

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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>

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2020 ANNUAL REPORT**

Reference is made to the annual report of the year 2020 (the “Annual Report”) published by NewOcean Energy Holdings Limited (the “Company”) on the HKExnews website of The Stock Exchange of Hong Kong Limited on 9 July 2021. Unless otherwise specified, capitalized terms used in this supplemental announcement shall have the same meaning as those defined in the Annual Report.

The Board wishes to provide supplemental information in relation to the Group’s corporate governance report in accordance with C.1.3 of Appendix 14 to the Hong Kong Listing Rules as follows:

#### **Actions taken by the Company to address disclaimer of opinion**

As disclosed in sections headed “Disclaimer of Opinion” and “Basis for Disclaimer of Opinion” in the independent auditor’s report contained on pages 58 to 61 of the Annual Report, the auditor of the Company, Crowe (HK) CPA Limited, had disclaimed their opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. The Company has taken actions to address the relevant audit qualifications. Action taken by the Company to address relevant disclaimer of opinion in the consolidated financial statements of the Group for the year ended 31 December 2020 are set out below:

#### **Going concern and measurement on resolving the Group’s liquidity burden**

- i) Actively negotiating with individual banks to release the limitation imposed and extend the existing banking facilities to the Group;
- ii) Engaged on international firm of accountants as its financial adviser to conduct an independent review of the up-to-date financial position of the Group with a view to facilitate the negotiations with banks for debt restructuring;
- iii) Negotiating with banks on a proactive basis to arrange and agree on a debt restructuring plan with a non-legal binding debt restructuring term sheet signed with several bank creditors in September 2020 (the “September Term Sheet”);

- iv) Submitted applications to (a) the High Court of Hong Kong Special Administrative Region (“Hong Kong High Court”) and (b) the Supreme Court of Bermuda (the “Bermuda Supreme Court”) 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, issued by the Company, orders to convene scheme meetings, (the “Scheme Meetings”) were granted by the Hong Kong High Court and the Bermuda Supreme Court on 10 December 2020 and 11 December 2020 (Bermuda Time) respectively. However, as the Company and Sound Agents have been engaged in ongoing discussion with some of the major scheme creditors, which may in turn have implications over the terms of Court Scheme, at each of the Scheme Meetings a resolution was approved to adjourn the Scheme Meetings. After the adjournment of the Scheme Meetings and the following discussion between the Company and the major scheme creditors, on 12 April 2021 the Company applied to, and was granted leave by the Courts to withdraw the Court Scheme in order to prepare the New Court Scheme. 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 Company’s lawyers were then instructed to revise the court documents for the New Court Scheme to reflect the change and to resume the relevant applications to Hong Kong High Court and the Bermuda Supreme Court. The Directors are optimistic that the Court Scheme will bring about a successful restructuring of the Group’s off-shore bank loans since over 75% scheme creditors have been proactively negotiating the debt restructure and preparing necessary documents in order to support to the Court Scheme in principle, and that active steps are taken to finalise the terms for the bank lenders to seek final approval;
- v) 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) carrying out the Group’s Business operations with credit facilities granted by financial institutions and the internal available cash. The profit generated from operation 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 to the Zhuhai commercial development through brokers so that sales can be resumed as soon as possible;
  - d) taking measures to down size the oil products business to reduce operating cost and to generate additional cash through disposal of non-core assets 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.
- vi) According to valuations conducted for the purposes of the Court Scheme, the total market value of the Group’s certain assets exceeds the amount to be repaid under the 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

- vii) As evidenced by the fact that the Group recorded a revenue of approximately HK\$19,180 million with a gross profit of HK\$196 million during the year despite the adverse conditions stated above, the Group remains under effective management and the core strength of the Group remains unaffected.

Notwithstanding the above, since the execution of the above plans and measures are in progress, significant uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the successful agreement with the Group's creditors on the New Court Scheme, bringing in additional cash inflow through disposal of the Group's assets and the ability to generate adequate operating cash flow from normal operations.

Accordingly, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The supplementary information above has no effect on other information contained in the Annual Report, and save as disclosed in this supplemental announcement, the remaining contents of the Annual Report remain unchanged.

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

Hong Kong, 28 September 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*