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**(Stock Code: 702)**

## **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the announcement of the Company dated 30 March 2022 in connection with the unaudited annual results for the year ended 31 December 2021 (the “**Unaudited Annual Results Announcement**”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

### **AUDITED ANNUAL RESULTS**

The Board is pleased to announce that the Group’s auditor, BDO Limited (the “**Auditor**” or “**BDO**”), has completed its audit and provided its agreement on the annual results of the Group for the year ended 31 December 2021. The unaudited and audited annual results for the year ended 31 December 2021 were reviewed and approved by the Audit Committee and the Board on 30 March 2022 and 27 April 2022, respectively. Save for those set out in the section headed “Material Differences between Unaudited and Audited Annual Results” in this announcement; the “other information” in the Unaudited Annual Results Announcement are in line with the Company’s audited annual results for the year ended 31 December 2021 and remains unchanged. The Company hereby re-states the Company’s audited consolidated statement of comprehensive income and consolidated statement of financial positions for the year ended 31 December 2021 together with the comparative figures for the last year as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021  
(Expressed in Hong Kong Dollars)

	2021 HK\$'000	2020 HK\$'000
Revenue	394,236	325,371
Direct cost	(332,753)	(285,830)
<b>Gross profit</b>	<b>61,483</b>	39,541
Other income	49,480	56,930
Other (losses)/gains, net	(225,165)	16,213
Expected credit losses on financial assets	(344,853)	(10,916)
Impairment loss on interest in an associate	(37,230)	-
Selling and distribution expenses	(15,016)	(10,098)
Administrative expenses	(33,153)	(63,142)
<b>(Loss)/profit from operations</b>	<b>(544,454)</b>	28,528
Finance costs	(242,497)	(209,616)
Share of profit of an associate	10	18
<b>Loss before income tax expense</b>	<b>(786,941)</b>	(181,070)
Income tax credit / (expense)	716	(1,809)
<b>Loss for the year</b>	<b>(786,225)</b>	(182,879)
<b>Other comprehensive income, after tax</b>		
<b>Item that may be reclassified to profit or loss:</b>		
Exchange differences on translating foreign operations	25,037	221,414
<b>Item that will not be reclassified to profit or loss:</b>		
Changes in fair value of equity investments designated at fair value through other comprehensive income	(31)	(126)
Other comprehensive income for the year, after tax	25,006	221,288
<b>Total comprehensive income for the year</b>	<b>(761,219)</b>	38,409
<b>Loss attributable to:</b>		
Owners of the Company	(788,667)	(184,117)
Non-controlling interests	2,442	1,238
	<b>(786,225)</b>	(182,879)
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(764,061)	36,553
Non-controlling interests	2,842	1,856
	<b>(761,219)</b>	38,409
	<b>HK cents</b>	HK cents
<b>Loss per share</b>		
- Basic and diluted	<b>(23.57)</b>	(5.50)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

(Expressed in Hong Kong Dollars)

	2021	2020
	HK\$'000	HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	2,653,350	2,453,716
Oil and gas exploration and evaluation assets	-	74,000
Right-of-use assets	9,072	8,049
Intangible assets	2,267,638	2,218,827
Goodwill	12,446	12,048
Interest in a joint venture	-	-
Interest in an associate	22,294	58,821
Financial assets at fair value through profit or loss	13,208	9,221
Equity investments designated at fair value through other comprehensive income	346	377
Deposits and prepayments	20,698	20,035
Loans receivable	20,817	77,544
	5,019,869	4,932,638
<b>Total non-current assets</b>		
<b>Current assets</b>		
Inventories	13,323	10,281
Financial assets at fair value through profit or loss	16,110	24,085
Trade, notes and other receivables, deposits and prepayments	98,557	527,428
Short-term investment	-	70,640
Loans receivable	9,189	3,850
Amount due from a joint venture	-	324
Restricted cash at banks	912	984
Cash and cash equivalents	13,800	60,898
	151,891	698,490
<b>Total current assets</b>		
<b>Total assets</b>	5,171,760	5,631,128
<b>Current liabilities</b>		
Trade and other payables and accruals	(760,468)	(531,921)
Borrowings	(296,909)	(130,140)
Convertible note	(1,352,900)	(1,352,900)
Financial liabilities at fair value through profit or loss	(9)	(9)
Deferred income	(3,044)	(1,902)
Lease liabilities	(5,423)	(4,003)
Taxation	(9,613)	(9,169)
	(2,428,366)	(2,030,044)
<b>Total current liabilities</b>		
<b>Net current liabilities</b>	(2,276,475)	(1,331,554)
<b>Total assets less current liabilities</b>	2,743,394	3,601,084

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2021  
(Expressed in Hong Kong Dollars)

	2021		2020	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current liabilities</b>				
Provisions	(21,518)		(16,861)	
Borrowings	(501,050)		(651,328)	
Deferred income	(288,083)		(237,734)	
Lease liabilities	(809)		(495)	
Deferred tax liabilities	(7,727)		(9,240)	
Total non-current liabilities	(819,187)		(915,658)	
<b>NET ASSETS</b>		<b>1,924,207</b>		<b>2,685,426</b>
<b>Capital and reserves attributable to owners of the Company</b>				
Share capital		334,544		334,544
Reserves		1,576,133		2,340,194
Equity attributable to owners of the Company		1,910,677		2,674,738
Non-controlling interests		13,530		10,688
<b>TOTAL EQUITY</b>		<b>1,924,207</b>		<b>2,685,426</b>

## MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Set forth below are the material differences and the reason for such differences between the unaudited annual results and the audited results of the Company for the year ended 31 December 2021.

Consolidated statement of comprehensive income for the year ended 31 December 2021	Disclosed in this announcement HK\$'000	Disclosed in Unaudited Annual Results Announcement HK\$'000	Difference HK\$'000
Other (losses)/gains, net – note 1	(225,165)	(570,018)	344,853
Expected credit losses on financial assets – note 1	(344,853)	-	(344,853)
Impairment loss on interest in an associate – note 2	(37,230)	-	(37,230)
Loss from operations – note 2	(544,454)	(507,224)	(37,230)
Share of profit /(loss) of an associate – note 2	10	(37,220)	37,230

Note 1: Such difference is due to the reclassification of expected credit losses of HK\$344,853,000 from other (losses)/gains, net to expected credit losses on financial assets.

Note 2: Such difference is due to the reclassification of impairment loss of HK\$37,230,000 from share of profit / (loss) of an associate to impairment loss on interest in an associate included in Loss from operations.

Consolidated statement of financial position as at 31 December 2021	Disclosed in this announcement HK\$'000	Disclosed in Unaudited Annual Results Announcement HK\$'000	Difference HK\$'000
Non-current assets	5,019,869	5,006,661	13,208
Current assets	151,891	165,098	(13,207)
Net current liabilities	(2,276,475)	(2,263,268)	(13,207)

Note: Such difference is due to the reclassification of the financial assets at fair value through profit or loss amounting to HK\$13,208,000 from current assets to non-current assets.

Save as disclosed in this announcement, all other information contained in the Unaudited Annual Results Announcement remain unchanged.

## EXTRACTS OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual audited consolidated financial statements for the year ended 31 December 2021 which has included a disclaimer of opinion:

### **“Disclaimer of Opinion**

We were engaged to audit the consolidated financial statements of Sino Oil and Gas Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 obtain sufficient appropriate audit evidence to provide a basis for 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**

#### **Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements**

As set out in note 3(b)(ii) to the consolidated financial statements, the Group incurred a loss of HK\$786,225,000 for the year ended 31 December 2021, and as of that date, had net current liabilities of HK\$2,276,475,000. The convertible note with principal amount together with related interests of HK\$1,352,900,000 was matured in September 2020. As at 31 December 2021, these overdue convertible note and related interests totaling HK\$1,352,900,000 and related default interest of the convertible note (included in other payables and accruals) of HK\$253,691,000 were outstanding and became immediately repayable. On the same date, certain matured corporate bonds with outstanding principal amounts and related coupon interests (included in other payables and accruals) of HK\$24,750,000 and HK\$1,984,000, respectively, became immediately repayable. In addition, the Group had current borrowings of HK\$296,909,000, trade and other payables and accruals (excluded the default interest of a convertible note and outstanding coupon interests) of HK\$504,793,000 as at 31 December 2021 while the Group only maintained its cash and cash equivalents of HK\$13,800,000.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As detailed in note 3(b)(ii) to the consolidated financial statements, in view of the above circumstances, the directors have prepared a cash flow forecast of the Group which takes into account of the major assumption that an individual, who is a shareholder and a director of the Company would be able to provide sufficient financial support to the Group to meet its operating needs and financial obligations in order to enable the Group to continue as a going concern for twelve months from the date of approval of the consolidated financial

statements. The directors consider the Group will have sufficient working capital to meet its operating and financing needs as and when they fall due within the twelve months from 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the preparation of the consolidated financial statements on the going concern basis largely depends on whether the above-mentioned major assumption and other assumptions set out in note 3(b)(ii) to the consolidated financial statements taken into account by the directors in the going concern assessment are achievable.

However, in respect of the above-mentioned major assumption that the individual would be able to provide financial support to the Group to meet its operating needs and financial obligations, we were unable to verify the financial position of such individual and to assess whether such individual has sufficient financial capability to provide the aforementioned financial support to the Group. There were no other satisfactory audit procedures that we could adopt to conclude whether it is appropriate for the directors to prepare the Company's consolidated financial statements on a going concern basis.

The consolidated financial statements do not include any adjustments that may be necessary should the going concern basis of preparation be determined to be inappropriate. These would include any adjustments to write down the Group's assets to their net realisable amounts, to provide for any liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

We disclaimed our opinion on the Company's consolidated financial statements for the year ended 31 December 2020 ("**2020 consolidated financial statements**") relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2020 and the amounts for the year then ended are presented as comparative information in the consolidated financial statements for the year ended 31 December 2021. We disclaimed our audit opinion on the consolidated financial statements for the year ended 31 December 2021 also for the possible effect of the disclaimer of opinion on 2020 consolidated financial statements on the comparability of 2021 figures and 2020 figures in the consolidated financial statements for the year ended 31 December 2021."

## **FINAL DIVIDEND**

After having reviewed and considered the audited results for the year ended 31 December 2021, the Board does not recommend payment of a final dividend to the shareholders for the year ended 31 December 2021 (2020: nil).

## **SCOPE OF WORK OF BDO**

The Audit Committee has reviewed and discussed the draft annual results for the year ended 31 December 2021. The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by BDO, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on the announcement of annual results.

By order of the Board  
**Sino Oil and Gas Holdings Limited**  
**Dai Xiaobing**  
*Chairman*

Hong Kong, 27 April 2022

*As at the date of this announcement, the Board comprises two Executive Directors, namely, Dr. Dai Xiaobing and Mr. Wan Tze Fan Terence; four Non-executive Directors, namely, Mr. King Hap Lee, Mr. Huang Shaowu, Ms. Cai Yanling and Mr. Tsang Hing Bun; and three Independent Non-executive Directors, namely, Professor Wong Lung Tak Patrick, Dr. Wang Yanbin and Dr. Dang Weihua*