months ended 30 June 2020: HK$138,219,000) to acquire property, plant and equipment.

During the current interim period, the Group disposed of certain plant and machinery and right-of-use assets with an aggregate carrying amount of approximately HK$6,995,000 (six months ended 30 June 2020: HK$143,058,000) for cash proceed of approximately HK$2,966,000 (six months ended 30 June 2020: HK$17,555,000), resulting in a loss on disposal of approximately HK$4,029,000 (six months ended 30 June 2020: a loss of HK$125,503,000).

During the current interim period, the Group entered into new lease agreements for the use of office and LPG station for 2 to 3 years (six months ended 30 June 2020: 2 to 3 years). The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised approximately HK$1,057,000 (six months ended 30 June 2020: HK$7,741,000) of right-of-use asset and lease liability.

During the six months ended 30 June 2021, right-of-use assets for gas and oil plant and facilities with a total carrying amount of approximately HK$54,000 (six months ended 30 June 2020: HK$9,585,000) and lease liabilities of approximately HK$56,000 (six months ended 30 June 2020: HK$9,798,000) were derecognised upon early termination of relevant leases.

12. Trade Receivables, Other Receivables, Deposits and Prepayments

The Group allows an average credit period of 0 to 180 days to its trade debtors. The following is an aged analysis of trade and bills receivables net of allowance for credit loss at the end of the reporting period presented based on the invoice date or goods delivery date, which approximated the respective revenue recognition dates:

	As at 30 June 2021 (Unaudited) ***HK$'000***	As at 31 December 2020 (Audited) *HK$'000*
0 to 30 days	**330,341**	455,904
31 to 60 days	**504,204**	654,981
61 to 90 days	**1,237,570**	1,003,010
91 to 180 days	**1,768,786**	1,587,548
Over 180 days	**5,291**	256,306
	3,846,192	3,957,749

Included in trade and bills receivables, there are bills amounting to approximately HK$15,989,000 (31 December 2020: HK$10,150,000) are held by the Group for future settlement of trade balances. All bills received by the Group are with a maturity period of less than one year.

13. Trade Payables

The aged analysis of trade payables presented based on invoice date is as follows:

	As at 30 June 2021 (Unaudited) ***HK$'000***	As at 31 December 2020 (Audited) *HK$'000*
0 to 30 days	**24,093**	23,238
31 to 60 days	**—**	—
61 to 90 days	**10**	6
91 to 180 days	**10,111**	5
Over 180 days	**21,336**	21,138
	55,550	44,387

The credit period of trade payables is ranging from 90 to 180 days.

14. Share Capital

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised share capital:		
As at 1 January 2020, 31 December 2020 and 30 June 2021	20,000,000,000	2,000,000
Issued and fully paid share capital:		
As at 1 January 2020, 31 December 2020 and 30 June 2021	1,468,124,216	146,812

15. Capital Commitments

	As at 30 June 2021 (Unaudited) ***HK$'000***	As at 31 December 2020 (Audited) *HK$'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of purchase of gas plant and machinery and oil vessels	**732,074**	724,454
Capital expenditure authorised for but not contracted and provided in the condensed consolidated financial statements in respect of acquisition of investment projects	**32,649**	32,649

16. Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2021 and 31 December 2020.

17. Related Party Transactions

During the period, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Rental expenses paid to Shum Ho, Neo (*Note 1*)	**1,920**	2,280
Rental expenses paid to a related party (*Note 2*)	**13,536**	13,536
Management fee paid to an associate	**598**	427
Transportation fee received from an associate	**—**	157

Notes:

(1) Shum Ho, Neo is the employee of the Group and also the son of Shum Siu Hung and Tong Shiu Ming. Shum Siu Hung is the executive director of the Company. On 29 December 2020, Sound Management Service Limited ("Sound Management", a subsidiary of the Group) entered into an office tenancy agreement with Ever Lucky Limited ("Ever Lucky"), a company incorporated in Hong Kong and wholly owned by Shum Ho, Neo, to extend the existing leasing agreement for the use of office premises owned by Ever Lucky located on 23rd Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong at HK$320,000 per calendar month for six months commencing on 1 January 2021. The details of the transaction were set out in the announcement issued by the Company on 29 December 2020.

(2) On 2 November 2018, Baifuyang Macao Commercial Offshore Limited, a wholly owned subsidiary of the Company, entered into a bareboat chartered agreement with Link Harvest Enterprise Limited ("Link Harvest") for the lease of a very large crude carrier at the monthly rate of hire of US$290,000 (equivalent to approximately HK$2,256,000 per month) for a term of 36 months commencing from 1 December 2018. The controlling shareholder of Link Harvest is Shum Chun, Lawrence who is the managing director and substantial shareholder of the Company. The details of the transactions were set out in the announcement issued by the Company on 2 November 2018.

Compensation of key management personnel

The remuneration of executive directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Salaries and allowances	**2,685**	3,099
Contribution to retirement benefit schemes	**27**	36
	2,712	3,135

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. Market Overview

1.1 International energy market

Following the momentum of the second half of 2020, oil prices had been on a steady upward move over the first half of 2021, with Brent crude oil first originating at around US$51 per barrel in early 2021, then reaching a high of around US$75 per barrel in late June after a period of bullish spikes. During July and August, Brent crude oil remained above US$70 per barrel, which did not only distinctly outperform its record prior to the outbreak of the 2019 novel coronavirus pandemic ("COVID-19"), but also brought a twist to the story of the unprecedented negative crude oil futures price of -US$37 per barrel once recorded in April 2020. When COVID-19 is still causing havoc around the world, it has halted economic activities to some extent, with the transport and tourism industries being the sectors which bear the brunt of it. In regards to energy, for instance, oil for marine use, had seen an excess demand, leading to a glut of oversupply. After all, the rise in oil prices was mainly attributable to the shift in attitude of oil producing countries who finally agreed to a reduction in oil output and the success in reaching the quota agreement in the first quarter of the year. Along with the declining production of shale oil in the United States and the foreseeable success in the global vaccination rollout, it is expected that both the economy and the market are set for recovery, which had contributed to the rise in oil prices over the first half of the year.

1.2 The exchange rate of Renminbi

During the first half of 2021, the exchange rate of Renminbi against the US dollar lingered between 6.40 and 6.60; nevertheless, such fluctuation ranges were not evident. When there lies the possibility that the market has most likely adapted to the China-US tension, Renminbi floated in a relatively narrow band. Also, with the effective containment of the pandemic in the Mainland China, Renminbi was still robust against the backdrop of the continuing relatively sluggish economic recovery in other countries.

1.3 The oil and gas consumer market in the Mainland China

The year of 2020 did not change for China as the country still suffered from the impact of COVID-19, as well as the acts of hostilities of the United States and other western countries. Albeit the fierce efforts of the Chinese government in thriving its domestic demand, China market, including the Guangdong Province (i.e., the Group's major market in the Mainland China), had seen diminishing industrial outputs dragged by COVID-19. Despite the economic slowdown in China, its effective containment of the pandemic, together with the kick-start of its vaccination rollout, had stabilized the productivity and the economy of the country, whereas the demand for oil and gas had also progressively improved. Although the demand for liquefied petroleum gas ("LPG") for re-export usages remained steady during the first half of 2021, that of industrial usages had become poorer due to COVID-19. Similarly, the vehicle-related demand for LPG had been on an ongoing downward trend when facing the challenges not only posed by COVID-19, but also the existence of liquefied natural gas, electric energy and the structural changes in taxi market. In the long run, the demand for oil products and LPG in the Mainland China will only be able to set for a low-to-moderate growth. When new energies such as natural gas, electric or even hydrogen energy are successively emerging into the market, the demand for traditional energies such as oil products and LPG in the Mainland China is expected to suffer some hit, especially under the launch of environmental protection policies by the government for the promotion of other eco-friendly new energies over the recent years. At this stage, the Group is focusing on putting resources into its LPG business while making an all-out effort in expanding its industrial client base and its wholesale operations abroad.

2. Basic situation of the Group during the first half of 2021

Being troubled by a series of black swan events such as the outbreak of COVID-19, the global oil crash and the tension flared up between China and the United States, our operating environment had been far from being satisfactory throughout the year of 2020. Under such circumstances, we did not only see some of our counterparts in the industry entering bankruptcy, but also a considerable number of banks making an overnight decision to tighten the credit facilities granted to energy businesses. Their precipitous decision had eventually left many businesses scrambling to stay afloat when losing the support on their working capital, with NewOcean being no exception. The recalls of loans by banks did not only cause negative impact, but also were a domino effect that had caused the delay amid the Group's collection of trade receivables. There were also instances of interruptions of certain banks to our customers and to our operations, giving the Group no other choices but to maintain a legal action against these to settle the matter. Since the second half of 2020 and even now, NewOcean has been financing its ongoing operations by solely relying on the use of its own capital. When most of the capital is now allocated to our core businesses, such as LPG business, a sharp dip in the sales volume of our oil products had been resulted. To avoid any funding cut-offs due to the disruption of product supply to individual customers, the Group would ensure its supply to customers as far as possible to mitigate the risks of increasing bad debts. In hopes of avoiding trade receivables turning into bad debts, the Group allocated 80% of its trade receivables upon receival back to its business operations in regards to the provision of oil products to its customers. Given the fact that only a moderate amount of oil products was purchased from suppliers at a time, which was then be delivered to its customers, the Group suffered higher purchasing costs and expenses under this new mode of operation. Facing these circumstances, the sales volume of our oil products plunged to about 925,000 tonnes (mid-year of 2020: 2,640,000 tonnes) over the past six months along with the recorded negative gross profits. Being one of the core businesses of the Group with a comprehensive end user base, LPG business succeeded in yielding comparable gross profits as compared with that of the previous year, despite the drop in its sales volume. In addition, the Group also achieved higher overall gross profits margin. Moreover, the Group had already leased its oil tankers and streamlined its structure, it achieved an improvement in its income but a decline in its expenses, altogether shrinking our net loss to approximately HK$170 million (first half of 2020: HK$1.35 billion) as compared to the same period of last year.

Given the recorded net loss for the year of 2020 and for the six months ended 30 June 2021, the Group was unable to fulfil some bank covenants relating to certain bank loans, the non-current portion of these bank loans and other bank loans due to cross-default has to be reclassified and presents as current bank borrowings of approximately HK$6.027 billion in total in the condensed consolidated statement of financial position. Following the reclassification, the net current assets of the Group amounted to approximately HK$1.277 billion, despite a mere approximately HK$839 million of cash at banks. In order to ease the liquidity pressure and to improve its financial position, the directors of the Group have implemented different measures, including taking the proactive approach to negotiate with banks to arrange and agree on a debt restructuring. The measures adopted by the Group and their respective background have been disclosed in details in Note 2 of the condensed consolidated financial statements.

2.1 Operating Income

During the first half of 2021, the Group had achieved a total revenue of approximately HK$6,014,793,000 (among which, the revenue of energy products was approximately HK$5,908,463,000, contributing around 98.23% of the total revenue), representing a significant decline as compared to that of approximately HK$12,646,211,000 (among which, the revenue of energy products was approximately HK$11,034,995,000, contributing around 87.26% of the total revenue of the period) in the same period of last year. Due to the recorded significant loss in electronics trading of the Group in year 2020, the management is not prepared to make any further capital investment in this regard for the time being following the clearance of the existing inventories. LPG would remain as our core energy business and oil products follow as second. A decrease of about 2,136,000 tonnes in sales volume was recorded as compared to the same period of last year, which was mainly due to limited capital caused by the withdrawal of support from banks.

2.2 Gross profits

During the period, the total gross profits of the Group were approximately HK$207,092,000, representing an improvement as compared with that of approximately HK$51,898,000 in the same period of last year. The following is the analysis of gross profits by category:

	Gross profits (negative gross profits)/ gross margin (negative gross margin) of the first half of 2021	Gross profits (negative gross profits)/ gross margin (negative gross margin) of the first half of 2020
LPG	**HK$357,688,000 / 14.79%**	HK$401,459,000 / 11.23%
Oil products	**HK$(150,626,000) / (4.32%)**	HK$82,724,000 / 1.11%
Electronics	**HK$30,000 / 0.03%**	HK$(432,285,000) / (26.83%)
Total	**HK$207,092,000 / 3.44%**	HK$51,898,000 / 0.41%

Our gross margin of LPG business remained above 10%, whereas our oil products business had recorded negative gross profits due to the switch from our original operation mode along with the significant decline in our turnover. At the beginning of last year, it was once part of the Group's expectation that the order of its electronic parts (such as IC) may rise correspondingly under the Chinese government's relentless push for driving its domestic demand; nevertheless, the global outbreak of COVID-19 had brutally dampened the manufacturing industry in general to everyone's surprise, thus slashing the demands for the parts. In response to the situation, the Group had launched price cuts for electronic parts that it previously ordered in May and June 2020 to cash in. During the six-month period of last year, our electronics business in overall had recorded negative gross profits of approximately HK$432,285,000 and a gross margin of approximately negative 26.83%. Following the reassessment of risks of the businesses, the Group had made a critical decision to terminate its electronics business. During the first half of this year, only the existing electronics inventories were sold at their costs, and therefore, no negative gross profit incurred as per the same period of last year. The overall gross profit raises as compared the same period of last year.

2.3 Net loss and basic loss per share

The loss for the period attributable to the owners of the Company was recorded as approximately HK$167,173,000, as compared to the net loss of approximately HK$1,243,385,000 as recorded by the Group in the same period of last year. The significant loss in the same period of last year was mainly due to the decline in gross profits, as well as the allowances for inventories and trade receivables. During the first half of the year, the loss was mainly due to the evident drop in its business volume as a result of the capital issues amid the process of business reallocation of the Group, thus the business was unable to breakeven.

During the first half of 2021, the Group did not engage in any fund-raising activities in relation to its shares. For the six months ended 30 June 2021, the weighted average number of the Company's issued ordinary shares was 1,468,124,216 shares, and the basic loss per share for the first half of the year was around HK$0.114.

2.4 Next exchange gain and loss

As of 30 June 2021, the Group recorded a net exchange gain of approximately HK$29,072,000, as compared to the net exchange loss of approximately HK$28,104,000 in the same period of last year .

2.5 Changes in fair values of derivative financial instruments

Over the recent years, the Group had held a considerable number of inventories along with the ongoing improvements in the sales volume of its energy products. For mitigating any negative impacts on the Group's interests caused by factors such as price fluctuations and global economic uncertainties, the Group will enter into several derivative contracts for its oil products or LPG commodities for the purpose of hedging, all being done in response to its product inventory levels (if any holding over to next month) or any requests from individual clients on fixed price purchases with forward contract for the sake of lowering the risks of price volatility of its products. Nonetheless, the unforeseeable global oil crash had led to the steep dip in the prices of oil products within just a glimpse of time in the previous year. During the six-month period of 2020, the loss from derivative contracts valued at approximately HK$164 million. During the six-month period of 2021, the Group had not engaged in many transactions in derivative contracts with the backdrop of its declining business volume and to avoid the uncontrollable derivative risks found from the same period of last year.

2.6 Net current assets

As of 30 June 2021, the Group had net current assets amounting to approximately HK$1,277,996,000 and a current ratio of about 118.73%, representing a decrease of approximately HK$89,830,000 in its net current assets, as compared to the net current assets of about HK$1,367,826,000 (current ratio: 118.81%) as of 31 December 2020.

2.7 Net cash flow incurred by the operating activities

In June 2021, a net cash inflow of approximately HK$306,248,000 and HK$360,520,000 had been generated from operating activities and investing activities respectively; contrastingly, the financing activities had recorded a net cash outflow of approximately HK$680,547,000, altogether contributing to the decrease of approximately HK$13,779,000 in our cash and cash equivalents at the end of June as compared to the beginning of the year.

3. Performance review

During the period, the Group continued to focus its efforts on its energy products business. In the first half of 2021, the Group achieved a total sales volume of approximately 1,512,000 tonnes, among which, the sales volume of LPG was around 587,000 tonnes, while that of oil products was approximately 925,000 tonnes. Such decrease was due to the adjustments made on our overall business operations in response to the capital shortfall.

	First half of 2021	First half of 2020
Sales volume of LPG (percentage contributed to the total sales volume of the period)	**587,000 tonnes (38.82%)**	1,008,000 tonnes (27.63%)
Sales volume of oil products (percentage contributed to the total sales volume of the period)	**925,000 tonnes (61.18%)**	2,640,000 tonnes (72.37%)
Total sales volume	**1,512,000 tonnes (100.00%)**	3,648,000 tonnes (100.00%)

3.1 LPG business

In the first half of the year, the Group realized a sales volume of approximately 587,000 tonnes for LPG, representing a decline of around 41.77% as compared with approximately 1,008,000 tonnes for the same period of last year, which was mainly due to the fact that our wholesale business with a poorer gross profits profile had been shrunk as a result of the decrease in capital. On the other hand, the sales volume contributed by end users was substantially comparable to that reported in the same period of last year.

In the first half of the year, the LPG business recorded a revenue of approximately HK$2.419 billion, representing a decrease of approximately 32.34% as compared with that of nearly HK$3.575 billion in the same period of last year, which was mainly due to the diminishing sales volume of LPG.

During the period, the Group had realized gross profits of approximately HK$358 million, representing a decline of about 10.72% as compared with that of approximately HK$401 million in the same period of last year. During the period, the average gross margin of LPG business was nearly 14.79%, which was a growth as compared with that of approximately 11.23% in the same period of last year. Such improvement was mainly due to the fact that the Group had focused on its retail business that generated higher gross profits, and at the same time, cut down its wholesale and re-export business that brought lower gross profits. When implementing the philosophy of valuing quality over quantity in our operations, our gross margins had seen improvements.

Sales

In the first half of 2021, the total sales volume of LPG amounted to approximately 587,000 tonnes, representing a dip of about 41.77% as compared with approximately 1,008,000 tonnes in the same period of 2020.

Sales category	**First half of 2021**	First half of 2020
Wholesalers	**272,000 tonnes**	673,000 tonnes
End-users	**315,000 tonnes**	335,000 tonnes
Total	**587,000 tonnes**	1,008,000 tonnes

During the period, despite the growing demand of end users in the Mainland China due to the effective containment of the pandemic, the Group was only able to secure part of its sales volume and yet to expand nor increase its market share, with capital issues being the main underlying cause. While it was not possible for the Group to suspend all of its wholesale activities but to devote the entire spectrum of resources into its end-users business, a balanced arrangement for this matter would have to be made.

3.2 Oil products business

Under the circumstance that the Group had only recorded less than 1 million tonnes of sales volume of its oil products over the first half of the year, the Group had been determined to maintain only a certain extent of its sales for its existing clients for catalysing the capital flow from them. In the past when considerable resources had been invested into the Group's wholesale business with the full operation of many oil tankers and facilities, to scale down the business for streamlining costs is a process that requires time, it is not an instant fix or else it will only give rise to negative effects.

3.3 Electronics business

During the first half of the year, our electronics business was mainly related to the clearance of inventories left from the end of last year. The Group is not prepared to allocate any resources to this business for the time being.

4. Business outlook

(Such outlook is based upon the success of the Group in proceeding with its debt restructuring and the plans will also be adopted to reflect the developing financial environments of the Group)

Over the past years, the Southern China region has always been the major markets of the Group; nevertheless, the fierce domestic competitions, as well as the ongoing trade repression by the United States, had altogether casted a shadow across the Chinese market, which may possibly deteriorate our operating environment. While there may be practical difficulties in avoiding such market risks, setting footholds in much more diversified markets can be one of the effective solutions to the Group.

In view of these, the Group laid out its development blueprint as early as in 2017, that was to expand its overseas businesses in a proactive manner. We will continue to adopt the same operating strategies to drive our developments with the use of our end-user markets, so as to ensure an exponential growth in our business volume. In the meantime, we are reviewing the Group's industry structure and operating model for the continuous improvements in the coordination between our industry and logistics chains. It is expected that such measures will enhance our operating efficiency and further lower our operating costs.

Given the global oil crash and a number of unfavorable factors for business operations during the 2020 and 2021, the future remains uncertain. At present, the Group is reviewing its development strategies, and in the meantime, it is committed to deploy its limited resources into its core businesses, i.e. LPG.

LPG business – The retail markets located in the Southern China region (including Macau and Hong Kong) will still be the core of our business.

(1) While exploring opportunities for the further expansion in the end-user markets for our bottled LPG, we will strengthen our management of distributors, and give them stronger backing for the improvements of our sales volume, and thus our profitability.

(2) We are actively seeking industrial users of LPG. When the emergence of new energies has already affected our business of auto-gas refueling for civilian usage, the volume of LPG for industrial usage skyrockets on a year-on-year basis, although the outbreak of COVID-19 had still pushed down the demand for such during the first half of 2021. The Group believes that such impact would only be temporary, thus our sales team in the Mainland China will step up their efforts to seek new industrial clients.

(3) As to the expansion of our business to the overseas markets, we have begun wholesaling LPG to Africa two years ago. At present, we are in the search of suitable land parcels in Africa for the construction of LPG terminal gas plants and bottling plants. We aim to tap into the local end-user markets as soon as possible, which are expected to yield healthy return on capital.

Oil products business – Being all set for the significant scale-down of our oil products business, we are committed to focusing not only on the sales of products with high gross profits, but also on lowering our costs. When the costs of refueling business in Hong Kong are relatively high, the Group will step up its efforts to sell wholesale to our clients who are distributors, and to lease its existing oil tankers to wholesalers or list them for sale. As to our business in Singapore, only small portion of its marine bunkering business will remain. Meanwhile, the Group will take the occupancy of a small portion of the total leased capacity of 300,000 tonnes of floating storage unit, while the remaining part will be leased to third parties for cost saving purposes.

Electronic business – In year 2020, the Group recorded a huge loss in this project amid the volatility in the market, thus the resources being invested in this business are expected to see significant decline or completely stopped.

New energy business – With the promotion of eco- friendly energies by the Chinese government, the Group will take its initiative to grow its hydrogen business, but will not allocate too much resources to this business line. Given the NG market in Guangdong is not ripe enough, the Group is only investing limited resources in the planning and construction of sales network at this stage.

Real estate business – The Group has over 60,000 square meters of high-end commercial and residential complex in Zhuhai which are ready to sell and to bring cash inflow to the Group. In order to accelerate the sales, the Group will engage various real estate brokers and actively pursuing other disposal opportunities available to the Group.

Improvement on our industry chain – Vertical integration will be conducted:

(1) Once COVID-19 subsides, the Group will proactively discuss with the Malaysia government and look for suitable investment partners to propel the proposed construction project of a refinery in Malaysia. Although the group had made full provision for the investment fund due to lack of capital and various uncertain factors, the management would endeavour to continue this project and to recover all or part of the investment provision in the coming years. We are confident that the products manufactured by the refinery upon its completion will contribute a significant part of the Group's annual oil and gas sales volume. From then, the Group's oil and gas business will be able to progress from being passively dependent on the supply from external sources, to be more genuinely self-sufficient.

(2) The completion of such vertical integration will enable the Group to reach its goal of bettering controls over costs under a low-risk and cost-saving ecosystem; and in the meantime, profoundly enhancing the Group's bargaining power on the international markets. It will also broaden our procurement channels, thus creating more sales opportunities to the Group.

We firmly believe that, the unceasing expansion of our end- user sales network in the Southern China region, along with the active growth of our sales markets overseas, as well as the vertical integration of our supply chain, are the three cornerstone attributes for the Group to secure a sustainable growth in business and an improvement in its profitability in a more effective way.

LIQUIDITY AND FINANCIAL REVIEW

At 30 June 2021, the net current assets of the Group amounted to approximately HK$1,277,996,000 (31 December 2020: HK$1,367,826,000) and the Group's bank balances and cash and pledged bank deposits was approximately HK$839,077,000 (31 December 2020: HK$1,258,871,000). At the reporting date, gearing ratio was 114.84% (31 December 2020: 115.66%) which was calculated based on total net borrowings of approximately HK$5,187,664,000 (31 December 2020: HK$5,361,972,000) and total equity attributable to owners of the Company of approximately HK$4,517,395,000 (31 December 2020: HK$4,635,859,000).

PURCHASE, SALE AND 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 six months ended 30 June 2021.

HUMAN RESOURCES

As at 30 June 2021, the Group employed approximately 900 employees in Hong Kong, Macau, Malaysia, Singapore and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

AUDIT COMMITTEE

The audit committee, comprising all independent non-executive directors of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the directors, including a review of the unaudited condensed consolidated accounts for the six months ended 30 June 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the directors, throughout the six months ended 30 June 2021 the Company has complied with the code provisions (the "CG Code") contained in the Code on Corporate Governance Practices and Corporate Governance Report as set out in Appendix 14 of the Listing Rules with the exception that the independent non-executive directors are not appointed for a specific term as provided in the Corporate Governance Code. Under the Bye-laws of the Company, independent non-executive directors of the Company shall retire by rotation and their appointment will be reviewed when they are due for re-election. In the opinion of the directors, this arrangement meets the same objectives as the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Securities Transactions Code") as its own code of conduct regarding securities transactions. Having made specific enquiry of all directors, all directors of the Company have complied with the required standards as set out in the Securities Transactions Code during the six months ended 30 June 2021.

PUBLICATION OF RESULTS AND INTERIM REPORT

This result announcement is published on the Company's website at http://www.newoceanhk.com and the website of the Stock Exchange at http://www.hkexnews.hk. The 2021 Interim Report will be dispatched to shareholders in due course and will be published at the websites of the Company and the Stock Exchange at the same time.

By order of the Board
Shum Siu Hung
Chairman

Hong Kong, 30 August 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.