中泛控股有限公司

CHINA OCEANWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 715)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Director(s)**") of China Oceanwide Holdings Limited ("**China Oceanwide Holdings**" or the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited annual results of the Group for the year ended 31 December 2022 (the "**Year**").

CHAIRMAN'S STATEMENT

2022 continued to be a challenging year for China Oceanwide Holdings. The variants of the novel coronavirus disease ("**COVID-19**") have spread widely around the globe and are affecting economic activities in Mainland China, Hong Kong and overseas. The fifth wave of the pandemic in Hong Kong in the first half of 2022 set back the economy and consumption activities again. As Mainland China has relaxed the pandemic prevention measures since December 2022, the pandemic there became severe. The war between Russia and Ukraine (the "**Russia-Ukraine War**") has deteriorated the global energy and food crisis, and hence the supply chain is facing huge challenges. The US Federal Reserve has been raising interest rates to withstand high inflation, which has also affected the performance of local properties market. In the real estate market in Mainland China, as there were debt defaults by a number of real estate developers due to previous industry regulation, including Oceanwide Holdings Co., Ltd. ("**Oceanwide Holdings**"), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046), the intermediate holding company of the Company, the property market in Mainland China continued to be depressed, with property price declining for the seventh straight month in December 2022, due to the lack of interest in buying new houses and the continued liquidity squeeze. At the downturn of economy, together with lawsuits and the difficulty in financing, the development of the real estate development projects of the Group in the United Sates (the "**U.S.**") were hindered. For the Year, a number of receiverships and lawsuits have occurred in the Group due to funding issues. In particular, the companies indirectly holding the investment properties in Shanghai (the "**Shanghai Properties**") and the real estate development project in New York (the "**New York Project**") were under receivership, so that the financial results of those companies were deconsolidated from the Group's consolidated financial statements (the "**Deconsolidation**"). Currently, the Group is actively negotiating with the receivers and lenders to resolve the existing issues, and expects to repay its debts by disposing of assets, thereby reducing the burden on recurring financial costs and working capital, and certain results has been achieved up to now. In particular, the disposal of the land parcels in the Kapolei West of Hawaii was completed in December 2022. For the New York Project, a forbearance agreement has been signed with the lender and the parties are currently in negotiation for extension. Letters of intent for acquisition or cooperation have been received from investors in respect of some of the projects.

In 2022, China Oceanwide Holdings has unremittingly maintained the relationship with its creditors to avoid compulsory auction of its overseas assets, by maintaining daily operation with minimum capital, implementing asset optimization and disposal, and continuously reducing leverage and liabilities, as well as addressing liquidity risks comprehensively. In 2023, the Group's first priority is to continue to focus on asset optimization, collect funds to reduce debts and leverage, increase financial liquidity, and reduce the Group's interest-bearing liabilities and gearing ratio, so as to improve the Group's ability of operation and sustainable development. The Group will further optimize its development strategy and business plan, promote business development, unite all the powers, forge ahead and move forward together towards a brighter future.

MACRO-ECONOMIC ENVIRONMENT

As the pandemic prevention measures have been relaxed globally and mandatory home office arrangement has been phased out, the global economy is expected to gradually recover to the level before the outbreak of the pandemic. However, due to the post-pandemic impact of COVID-19, the global demand was weak, and the Russia-Ukraine War intensified the energy crisis in Europe, leading to a surge in the price. The overall market conditions in Hong Kong and Mainland China are challenging due to high interest rates, COVID-19 and geopolitical tensions.

Presently, there are increasing uncertainties in the international environment. In Mainland China, numerous real estate constructions have been suspended since 2022 and could not be completed. Some of the affected property owners have stopped repaying their mortgage loans, hitting the real estate market of China. During 2022, construction has not yet been resumed in most of the unfinished buildings, as the recent credit crunch continued to impair the confidence in the real estate market. According to the National Bureau of Statistics of China, in December 2022, the price of new residential properties in 70 large and medium cities decreased by 1.5% year-on-year, of which the price of newly completed residential properties in

55 cities declined. The low rate of resumption of construction of unfinished buildings has also affected the willingness of the general public to purchase houses. However, as Mainland China has relaxed the pandemic prevention measures since December 2022, and the policy officials and local governments promised to resume the constructions that were suspended as soon as possible, with the People's Bank of China appropriating RMB200 billion to fund the construction of unfinished buildings, the Directors believe that the Chinese economy has returned to an upward track. According to the preliminary computation of annual economic development for 2022 released by the National Bureau of Statistics of China on 18 January 2023, China's annual gross domestic product for 2022 increased by 3.0% as compared to 2021 at a constant price, which was the first time that China's gross domestic product exceeded RMB120 trillion.

In the U.S. real estate market, the U.S. Federal Reserve has been raising interest rates to withstand high inflation. Since mid-March 2022, the interest rate has been raised nine times from 0.25% to 5%. The interest rate hike has led to a sharp reversal in the housing market, causing a sharp drop in mortgage demand. According to the statistical data of National Association of Realtors, the existing-home sales, which measures the signed sales contract of completed properties, dropped by 22.6% in February 2023 as compared with that of February 2022. Some economists pointed out that in order to curb the highest level of inflation in 40 years, the U.S. Federal Reserve was aggressively raising interest rates, which pushed up mortgage rates and suppressed demands in the U.S. property market. A great economic recession could be triggered if the U.S. Federal Reserve bursts the bubbles of the U.S. stock market, property market and credit market with sharp interest rate hikes. It remained unclear whether further rate hikes will continue in the future as interest rate hikes put increasing pressure on the banking system.

As the Hong Kong Government has greatly relaxed its pandemic prevention measures since September 2022, with the recovery of China's economy, the economy in Hong Kong is growing step by step. However, there is a long way to go before a full recovery.

Most of the projects under development and the borrowings of the Group are denominated in U.S. dollars ("**US$**" or "**USD**") and reported in Hong Kong dollars ("**HK$**" or "**HKD**"). Due to the linked exchange rate system in Hong Kong, USD will not fluctuate significantly. During the Year, USD strengthened then weakened. The change in interest rate did not have a significant impact on the Group's results.

FINANCIAL RESULTS

Due to the Deconsolidation of the financial results of the company and its subsidiaries indirectly holding Shanghai Properties in April 2022, the income and profit of the Property Investment segment were significantly impacted during the Year. Following the Deconsolidation, the consolidated net liabilities of the companies under receivership, including the derecognized project pledged loans, were valuated and presented in the financial statement as "Obligations in respect of deconsolidated subsidiaries", which were financial guarantees. The value changes during the Year were presented as "Loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts". The projects in the Real Estate Development and Energy segments were in the construction period. Due to the liquidity issue, all of the projects under construction have been suspended and were temporarily unable to generate income and profits. Certain expenses of the projects that did not have development progress were not capitalized and the related expenses in the Real Estate Development segment and Energy segment were included in the income statement during the Year. In the Finance Investment and Others segment, loss was recorded as no financial investments were held by the Group to generate income. The total revenue of the Group for the Year decreased by 75% to HK$28.0 million (2021: HK$111.3 million). The loss before interest expense and tax for the Year ("**LBIT**") was HK$948.2 million (2021: HK$4,321.8 million). The LBIT during the Year excluding other net losses[1] of HK$782.2 million (2021: HK$4,210.6 million) was HK$166.0 million (2021: HK$111.3 million). The decrease in revenue and the increase in LBIT were mainly due to the Deconsolidation of the financial results of the companies indirectly holding the Shanghai Properties in April 2022. Other net losses during the Year mainly included the impairment of the real estate development project in Ko Olina No. 2 Land in Hawaii (the "**Hawaii Ko Olina No. 2 Land Project**") of HK$575.1 million (2021: HK$3,765.7 million in the Real Estate Development segment; HK$332.7 million in the Energy segment) made in accordance with the valuation done by the valuer and the net sale proceeds estimated by the management, and the loss on disposal of HK$202.7 million of the real estate development project in Kapolei West District, Hawaii (the "**Hawaii Kapolei West Project**") (2021: Nil).

Consolidated loss attributable to the shareholders of the Company (the "**Shareholders**") for the Year was HK$2,420.1 million (2021: HK$5,359.8 million). The decrease in the consolidated loss attributable to the Shareholders was mainly due to the decrease in other net losses (2022: HK$782.2 million; 2021: HK$4,210.6

[1] Other net losses during the Year was HK$782.2 million, comprising a project impairment of HK$575.1 million, a loss on the disposal of the Hawaii Kapolei West Project of HK$202.7 million, net foreign exchange loss of HK$2.7 million and net expected credit loss provision of HK$1.7 million. Other net losses in 2021 was HK$4,210.6 million, comprising projects impairment of HK$4,098.4 million, the provision for the litigation related to real estate development project in Los Angeles ("**LA**") (the "**LA Project**") of HK$71.6 million, net foreign exchange loss of HK$32.0 million and expected credit loss provision of HK$8.6 million.

million) as mentioned above, which was partially offset by the loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts of HK$453.6 million (2021: Nil). Basic loss per share was HK14.99 cents (2021: Loss per share of HK33.20 cents).

DIVIDEND

The Board does not recommend the payment of final dividend for 2022 (2021: Nil).

BUSINESS REVIEW

Property Investment

The companies indirectly holding the Shanghai Properties was under receivership on 14 February 2022. The Company was being notified in April 2022 that the Shanghai Properties would be sold. Therefore, the Deconsolidation should be deemed to have occurred in April 2022. The consolidated net liabilities of China Oceanwide Property Holdings Limited ("**COPHL**") and its subsidiaries (the "**COPHL Group**"), which indirectly hold the Shanghai Properties, were presented as "Obligations in respect of deconsolidated subsidiaries". As at the date of this announcement, the lenders were in negotiation in relation to the disposal of the Shanghai Properties to repay the debts while no further information was provided by the lenders or receivers. Having considered the impact of the disposal of the Shanghai Properties on the Group's revenue, the Group is actively negotiating to dispose of the LA Project to repay the loans involved, so that the Group can regain the control over the Shanghai Properties and consolidate the financial results of the companies indirectly holding the Shanghai Properties into the financial statements of the Group again.

Real Estate Development

The Group's U.S. real estate development projects are located in prime locations of major cities in the U.S. and are positioned as mid-to-high-end luxurious property complexes and new regional landmarks. During the Year, the Group completed the disposal of the Hawaii Kapolei West Project to obtain funds and reduce its liabilities, resulting in a loss of HK$202.7 million. As at 31 December 2022, the Group has a total of four real estate development projects (including the deconsolidated New York Project) as follows:

LA Project

The Group's LA Project is located in the core area of LA, near landmark buildings such as Crypto.com Arena (formerly known as Staples Center) (home to the Lakers and the Clippers), Microsoft Theater, Los Angeles Convention Center and The Ritz Carlton. With considerable flow of people and customers, it is an excellent site for the development of a commercial complex. It attracts more than 20 million tourists and spectators every year, and with the population density of the surrounding residents, it is located in the most attractive business district in LA and the core area of the 2028 Los Angeles Olympic Games. The main target groups of residential properties of the

LA Project are people aged 35 to 50 with certain social status and achievements, empty nest families, celebrities and VIP athletes, as well as international home buyers and senior executives of multinational companies. The target groups of the commercial retail, LED outdoor advertising and hotels are mainly tourists, spectators, event participants, international tourists, and approximately 70,000 residents in the region. The LA Project covers a total land area of approximately 18,662 square meters ("**sqm**") with a gross floor area of approximately 138,249 sqm which is planned to be developed into a large-scale mixed-used urban commercial complex with three upscale condominiums, a luxury five-star hotel under the "Park Hyatt" brand, which is the top-notch hotel brand under the Hyatt Group, a shopping mall with a gross floor area of approximately 15,476 sqm, and the largest LED signage panel on the west coast of the U.S..

The construction of the project commenced in the second half of 2014. In 2018, construction works of the project for all main structures and curtain wall installation works for the main structures were completed. Over 85% of electrical and mechanical works were completed so far; and over 60% of interior drywalls in towers 2 and 3 were installed. However, the construction of this project has been suspended since October 2020 due to the significant impact of global pandemic and changes in macro-economic environment in 2020 as well as the arbitration between the Group and the main contractor which decided to terminate the construction contract. Due to the liquidity issues faced by the Group, the construction of the LA Project has remained suspended to date and the Group has maintained the LA Project with minimum cost. During the Year, the Group negotiated with potential investors on project financing or joint development plans, with an aim to resume construction, to complete financing for the LA Project and to pay off all current debts to the creditors for the project. During the Year, the Group had discussed with certain investors and financing institutions on financing or cooperative development and had compared and negotiated various terms of the cooperation. Oceanwide Plaza LLC, a wholly-owned subsidiary of the Company, has received letters of intent for acquisition from several potential purchasers in respect of the LA Project and the Group is currently negotiating with a potential purchaser on the sale and purchase agreement. The net proceeds from the possible LA Project disposal will be used (i) to settle lawsuits and outstanding debts related to the LA Project; (ii) to resolve the Group's existing financial difficulties, including but not limited to the repayment of most of its external debts and the settlement of claims made by certain lenders against the Group in respect of overdue borrowings; (iii) to retain the Shanghai Properties, so as to consolidate the income generated from the Shanghai Properties and the financial statements of COPHL Group into the financial statements of the Group again; and (iv) for the daily operations and business development of the Group. In addition to the possible LA Project disposal, the Group has also been exploring other cooperation opportunities, including but not limited to, the establishment of a joint venture company to develop the LA Project, and has been discussing with potential interested parties. As of the date of this announcement, the Group is still negotiating with the potential purchaser in respect of the terms of the sale and purchase agreement and no definitive agreement has been signed yet. The Group and will make announcement as and when appropriate in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). It is expected the financial difficulties of the Group can be resolved by the end of 2023.

As at 31 December 2022, total funds invested in the project was approximately US$1,199.3 million (equivalent to approximately HK$9,350.6 million).

New York Project

The company indirectly holding the New York Project has been under receivership since 2 May 2022. The directors of China Oceanwide Real Estate Development III Limited ("**CORED III**") and its subsidiaries (the "**CORED III Group**") holding New York Project were all changed to the representatives of the receivers on the same day. The lender issued a statutory demand letter to China Oceanwide Holdings on 16 May 2022, which stated that China Oceanwide Holdings should repay the debt of US$175,368,108.86 within 21 days, otherwise the lender would have the right to file a winding-up petition against China Oceanwide Holdings in Bermuda and initiate the winding-up proceedings. The lender has filed a winding-up petition to the Bermuda Court on 9 June 2022. The financial results of the company indirectly holding the New York Project has been deconsolidated since May 2022 as the Group has completely lost control over the project. Upon the Deconsolidation, the consolidated net liabilities of the New York Project was presented as "Obligations in respect of the deconsolidated subsidiaries". On 25 August 2022 (New York time), the Company, CORED III, Oceanwide Real Estate Investment NY Corp.*, Oceanwide Center NY LLC* and New York – 80 South Street LLC* (the "**Administrative Agent**" for itself and lender of the New York Project), entered into a forbearance agreement, which has been effective from 18 August 2022 retrospectively. Pursuant to the forbearance agreement, the period during which the Administrative Agent forbears from enforcing legal action against the Group could be extended to 30 November 2022 and was further extended to 31 December 2022 under another forbearance agreement signed on 2 December 2022. The Group plans to transfer the New York Project to the Administrative Agent through the payment of a final lump sum together with the transfer tax to set off the outstanding debt under the loan documents and the parent guarantee granted on 22 May 2019 by the Company in favour of the Administrative Agent. As at the date of this announcement, the Group is in negotiation with the Administrative Agent to extend the forbearance period with a view to signing a revised forbearance agreement prior to the hearing in the Bermuda court to be held in June 2023, to pay the final lump sum together with the transfer tax for the purpose of transfer of the New York Project to the Administrative Agent, so as to offset against the debt due to the lenders, to release the guarantee provided by the Company and to have the winding-up petition against the Company to be withdrawn.

Hawaii Projects

On 27 July 2021, China Oceanwide Real Estate Development Holdings Limited ("**COREDH**"), the intermediate holding company of the Hawaii projects ("**Hawaii Projects**", including Hawaii Ko Olina No. 2 Land Project, Hawaii Ko Olina No. 1 Land Project (as defined below) and Hawaii Kapolei West Land Project), was under receivership by the receivers appointed by noteholder. Since then, the Company has been in continuous negotiations with the noteholder to explore practicable ways to settle the receivership. The Hawaii Kapolei West Project was disposed of at the consideration of US$95.0 million and was completed in December 2022. The net proceeds from the disposal were used to repay part of the debts and interests due to noteholder secured by the Hawaii Projects. However, as the proceeds from the disposal of Hawaii Kapolei West Project were not sufficient to repay all the debts due to noteholder, the receivership over the Hawaii Projects has not yet been resolved. Since letters of intent for acquisition have been received from potential purchasers in respect of the remaining land parcels in Hawaii, the Company expects that the debts owed to noteholder will be settled after the disposal of such remaining land parcels of Hawaii Projects, and the receivership will be resolved in the near future. Therefore, the financial results of COREDH, which indirectly holds the Hawaii Projects, were not deconsolidated as at 31 December 2021 and 31 December 2022.

Ko Olina No. 2 Land

The Group's Ko Olina No. 2 land real estate development project is located at several parcels of land in Ko Olina District on Oahu Island in Hawaii, the U.S., one of the world's most popular tourist destinations. These land parcels are one of the scarce sites available for hotel development on Oahu Island and have rich natural resources and a beautiful coastline with a land area of approximately 70,000 sqm and an estimated gross floor area of approximately 92,292 sqm. It is planned to be developed into two luxury branded hotels and residential condominiums. The project is currently at the stage of preliminary planning. As the Group's periodic liquidity difficulties led to numerous debt defaults, having considered that the land parcels in Hawaii are idle, the construction has not been started and the lands do not generate immediate revenue, the management has planned to dispose of the land parcels to repay the Group's indebtedness, thereby reducing the recurring financial costs and its burden on working capital. Marketing promotion has been launched for such project in the fourth quarter of 2021 and letters of intent for acquisition have been received. It is expected that the disposal will be completed in 2023. As at the date of this announcement, no definitive agreement has been entered into. With reference to the estimated future recoverable amounts, a provision for impairment of HK$575.1 million was made for Hawaii Ko Olina No. 2 Land Project. As at 31 December 2022, total funds invested in the project were approximately US$221.3 million (equivalent to approximately HK$1,725.4 million).

Ko Olina No. 1 Land

The Group's Ko Olina No. 1 land real estate development project (the "**Hawaii Ko Olina No. 1 Land Project**") is located at three parcels of land in Ko Olina District on Oahu Island in Hawaii, the U.S. with an area of approximately 106,311 sqm. The Group reached an agreement with the company of the "Atlantis" brand in December 2016 to develop the land parcels into an international luxury resort under the "Atlantis" brand, which would comprise facilities including approximately 800 guestrooms, an aquarium, restaurants, bars, spas, gyms, conference facilities, outdoor pools and bars. There would also be a residence component providing approximately 524 luxury residences associated with the "Atlantis" brand. The project is currently at the stage of preliminary planning. As the Group's periodic liquidity difficulties led to numerous debt defaults, having considered that the land parcels in Hawaii are idle, the construction has not been started and the lands do not generate immediate revenue, the management has planned to dispose of the land parcels to repay the Group's indebtedness, thereby reducing the recurring financial costs and its burden on working capital. Marketing promotion has been launched for such project in the fourth quarter of 2021 and letters of intent for acquisition have been received. The disposal is targeted to be completed in 2023. As at the date of this announcement, no definitive agreement has been entered into. As at 31 December 2022, total funds invested in the project were approximately US$306.0 million (equivalent to approximately HK$2,385.8 million).

Energy

The Group's energy project involves two coal-fired steam power plants (each with a net capacity of 150 megawatts) in the Medan industrial zone of Indonesia (the "**Medan Project**"). The project company for the Medan Project, PT. Mabar Elektrindo, has entered into a power purchase agreement ("**Power Purchase Agreement**") with a local state-owned power grid company, PT Perusahaan Listrik Negara (Persero) ("**PLN**"). The structural construction for the Medan Project is basically completed and is currently at the installation stage. The land leveling work of such project commenced in October 2014. With the commencement of construction work in November 2015, the overall completion rate of the Medan Project has currently exceeded 70%, in which the design work has been almost completed, and the onsite work is approximately 50% done. Due to the adverse impact of the COVID-19 pandemic in Indonesia as well as the liquidity issues faced by the Group, the Medan Project has been suspended so far. Once construction is resumed, the Medan Project is expected to be completed within two years. The Group is now actively approaching potential investors, either to resume the construction with the proceeds from the disposal of the LA Project for financing the project and to pay off all current debts owed to the creditors of the project, or for potential investors to acquire the project. The Medan Project will operate for 30 years after commencement for income generation.

As at 31 December 2022, the pre-tax discount rate of the project's cash flow model was 11.89% (2021: 11.17%) and the project was expected to be completed in 2026. The management did not make any impairment provision as at 31 December 2022 based on the 30-year operating cash flow forecast after the completion of the power plant project in Indonesia as compared to the carrying amount (2021: an impairment of approximately HK$332.7 million). As at 31 December 2022, the capital invested in the Medan Project was approximately US$367.2 million (equivalent to approximately HK$2,862.9 million).

According to the Power Purchase Agreement, the business model of the Medan Project is a Build-Own-Operate power station. The project company undertakes the obligations of project financing, design, construction and installation, commissioning, operation and maintenance. The electricity generated by the power plants will be sold to PLN and the electricity price is determined by tariffs of two parts, comprising two structures, i.e. capacity and energy. The electricity price of capacity is based on take-or-pay principle. Take-or-pay principle means that the Power Purchase Agreement provides that the Medan Project generates power volume as agreed and PLN promises to purchase all the electric power generated at the price calculated based on agreed formula, which can ensure the stability of the project company's revenue. The energy part is calculated according to the dispatching demand.

Finance Investment and Others

In response to the financial pressures and the fluctuating stock market, the Group sold most of its bonds and other investments prior to the Year and did not invest in any new financial investment projects. As at 31 December 2022, the Group only held the shares in China Huiyuan Juice Group Limited, which were delisted in January 2021 and full provision has been made for its carrying amount.

OUTLOOK

The widespread of COVID-19 along with the Group's funding issues have caused the Group to encounter immense and unprecedented difficulties. During the Year, a number of projects were under receiverships and litigations. Amidst the unclear prospect of economic recovery and strict regulations on the real estate development industry in the Mainland China, the Group's liquidity issues will unavoidably prolong in 2023 until certain assets are disposed of. Facing various challenges, the Group will expedite the disposal of assets to reduce its overall liabilities, thereby reducing its recurring financial costs and the burden on working capital. In addition, the Group plans to use part of the proceeds from the LA Project disposal to repay the debts involving Shanghai Properties in order to resolve the receivership in COPHL and regain Shanghai Properties, subject to further negotiation with the receivers and the progress of the sale of Shanghai Properties led by the receivers. The net proceeds from the possible LA Project disposal will be used (i) to settle lawsuits and outstanding debts related to the LA Project; (ii) to resolve the Group's existing financial difficulties, including but not limited to the repayment of most of its external debts and the settlement of claims made by certain lenders against the Group in respect of overdue borrowings; (iii) to retain Shanghai Properties, so as to consolidate the income generated from Shanghai Properties and the financial statements of COPHL Group into the financial statements of the Group again; and (iv) for the daily operations and business development of the Group. For the existing outstanding borrowings, the Group has been actively negotiating with the lenders and receivers regarding how to expedite the sale of related pledged assets to repay debts, or continue to explore ways to repay debts to redeem collaterals before forced sales. In 2022, the Group completed the sale of the Hawaii Kapolei West Project and achieved phased results. In 2023, apart from continuing to dispose of its assets in an effort to settle debt defaults and lawsuits as soon as possible, the Group will also continue its work in streamlining its operation, fully promoting financing, introducing strategic investors and optimizing management and control. With the support of the Shareholders, and adhering to the bottom-line thinking, the Group will make every effort to improve its operating ability and consolidate its foundation, thus facilitating the Group to turn into profit. The Group expects to explore new areas of development while gradually resolving the conflicts and problems that it is facing, and believes that through resolving these issues, it can overcome its current difficulties and lay a strong foundation for the future.

With courage and determination and under the leadership of the management team, the Group is looking forward to a new start and a bright future after the debt repayment pressure is relieved.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their hard work and dedication. I would also like to thank all of our Shareholders, business partners and customers for their continuous support.

LIU Guosheng
Chairman

Hong Kong, 31 March 2023

BUSINESS REVIEW

The Group has four major segments, namely “Property Investment”, “Real Estate Development”, “Energy” and “Finance Investment and Others”. The Group had a number of receiverships and lawsuits due to temporary liquidity issues. For the Property Investment segment, the company indirectly holding the Shanghai Properties and its subsidiaries were under receivership on 14 February 2022. The financial results of such company and its subsidiaries were deconsolidated from the Group’s consolidated financial statements from 1 April 2022. After the Deconsolidation on 1 April 2022, the Property Investment segment has not generated any income or profit. For the Real Estate Development segment, the company indirectly holding the New York Project was under receivership, leading to the financial results of such company and its subsidiaries being deconsolidated on 1 May 2022 from the Group’s consolidated financial statements. Active negotiation with the receivers and lenders is underway to resolve the current difficulties. The receiver has completed the disposal of the Hawaii Kapolei West Project in December 2022, while the negotiations on disposals of the remaining Hawaii Ko Olina No. 1 Land Project and Hawaii Ko Olina No. 2 Land Project in Hawaii are ongoing. The LA Project has been suspended and the funds injected can only maintain the basic expenditure of the project. For the Energy segment, the Medan Project has still been suspended to date. There is no financial investment project generating income in the Finance Investment and Others segment. The Group will continue to dispose of its assets to reduce the Group’s overall liabilities, thereby reducing the Group’s recurring financial costs and working capital burden.

Property investment

The financial results of the company indirectly holding the Shanghai Properties (the Shanghai investment properties being the only assets generating income under the Property Investment segment prior to the Deconsolidation) were deconsolidated from the Group’s consolidated financial statements on 1 April 2022. Revenue generated from its two office and commercial properties in Shanghai amounted to HK$27.9 million during the Year (2021: HK$110.9 million). Earnings before interest expense and tax (“**EBIT**”) was HK$20.1 million, representing a decrease of 76% from HK$85.3 million in 2021. The decrease in both revenue and EBIT was mainly attributable to the Deconsolidation of the financial results of the company indirectly holding the Shanghai Properties and its subsidiaries since April 2022. Other net losses mainly included provision for expected credit losses of HK$1.9 million (2021: HK$5.2 million). Excluding other net losses, EBIT for the Year was HK$22.0 million (2021: HK$90.5 million). The decrease in recurring EBIT was mainly due to the Deconsolidation of the financial results of the company indirectly holding the Shanghai Properties and its subsidiaries in April 2022. The Group intends to utilise part of the proceeds from the disposal of the LA Project to repay the debt pertaining to the Shanghai Properties so as to release COPHL from the receivership and to regain the Shanghai Properties, subject to further negotiations with the receivers and the progress of the disposal process of the Shanghai Properties led by the receivers. Further announcement(s) will be made in due course if there is any progress.

Real estate development

The Group's real estate development projects are located in the prime locations of major cities in the U.S. and are positioned as mid-to-high-end luxurious property complexes and new regional landmarks. In December 2022, Hawaii Kapolei West Land Project has been forced to be disposed and the disposal was completed at a loss of approximately HK$202.7 million at a consideration of US$95.0 million (equivalent to approximately HK$740.7 million). As at 31 December 2022, the Group has a total of four real estate development projects (including the deconsolidated New York Project) as follows:

Project name	Site area *(sqm)*	Fund invested as at 31 December 2022 *(US$' million)*	Current project status	Project development
LA Project	18,662	1,199.3	Construction works for all main structures were completed in 2018; curtain wall installation works for the main structures were completed; over 85% of electrical and mechanical controls and end devices of the tower building were completed; 70% of the installation of the project's overall electrical and mechanical systems were completed; and over 60% of interior drywalls in towers 2 and 3 were installed. The construction of the project has been suspended since October 2020. The construction of the LA Project is still on hold due to liquidity issues faced by the Group. The Group is negotiating with potential investors on project disposal or joint development plans, and has received letters of intent for acquisition.	Upscale condominiums, a luxury five-star hotel under the "Park Hyatt" brand, a large-scale shopping mall and the largest LED signage panel on the west coast of the U.S.

Project name	Site area *(sqm)*	Fund invested as at 31 December 2022 *(US$' million)*	Current project status	Project development
New York Project	1,367	410.5	The company indirectly holding the New York Project has been under receivership since May 2022, resulting in the Group losing control over the project, and the financial results of the company holding the New York Project has been deconsolidated in May 2022. As at the date of this announcement, the Group is negotiating with the Administrative Agent to extend the forbearance period with a view to entering into a revised forbearance agreement before the next hearing date of the Bermuda court (tentatively scheduled to be in June 2023), in order to pay a final lump sum amount with transfer tax to transfer the New York Project to the Administrative Agent in exchange for the extinguishment of outstanding debts under the loan documents, completely offsetting the lender's loan with the New York Project, release the guarantee provided by the Company and dismiss the winding-up petition proceedings against the Company.	A mixed use complex comprising high-end hotel and residential units
Hawaii Ko Olina No. 2 Land Project	70,000	221.3	At present, letters of intent for acquisition have been received. The disposal is intended to be completed in the 2023.	Two luxury branded hotels and residential condominiums
Hawaii Ko Olina No. 1 Land Project	106,311	306.0	At present, letters of intent for acquisition have been received. The disposal is intended to be completed in the 2023.	An international luxury resort under the "Atlantis" brand with luxury residences and a hotel

As the above projects are currently not in operation, LBIT of the Real Estate Development segment amounted to HK$902.0 million (2021: HK$3,974.5 million). The decrease in losses was mainly due to a decrease in other net losses, which included (1) project impairment provision of HK$575.1 million (2021: HK$ 3,765.7 million). In 2022, based on the appraiser's valuation with the management's estimation on the net selling price, there is an impairment provision of HK$575.1 million made for the Hawaii Ko Olina No. 2 Land Project. In 2021, based on the discounted cash flow model, the LA Project incurred an impairment provision of HK$1,384.2 million, while the impairment provision of HK$1,675.8 million was made for the New York Project based on the appraiser's valuation with the management's estimation on the selling price, HK$593.4 million impairment provision was made for Hawaii Ko Olina No. 1 Land Project and Hawaii Ko Olina No. 2 Land Project based on the estimated future recoverable amounts and transactions of surrounding areas, and the lower market transaction prices in 2021 than before, and the impairment provision of HK$112.3 million was made for the land parcel of Hawaii Kapolei West Project based on the appraiser's valuation with the management's estimation on the selling price discount, resulting in a total project impairment provision of HK$3,765.7 million; (2) the loss on disposal of HK$202.7 million incurred from the completion of the disposal of the Hawaii Kapolei West Project in December 2022; and (3) the provision for the relevant litigations of approximately HK$71.6 million of the LA Project in 2021. Excluding other net losses, LBIT decreased from HK$137.2 million in 2021 to HK$124.2 million in 2022. The decrease in losses was mainly due to the decrease in expenses related to the Deconsolidation of the New York Project on 1 May 2022 and cost control.

Energy

In 2015, the Group acquired a project to develop two coal-fired steam power plants (each with a net capacity of 150 megawatts) in the Medan industrial zone of Indonesia. The project company for the Medan Project has entered into a Power Purchase Agreement with PLN, a local state-owned power grid company. With the commencement of construction work in November 2015, the overall completion rate of the Medan Project is currently over 70%. The design work has almost been completed, and the on-site work is approximately 50% done. Due to the adverse impact of the COVID-19 pandemic in Indonesia as well as the liquidity issues faced by the Company, the Medan Project has been suspended. Once construction can be resumed, the Medan Project is expected to be completed within two years. The Group is now actively approaching potential investors, or may utilise the funds to be obtained from the disposal of the LA Project, with goals to resume construction, to complete financing for the project, to pay off all current debts to the creditors for the project, or to provide offers for potential investors to acquire the project. The Medan Project will operate for 30 years after commencement to generate income.

It is expected to bring a stable source of income to the Group after being put into operation. At 31 December 2022, the management did not make any impairment provision as compared to the carrying amount as at 31 December 2022 based on the 30-year operating cash flow forecast after the completion of the power plant project in Indonesia (2021: impairment provision of HK$332.7 million). As of 31 December 2022, the capital invested in the Medan Project was approximately US$367.2 million (equivalent to approximately HK$2,862.9 million).

As the Medan Project is still in the construction stage, the Energy segment did not generate any income for the Year. LBIT of the Energy segment for the Year was HK$18.2 million, representing a decrease of 95% as compared with HK$364.2 million in 2021. The decrease in LBIT was primarily attributable to an impairment provision for the Medan Project amounting to HK$332.7 million in 2021 and a reversal of a provision for expected credit losses on amounts due from non-controlling Shareholders of approximately HK$0.1 million in 2022 (2021: a provision of HK$3.4 million). Excluding other net gains/losses, LBIT decreased from HK$28.1 million in 2021 to HK$18.3 million in 2022. The decrease in losses was mainly attributable to cost control.

Financial investments and others

In 2022, revenue from the Finance Investment and Others segment was HK$0.09 million, representing a decrease of 79% as compared to HK$0.4 million in 2021. LBIT for the Year was HK$48.2 million (2021: HK$68.4 million). The decrease in losses was mainly due to a decrease in the exchange losses from HK$32.0 million in 2021 to HK$2.7 million in 2022. The exchange losses in 2021 was mainly due to the exchange losses of approximately HK$32.0 million arising from USD-denominated loans as a result of USD appreciation. Excluding other net losses, LBIT was HK$45.5 million (2021: HK$36.5 million). The increase in LBIT was mainly attributable to the increase in legal advisory service and receivership service fees for the Year.

As at 31 December 2022 and 31 December 2021, there are no listed equity securities held by the Group.

Indebtedness and liabilities of the Group and repayment plan

As at 31 December 2022, excluding the amount due to an intermediate holding company and amount due to an immediate holding company, the Group had the following external loans which are all under default and liabilities:

	As at 31 December 2022			
	Loan principal *HK$'000*	Interest payable *HK$'000*	Total *HK$'000*	Carrying value of the pledged assets *HK$'000*
Other loans from third parties, secured				
— pledged by Hawaii Projects	997,133	1,311	998,444	3,328,902
— pledged by LA Project	978,486	205,441	1,183,927	10,041,393
Other loans from a fellow subsidiary, unsecured	479,940	114,819	594,759	Not applicable
Convertible notes	563,900	52,924	616,824	Not applicable
	3,019,459	374,495	3,393,954	13,370,295
Deconsolidated subsidiaries				
— pledged by New York Project	1,286,456	169,868	1,456,324	1,276,325
— pledged by Shanghai Properties	1,177,725	347,682	1,525,407	1,319,667
	2,464,181	517,550	2,981,731	2,595,992
Total	5,483,640	892,045	6,375,685	15,966,287
Deposit received, other payables and accruals			2,211,286	
Current income tax liabilities			17,572	
			2,228,858	

The Group is actively disposing assets. Letters of intent have been received for the disposal of the Hawaii Projects and the LA Project. For the LA Project, sale and purchase agreement is being negotiated with the potential purchaser. The proceeds from the disposal of the Hawaii Projects and the LA Project will be mainly used to reduce the Group's borrowings.

As at 31 December 2022, the aggregate principal and interest of the loan secured by the Hawaii Projects amounted to HK$998.4 million, which the Group intends to settle by the proceeds from the disposal of the Hawaii Projects.

The Group intends to use the proceeds from the disposal of the LA Project (1) to repay the aggregate principal and interest of the loan secured by the LA Project amounting to HK$1,183.9 million; (2) to resolve the lawsuits and overdue payments related to the LA Project; (3) to resolve the immediate financial challenges faced by the Group, including but not limited to repaying most of the external indebtedness and resolving the claims brought against the Group by various lenders regarding its default in borrowings; (4) to retain the Shanghai Properties, thereby reconsolidating the revenue generated from the Shanghai Properties and the financial statements of COPHL Group into the Group's financial statements; and (5) for the Group's daily operation and business development, including but not limited to the payment of deposits received, other payables and accruals and the Group's current income tax liabilities.

For the New York Project pledged loan, the Group intends to pay a final lump sum amount with transfer tax to transfer the New York Project to the Administrative Agent in exchange for the extinguishment of outstanding debts under the loan documents and a parent guarantee granted on 22 May 2019 by the Company in favour of the Administrative Agent. As at the date of this announcement, the Group is negotiating with the Administrative Agent to extend the forbearance period with a view to entering into a revised forbearance agreement before the next hearing date of the Bermuda court (tentatively scheduled to be in June 2023), in order to pay a final lump sum amount with transfer tax to transfer the New York Project to the Administrative Agent in exchange for the extinguishment of outstanding debts under the loan documents, completely offsetting the lender's loan with the New York Project, release the guarantee provided by the Company and dismiss the winding-up petition proceedings against the Company.

Regarding the Shanghai Properties pledged loan, the Group intends to sell the LA Project to repay loan secured by the properties in Shanghai, thereby retaining the Shanghai Properties, reconsolidating the revenue generated from the Shanghai Properties and the financial statements of COPHL Group into the Group's financial statements. Due to the disposal of LA Project being still in the negotiation stage, and the schedule of the forced sale of the Shanghai Properties by the receivers is uncertain, if the Shanghai Properties ultimately cannot be retained, opportunity to invest in projects with stable cash flow will be sought in order to generate stable income and cash flow for the Group. At the same time, joint development for the LA Project will also be considered. According to the LA Project development model, the project consists of about 35,000 sqm/164 sets of hotel brand apartments for sale, 45,000 sqm/340 sets of high-end boutique apartments, about 15,000 sqm of commercial retail units for rental, a hotel under the "Park Hyatt" Brand with 184 rooms, about 3,700 sqm of LED outdoor advertising, and about 468 parking spaces for rental. It is expected that the net sales revenue will reach about US$1.5 billion after the completion of the project and the sales of all apartments, and the recurring revenue during the stable period which is the fourth year after completion is expected to be about US$120 million per year for the remaining properties which are held for operational return.

The Group hopes that the Company will resolve its liquidity issues, while exploring new areas of development during its gradual resolution on conflicts and problems.

FUTURE DEVELOPMENT STRATEGY OF THE GROUP

Looking forward, the Group continues to dispose of assets to reduce the Group's overall liabilities and resolve the Group's lawsuits related to loan and payment defaults as soon as possible, thereby reducing the Group's recurring financial costs and working capital burden. The Group will strive to dispose of the Hawaii Projects and negotiate with the lender of the New York Project to repay in kind in order to release China Oceanwide Holdings' guarantee and procure withdrawal of winding-up petition proceedings. Moreover, the Group intends to utilise part of the proceeds from the disposal of the LA Project to repay the debt pertaining to the Shanghai Properties so as to obtain the release of COPHL from the receivership and to regain the Shanghai Properties, subject to further negotiations with the receivers and the progress of the disposal process of the Shanghai Properties led by the receivers. The net proceeds from the potential disposal of the LA Project will be used (i) to resolve the lawsuits and overdue payments related to the LA Project; (ii) to resolve the immediate financial challenges faced by the Group, including but not limited to repaying most of the external indebtedness and resolving the claims brought against the Group by various lenders regarding its default of borrowings; (iii) to retain the Shanghai Properties, thereby reconsolidating the revenue generated from the Shanghai Properties and the financial statements of COPHL Group into the Group's financial statements; and (iv) for the Group's daily operation and business development. As there is uncertainty in the disposal of the LA Project, the Group has also been exploring and in discussion with potentially interested parties in connection with other cooperation opportunities including but not limited to developing the LA Project by forming a joint venture. For the existing outstanding borrowings, the Group has been actively negotiating with the lenders and receivers regarding how to expedite the sale of related collateral assets to repay debts, or continue to explore repaying debts to redeem collaterals before forced sales. The Group is looking forward to a new start and favourable results after the debt repayment pressure is relieved.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	**2022** **HK$'000**	2021 HK$'000
Revenue	2	**28,024**	111,304
Cost of sales		**(2,495)**	(9,957)
Gross profit		**25,529**	101,347
Other net losses	3(a)	**(782,237)**	(4,210,555)
Administrative expenses		**(191,210)**	(211,153)
Selling and distribution costs		**(314)**	(1,474)
Operating loss		**(948,232)**	(4,321,835)
Loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts		**(453,606)**	–
Interest expense		**(917,196)**	(1,079,144)
Loss before tax	3	**(2,319,034)**	(5,400,979)
Income tax (expense)/credit	4	**(107,883)**	29,736
Loss for the year		**(2,426,917)**	(5,371,243)
Loss attributable to:			
— Shareholders of the Company		**(2,420,051)**	(5,359,792)
— Non-controlling interests		**(6,866)**	(11,451)
		(2,426,917)	(5,371,243)
Basic and diluted loss per share attributable to shareholders of the Company	5	**HK(14.99) cents**	HK(33.20) cents

Details of final dividend are set out in Note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 HK$'000	2021 HK$'000
Loss for the year	**(2,426,917)**	(5,371,243)
Other comprehensive income/(expenses):		
Items that may be reclassified subsequently to profit or loss:		
Translating financial statements of foreign operations:		
— Gains taken to reserves	**20,871**	94,794
— Release of reserves upon deconsolidation of subsidiaries	**(209,666)**	–
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income:		
— Net valuation gains taken to reserves	**–**	439
Other comprehensive (expenses)/income for the year, net of tax*	**(188,795)**	95,233
Total comprehensive expenses for the year	**(2,615,712)**	(5,276,010)
Total comprehensive expenses attributable to:		
— Shareholders of the Company	**(2,609,333)**	(5,270,703)
— Non-controlling interests	**(6,379)**	(5,307)
	(2,615,712)	(5,276,010)

* There was no tax effect on each component of the other comprehensive income/(expenses) for the years ended 31 December 2022 and 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	**2022** *HK$'000*	2021 *HK$'000*
ASSETS			
Non-current assets			
Properties, plant and equipment		**2,514,871**	2,539,031
Investment properties		**4,227,984**	5,540,371
Right-of-use assets		**21,509**	56,077
Deposits, prepayments and other receivables		**600,797**	604,860
Deferred income tax assets		**–**	99,369
		7,365,161	8,839,708
Current assets			
Properties under development		**9,142,311**	12,264,978
Trade receivables	7	**–**	23,885
Deposits, prepayments and other receivables		**19,188**	78,900
Restricted cash		**8,298**	39,828
Cash and cash equivalents		**4,865**	15,702
		9,174,662	12,423,293
Total assets		**16,539,823**	21,263,001
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**1,614,265**	1,614,265
Reserves		**(365,046)**	2,244,287
		1,249,219	3,858,552
Non-controlling interests		**388,115**	394,494
Total equity		**1,637,334**	4,253,046

	Note	**2022**	2021
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**18,208**	46,572
Amount due to an intermediate holding company		**–**	8,505,057
Deferred income tax liabilities		**–**	321,685
		18,208	8,873,314
Current liabilities			
Deposits received, other payables and accruals		**2,211,286**	2,306,267
Borrowings		**3,019,459**	5,752,539
Obligations in respect of deconsolidated subsidiaries	*10*	**649,937**	–
Lease liabilities		**15,024**	37,761
Amount due to an intermediate holding company		**8,856,234**	–
Amount due to immediate holding company		**114,769**	–
Current income tax liabilities		**17,572**	40,074
		14,884,281	8,136,641
Total liabilities		**14,902,489**	17,009,955
Total equity and liabilities		**16,539,823**	21,263,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of measurement

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"), including Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules. The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties, which are carried at fair value at subsequent reporting date.

For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Group's accounting policies. The areas involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In the current year, the Group has adopted all the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern assessment

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

For the Year, the Group incurred a net loss attributable to the Shareholders of approximately HK$2,420,051,000 (2021: HK$5,359,792,000) and a net operating cash outflow of approximately HK$181,081,000 (2021: HK$230,971,000), and as of 31 December 2022, the Group had properties under development of approximately HK$9,142,311,000 (2021: HK$12,264,978,000) which were classified as current assets while expected to be completed and recovered after one year. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by approximately HK$14,851,930,000 (2021: HK$7,978,326,000) as at 31 December 2022. In addition, the Group's businesses in real estate development in the U.S. and energy sector in Indonesia are capital intensive in nature and funding the continuous development of these businesses would require substantial capital in the foreseeable future. As at 31 December 2022, the Group's contracted but not provided for capital commitments were of approximately HK$1,482,873,000 (2021: HK$1,479,501,000).

As at 31 December 2022, the Group had indebtedness, including borrowings and lease liabilities of approximately HK$3,019,459,000 (2021: HK$5,752,539,000) and HK$15,024,000 (2021: HK$37,761,000) respectively, which will fall due within twelve months from the date of 31 December 2022. Amongst the Group's borrowings, as at the date of the approval for issuance of the consolidated financial statements, the Group was in default in respect of borrowings with principal amount of approximately HK$3,019,459,000 (2021: HK$4,706,734,000) due to the events of default of late or overdue payment of loan principal and interest or cross-default with other borrowings, which, as a consequence, would be immediately repayable if and when requested by the lenders.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of these circumstances, the Directors have taken careful consideration to the future liquidity, the Group's committed commitments of the projects in the U.S. and Indonesia, the performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern for the next twelve months from the date of the consolidated financial statements.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern assessment (Continued)

In order to improve the Group's financial position and the liquidity pressure, the Directors have taken the following measures and actions:

(i) As at 31 December 2022, China Oceanwide Group Limited ("**COG**"), the intermediate holding company of the Company, provided an unsecured and interest-bearing loans of approximately HK$8,856,234,000 (2021: HK$8,505,057,000) to the Group with the maturity date of the loans of 31 December 2023. COG agreed not to request for any repayment of the loans until the Group has ability to repay. Further, as at 31 December 2022, COG has also agreed to provide available undrawn facilities amounting to approximately HK$3,618,486,000 (2021: HK$3,971,903,000) to the Group (together, the "**COG Financing Facilities**");

(ii) On 20 March 2023, the Group obtained a letter of undertaking for provision of financial support to the Company from Oceanwide Holdings, an indirect controlling shareholders, whereby Oceanwide Holdings agrees to provide sufficient funds to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months from the date of the consolidated financial statements (the "**OH Financing Support**");

(iii) The Group has launched marketing plan for its remaining Hawaii Projects in the fourth quarter of 2021. Letters of intent for acquisition have been received for both Hawaii Ko Olina No. 1 Land Project and Hawaii Ko Olina No. 2 Land Project during the Year. It is expected the disposal will be completed in 2023 (the "**Hawaii Disposal Plans**");

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern assessment (Continued)

(iv) On 9 June 2022, DW 80 South, LLC, the initial lender (the "**Initial Lender**") for the Group's New York Project has filed a winding up petition with the Supreme Court of Bermuda against the Company. On 18 August 2022, a forbearance agreement was entered into by the Company and its subsidiaries with the Administrative Agent for the New York Project to forbear the Administrative Agent from taking enforcement actions against the Group up to 30 November 2022 and further extended to 31 December 2022 based on another forbearance agreement signed on 2 December 2022. The Group plans to transfer the New York Project to the Administrative Agent through the payment of a final lump sum together with the transfer tax to set off the outstanding debt under the related loan documents. As at the date of this announcement, the Group is still negotiating with the Administrative Agent to extend the forbearance period (the "**Extension**").

Details of the above are set out in the Company's announcements dated 10 June 2022, 26 August 2022 and 2 December 2022; and

(v) On 15 August 2022, Oceanwide Plaza LLC, a wholly-owned subsidiary of the Company, entered into a non-legally binding and non-exclusive letter of intent with a potential buyer for the disposal of the LA Project (the "**Potential LA Disposal**"). The purchase and sale agreement is now under negotiation between the Group and the potential buyer. Should the LA Project be disposed, the net proceeds will be used (i) to settle lawsuits and outstanding debts related to the LA Project; (ii) to resolve the Group's existing financial difficulties, including but not limited to the repayment of most of its external debts and the settlement of claims made by certain lenders against the Group in respect of overdue borrowings; (iii) to retain Shanghai Properties, so as to consolidate the income generated from the Shanghai Properties and the financial statements of COPHL and its subsidiaries into the financial statements of the Group again; and (iv) to provide funds for the daily operations and business development of the Group.

Despite the Potential LA Disposal, the Group has also been exploring and in discussion with potential interested parties in connection with other cooperation opportunities including but not limited to developing the LA Project by forming a joint venture (together the Potential LA Disposal, the "**LA Assets Restructuring Plan**").

Details of the above are set out in the Company's announcement dated 2 December 2022.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern assessment (Continued)

Furthermore, the Directors have also implemented or are in the process of implementing a number of other measures and plans to mitigate the liquidity pressure, including but not limited to, the following:

(i) The Group is currently considering to have other disposals and/or to have restructuring on certain of the assets of the Group to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group (the "**Other Assets Restructuring Plans**", together with the Hawaii Disposal Plans and the LA Assets Restructuring Plan, the "**Assets Restructuring Plans**");

(ii) For the loans which had been defaulted, the Group is continuously and has been in active negotiations in seeking to convince the lenders for a debt restructuring of the Group's existing outstanding borrowings and interest including to revise certain key terms and conditions of the original facility agreements, such as the extension of the principals and interest payment schedules for the Group's existing borrowings; and to sell the pledged assets to the lenders in exchange for the extinguishment of debts (the "**Debt Restructuring Plan**"); and

(iii) Together with the COG Financing Facilities, OH Financing Support, Extension and Debt Restructuring Plan, they are collectively referred to as the "**Financing Plans**".

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2022. The Directors are of the opinion that, taking into account the abovementioned actions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations and commitments as and when they fall due within twelve months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern assessment (Continued)

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company 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 Group's ability to generate adequate financing and operating cash flow through the following:

(i) Successful execution and completion of the Extension and Potential LA Disposal in accordance with the terms and conditions, amounts and timing anticipated by the Group;

(ii) Successful execution and completion of the Assets Restructuring Plans to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group; and

(iii) Successful execution and completion of the Financing Plans in refinancing and/or renewing existing borrowings, and/or obtaining of new and additional sources of funding as and when needed to finance the settlement of its existing financial obligations, commitments and future operating and capital expenditures, as well as to maintain sufficient cash flows for the Group's operations.

Should the Group fail to achieve the abovementioned 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 values 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, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2 REVENUE AND SEGMENT INFORMATION

Revenue represents rental income and interest income. The amounts of revenue recognised during the Year are as follows:

	2022	2021
	HK$'000	*HK$'000*
Rental income from investment properties *(Note below)*	**27,930**	110,859
Interest income	**94**	445
	28,024	111,304

Note:

Investment properties that generated rental income relate to the subsidiaries of COPHL have been deconsolidated during the Year with effect from 1 April 2022.

The senior management comprising executive Directors and the chief financial officer are the Group's chief operating decision-maker ("**CODM**"). Management has determined operating segments for the purposes of allocating resources and assessing performance.

Segments are managed separately as each business segment has different business objectives and is subject to risks and returns that are different from one another.

EBIT/(LBIT) is regarded as segment results in respect of the Group's reportable segments as the CODM considers that this can better reflect the performance of each segment. EBIT/(LBIT) is used in the Group's internal financial and management reporting to monitor business performances.

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information:

	Year ended 31 December 2022				
	Property investment *HK$'000*	Real estate development *HK$'000*	Energy *HK$'000*	Finance investment and others *HK$'000*	Total *HK$'000*
Segment revenue from external customers	27,930	–	–	94	28,024
Segment results before other net (losses)/gains	21,981	(124,213)	(18,277)	(45,486)	(165,995)
Other net (losses)/gains *(Note 3(a))*	(1,861)	(777,763)	116	(2,729)	(782,237)
EBIT/(LBIT)	20,120	(901,976)	(18,161)	(48,215)	(948,232)
Loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts	(59,321)	(394,285)	–	–	(453,606)
Interest expense	–	(916,157)	(43)	(996)	(917,196)
Loss before tax	(39,201)	(2,212,418)	(18,204)	(49,211)	(2,319,034)
Income tax expense					(107,883)
Loss for the year					(2,426,917)
Segment assets	–	13,400,154	3,123,849	15,820	16,539,823
Segment liabilities	–	1,803,050	218,743	222,725	2,244,518
Borrowings	–	1,975,618	–	1,043,841	3,019,459
Obligations in respect of deconsolidated subsidiaries	469,976	179,961	–	–	649,937
Amount due to an intermediate holding company	397,035	5,202,342	–	3,256,857	8,856,234
Amount due to immediate holding company	–	–	–	114,769	114,769
Current income tax liabilities	–	17,572	–	–	17,572
Total liabilities					14,902,489
Depreciation of properties, plant and equipment	1,066	668	854	131	2,719
Depreciation of right-of-use assets	595	5,470	1,328	6,997	14,390
Additions to non-current segment assets *(Note below)*	–	–	–	40	40

Note: The additions to non-current segment assets include additions to properties, plant and equipment.

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information: (Continued)

	Year ended 31 December 2021				
	Property investment *HK$'000*	Real estate development *HK$'000*	Energy *HK$'000*	Finance investment and others *HK$'000*	Total *HK$'000*
Segment revenue from external customers	110,859	–	–	445	111,304
Segment results before other net losses	90,516	(137,242)	(28,104)	(36,450)	(111,280)
Other net losses *(Note 3(a))*	(5,182)	(3,837,280)	(336,121)	(31,972)	(4,210,555)
EBIT/(LBIT)	85,334	(3,974,522)	(364,225)	(68,422)	(4,321,835)
Interest expense	–	(1,077,852)	(197)	(1,095)	(1,079,144)
Profit/(loss) before tax	85,334	(5,052,374)	(364,422)	(69,517)	(5,400,979)
Income tax credit					29,736
Loss for the year					(5,371,243)
Segment assets	1,492,706	16,515,184	3,127,321	28,421	21,163,632
Deferred income tax assets	–	99,369	–	–	99,369
Total assets					21,263,001
Segment liabilities	142,945	1,915,505	212,697	119,453	2,390,600
Borrowings	1,186,302	3,522,396	–	1,043,841	5,752,539
Amount due to an intermediate holding company	385,490	5,051,725	–	3,067,842	8,505,057
Current income tax liabilities	26,928	13,146	–	–	40,074
Deferred income tax liabilities	318,504	3,181	–	–	321,685
Total liabilities					17,009,955
Depreciation of properties, plant and equipment	4,080	1,713	938	169	6,900
Depreciation of right-of-use assets	2,381	7,258	2,855	7,251	19,745
Additions to non-current segment assets *(Note below)*	–	–	6,179	139	6,318

Note: The additions to non-current segment assets include additions to properties, plant and equipment, investment properties, prepayments for construction of power plants and prepayments for property development projects.

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information:

The Group operates primarily in Hong Kong, the People's Republic of China ("**PRC**"), the U.S. and Indonesia. The geographical segment revenue is presented based on the geographical location of the rental and interest income.

Revenue and assets by geographical location are as follows:

	U.S. *HK$'000*	Indonesia *HK$'000*	PRC *HK$'000*	Hong Kong *HK$'000*	Total *HK$'000*
Revenue					
31 December 2022	**2**	**–**	**28,020**	**2**	**28,024**
31 December 2021	24	6	111,269	5	111,304
Total assets					
31 December 2022	**13,400,154**	**3,123,194**	**–**	**16,475**	**16,539,823**
31 December 2021	16,614,553	3,126,610	1,492,536	29,302	21,263,001

Information about major customers:

Revenue of approximately HK$11.0 million is derived from two external customers (2021: HK$41.7 million from two external customers), which individually amounted to 10% or more of the Group's revenue (excluding interest income). This revenue is attributable to the Property Investment segment and derived from the PRC.

3 LOSS BEFORE TAX

Loss before tax is stated after crediting and charging the following:

	2022	2021
	HK$'000	*HK$'000*
Crediting		
Rental income from investment properties	**27,930**	110,859
Reversal of expected credit losses ("**ECL(s)**") on loan and interest receivables *(Note (a) below)*	**116**	–
Charging		
Impairment losses on properties under development *(Note (a) below)*	**575,066**	3,723,975
Losses on disposal of properties under development *(Note (a) below)*	**202,697**	–
Impairment losses on property, plant and equipment – construction in progress *(Note (a) below)*	**–**	332,743
Impairment losses on investment properties *(Note (a) below)*	**–**	41,721
Litigation provision *(Note (a) below)*	**–**	71,584
ECLs on trade receivables *(Note (a) below)*	**1,861**	5,182
ECLs on loan and interest receivables *(Note (a) below)*	**–**	3,378
Staff costs (including Directors' emoluments) *(Note (b) below)*	**55,723**	62,859
Depreciation of properties, plant and equipment	**2,719**	6,900
Depreciation of right-of-use assets	**14,390**	19,745
Operating lease charges in respect of properties not included in the measurement of lease liabilities	**3,721**	3,586
Auditor's remuneration		
Audit and audit related services	**2,380**	3,060
Non-audit services	**14**	16
Net foreign exchange losses *(Note (a) below)*	**2,729**	31,972
Direct operating expenses arising from investment properties that generated rental income	**1,962**	7,821

3 LOSS BEFORE TAX (CONTINUED)

Notes:

(a) Other net losses of HK$782,237,000 for the Year represented (i) the impairment losses on properties under development of HK$575,066,000; (ii) the losses on disposal of properties under development of HK$202,697,000; (iii) ECLs on trade receivables of HK$1,861,000; and (iv) the net foreign exchange losses of HK$2,729,000, net off with the reversal of ECLs on loan and interest receivables of HK$116,000.

Other net losses of HK$4,210,555,000 for the year ended 31 December 2021 represented (i) the impairment losses on properties under development of HK$3,723,975,000 and investment properties of HK$41,721,000 respectively; (ii) the impairment losses on construction in progress of HK$332,743,000; (iii) the litigation provision for the expenditures and liens matters in respect of the LA Project of HK$71,584,000; (iv) ECLs on loan and interest receivables of HK$3,378,000; (v) ECLs on trade receivables of HK$5,182,000; and (vi) the net foreign exchange losses of HK$31,972,000.

(b) A government subsidiary of HK$518,400 (2021: Nil) granted from the Employment Support Scheme and Subsidy Scheme under the Anti-epidemic Fund of the Hong Kong Government was directly offset with the staff costs during the Year.

4 INCOME TAX EXPENSE/(CREDIT)

	2022	2021
	HK$'000	*HK$'000*
Current income tax		
— Charge for the Year	**9,843**	27,456
Deferred income tax charge		
— Charge/(credit) for the Year	**98,040**	(57,192)
	107,883	(29,736)

The Group's subsidiaries in the PRC are subject to Enterprise Income Tax at a standard rate of 25% for the Year (2021: 25%).

The Group's subsidiaries in the Hungary are subject to Corporate Income Tax at a standard rate of 9% for the Year (2021: 9%).

No U.S. Federal or State Income Tax was provided for the years ended 31 December 2022 and 2021 as the Group had no estimated assessable profits.

For the years ended 31 December 2022 and 2021, no Hong Kong profits tax was provided as the Group had no estimated assessable profits.

5 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to Shareholders by the weighted average number of ordinary shares in issue during the Year.

	2022	2021
Weighted average number of ordinary shares in issue	**16,142,653,060**	16,142,653,060
Loss attributable to Shareholders *(HK$'000)*	**(2,420,051)**	(5,359,792)
Basic loss per share attributable to Shareholders *(HK cent per share)*	**(14.99)**	(33.20)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are only derived from the convertible notes. In calculating the dilutive loss per share, the convertible notes are assumed to have been converted into ordinary shares, and the net loss is adjusted to eliminate the interest expense, exchange gains on debt component and the fair value gains on embedded financial derivatives less the tax effect, if applicable.

No adjustment has been made to basic loss per share presented for the years ended 31 December 2022 and 2021 in arriving at diluted loss per share for these years as the impact of convertible notes outstanding had an anti-dilutive effect on the basic loss per share.

6 DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the Year (2021: Nil).

7 TRADE RECEIVABLES

As at 31 December 2022, the Group's trade receivables were transferred out due to Deconsolidation of subsidiaries. As at 31 December 2021, the Group's trade receivables represented rental receivables for which no credit terms have been granted. The aging analysis of trade receivables, net of provision, based on the date of invoices for the year ended 31 December 2021 was as follows:

	2021
	HK$'000
Trade receivables	30,368
Less: Allowance for credit losses	(6,483)
	23,885

	2021
	HK$'000
0-30 days	3,583
31-60 days	3,536
61-90 days	3,037
Over 90 days	13,729
	23,885

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and measures the lifetime ECL on each debtor individually.

As at 31 December 2021, except for debtors with significant outstanding balances, which are assessed for impairment individually and HK$6,483,000 was provided, the management of the Group have assessed the ECL of the remaining trade receivables as insignificant and therefore it did not result in an impairment allowance for the remaining trade receivables.

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables.

The Group does not hold any collateral securities.

8 PLEDGE OF ASSETS

As at 31 December 2022 and 2021, certain assets of the Group were pledged to secure borrowings of the Group as follows:

	2022	2021
	HK$'000	*HK$'000*
Pledged bank deposits	**–**	39,745
Properties under development	**9,142,311**	12,264,978
Properties, plant and equipment	**467**	13,579
Right-of-use assets	**–**	5,338
Investment properties	**4,227,984**	5,540,371
	13,370,762	17,864,011

Save as the pledged assets disclosed above, the issued shares of 10 (2021: 20) subsidiaries of the Company were also pledged to secure borrowings of the Group as at 31 December 2022.

9 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES

(a) Litigations of LA Project

There were disputes between the Group and certain contractors relating to the LA Project.

On 31 January 2019 (LA time), a subcontractor (the "**Subcontractor**") of the LA Project, sued Oceanwide Plaza LLC ("**Oceanwide Plaza**"), the LA Project subsidiary of the Company, the general contractor (the "**General Contractor**") of the LA Project and a lender of Oceanwide Plaza in LA County Superior Court (the "**LA Court**") to foreclose on a mechanic's lien (the "**First Lien**") for approximately US$52.9 million (equivalent to approximately HK$412.4 million) recorded on the LA Project's title.

On 19 February 2019 (LA time), the Subcontractor recorded an amended lien for approximately US$49.4 million (equivalent to approximately HK$385.2 million) and released the First Lien, but did not amend its complaint.

On 26 March 2019 (LA time), the Subcontractor recorded a new lien (the "**Third Lien**") for approximately US$60.3 million (equivalent to approximately HK$470.1 million) and filed a first amended complaint to sue for this new amount. Oceanwide Plaza received the Third Lien on 2 April 2019 (LA time).

Oceanwide Plaza and the General Contractor filed motions to force the Subcontractor's lawsuit into arbitration, which the LA Court denied. Oceanwide Plaza and the General Contractor appealed and lost on 25 March 2021.

9 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

(a) Litigations of LA Project (Continued)

Oceanwide Plaza is, on the one hand, preparing a vigorous defence and reserving all rights under the law while on the other hand, exploring the opportunity to negotiate a settlement with the Subcontractor to resolve the dispute. Sufficient provision has been made in relation to the aforesaid case after the assessment made by the management.

Apart from the aforesaid case, as of 31 December 2022, 34 contractors had recorded mechanic's liens for approximately US$387.5 million (equivalent to approximately HK$3,021.2 million) in total. 33 of the foregoing 34 contractors who had recorded mechanic's liens, were suing Oceanwide Plaza to foreclose on their mechanic's liens for an aggregate claim amount of approximately US$369.9 million (equivalent to approximately HK$2,884.0 million). Both of these amounts, however, include the General Contractor's lien of approximately US$218.8 million (equivalent to approximately HK$1,705.9 million).

Of the 33 contractors suing Oceanwide Plaza:

(i) 31 have indicated they prefer to settle their outstanding payments and continue with the LA Project rather than litigate, representing an aggregate claim amount of approximately US$360.9 million (equivalent to approximately HK$2,813.8 million);

(ii) 1 is a subcontractor of the Subcontractor, claiming approximately US$8.3 million (equivalent to approximately HK$64.7 million) for work done, and its lawsuit, to which Oceanwide Plaza had not had to respond, is largely controlled by the Subcontractor's lawsuit; and

(iii) 1 released its lien for approximately US$791,000 (equivalent to approximately HK$6.2 million) but had not yet dismissed its lawsuit by the end of the year.

On 5 March 2020 (LA time), the Company and the General Contractor entered into a parent company guarantee (the "**Parent Guarantee**") to, among other things, guarantee a payment obligation owed to the General Contractor by Oceanwide Plaza. The Parent Guarantee provides if Oceanwide Plaza does not meet this obligation: (i) the General Contractor can force the Company to arbitrate this issue in LA under the Fast Track Rules of the American Arbitration Association (the "**AAA**"); (ii) the Company waives all defences; and (iii) the arbitrator will issue an award on only the issue of if Oceanwide Plaza has met this obligation. Oceanwide Plaza did not fully meet this obligation, leaving a balance owed of US$38,440,000 (equivalent to approximately HK$299.7 million).

(a) Litigations of LA Project (Continued)

On 12 October 2020 (LA time), the General Contractor informed the Company that it had demanded arbitration with the AAA under the Parent Guarantee for an award of US$38,440,000 (equivalent to approximately HK$299.7 million) plus attorneys' fees, costs, and interest. California law requires a contractor to prove that it has always been licensed when attempting to collect payment. The Company attempted to present evidence that the General Contractor was not licensed, but the arbitrator refused to consider this issue and awarded the General Contractor US$38,440,000 (equivalent to approximately HK$299.7 million) plus attorneys' fees, costs, and 10% interest on 24 November 2020 (LA time) (the "**Arbitral Award**").

On 24 November 2020 (LA time), the General Contractor filed in federal court in LA to confirm the award, and on 10 December 2020 (LA time), the Company filed a motion to vacate the award.

On 24 June 2021 (LA time), the Company received a judgment (the "**U.S. District Court Judgment**") by the United States District Court of Central District of California (the "**U.S. District Court**") confirming the award in favour of the General Contractor and against the Company in the aggregate amount of approximately US$42.7 million (equivalent to HK$332.9 million), inclusive of pre-judgment interests and arbitration costs. The Company has been advised by its U.S. attorney that it may appeal to the United States Court of Appeals for the Ninth Circuit within 30 days after the date of the U.S. District Court Judgment, but this will not prevent the General Contractor or from enforcing the Arbitral Award.

On 23 August 2021 (LA time), the General Contractor submitted an application to the U.S. District Court to conduct a debtor's examination on 28 September 2021 (LA time) of the Company and Oceanwide Plaza to identify assets in order to satisfy the Arbitral Award contemplated under the U.S. District Court Judgment. The first hearing regarding the debtor's examination was conducted on 15 February 2022. As at the date of this announcement, the U.S. District Court has not ruled on such application.

The General Contractor applied to the High Court of Hong Kong (the "**High Court**") for, inter alia, an order to enforce the Arbitral Award in Hong Kong or alternatively, an order for payment into the High Court by the Company in the amount equivalent to the Arbitral Award as security in the event that the High Court grants an adjournment over the enforcement of the Arbitral Award.

9 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

(a) Litigations of LA Project (Continued)

On 1 September 2021 (LA time), the Company and the General Contractor entered into a forbearance agreement in relation to the U.S. District Court Judgment, the Arbitral Award, as well as the High Court order entered thereupon. Under the forbearance agreement, it is agreed that (i) the General Contractor forbears from further enforcing the Arbitral Award, the U.S. District Court Judgment or any judgment entered thereupon; and (ii) the Company repays the Arbitral Award to the General Contractor in five instalments in consideration of the General Contractor's foregoing forbearance. As at the date of this announcement, the Company did not comply with the forbearance agreement and the Company repaid US$21.0 million (equivalent to approximately HK$163.7 million) in total for the Arbitral Awand.

On 22 March 2022, the General Contractor submitted an application to the High Court of British Virgin Islands (the "**BVI High Court**") for a provisional charging order (the "**PCO**") to be registered against the shares of 9 wholly owned British Virgin Islands subsidiaries of the Company (the "**BVI Companies**"). The application for the PCO by the General Contractor was granted by the BVI High Court on 7 April 2022.

On 14 June 2022, the General Contractor further applied to the BVI High Court for the PCO to be made final (the "**FCO**") and such application was granted on 23 June 2022. The FCO ordered that shares of the BVI Companies held in the name of the Company are charged in favour of the General Contractor pursuant to the order of the BVI High Court, dated 14 June 2022 in the sum of US$22,799,558.50 with interest accruing at the judgment rate of 5% from 26 October 2021.

On 7 February 2023 (British Virgin Islands time), the General Contractor filed an application with the Eastern Caribbean Supreme Court in the High Court of Justice, Virgin Islands (Commercial Division) (the "**BVI Commercial Court**") for an order for the sale of the stock of the BVI Companies (the "**Stock**") and an order appointing receivers to oversee the sale of the Stock (the "**OFS Application**") pursuant to the final charging order made by the BVI Commercial Court. An order for service was granted on 9 March 2023 (British Virgin Islands time) by the BVI Commercial Court to permit the General Contractor to serve bundle of the documents filed in the legal proceedings for the OFS Application (the "**Documents**"). On 21 March 2023 (Hong Kong time), the Company received the OFS Application and the Documents from the legal representative of the General Contractor. The Company has 56 days from the service of the OFS Application to file a defence. Upon receipt of the OFS Application and the Documents, the Company has reviewed the Documents immediately while seeking legal advice in this regard. The Company intends to defend against the OFS Application vigorously and will continue to explore an amicable settlement with the General Contractor.

9 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

(a) Litigations of LA Project (Continued)

For more information about the Parent Guarantee and the legal proceeding in relation thereto, please refer to the Company's announcements dated 6 March 2020, 25 September 2020, 16 October 2020, 6 July 2021, 25 August 2021, 13 September 2021 and 27 March 2023.

The Directors are of the view that the US$42.7 million (equivalent to approximately HK$332.9 million) is payment for amounts included in the General Contractor's lien, so this does not represent an increase in Oceanwide Plaza's aggregate liability.

Regarding the liens and claims by the Subcontractor, the Directors are of the view that the Company had no contractual relationship with the Subcontractor. Under California law, however, a contractor is entitled to include within its mechanic's liens amounts that are owed to subcontractors to whom the contractor owes payment, while not required to show proof when recording such lien.

These claims are under examination by management of the Company and, based on the available information, the management of the Company estimates the outcome of the expenditures and liens, taking into account the risks and uncertainties surrounding the expenditures and liens and recognises payables and accruals for variation orders and damages according to contractual terms entered with the subcontractors, if appropriate.

Since the outcome of legal proceedings is inherently uncertain, contingent liabilities have therefore been disclosed for those litigation and claims that can be assessed and for which the chance of success was deemed not implausible. It is too early to estimate how likely their prospects of success will be. As stipulated in HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, in order not to prejudice the outcomes of the proceedings and the interests of the Group, the Group has not made any further disclosures about estimates in connection with the financial effects of, and disclosures about, uncertainty regarding the timing or amount of contingent liabilities in connection with the litigation and claims.

9 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

(a) Litigations of LA Project (Continued)

Provisions represent the management's best estimate of the consideration required to settle the obligations, after consultation with the technical experts, internal and external legal counsels on the possible outcome and liability of the Group would then be recognised, if appropriate. It is estimated that the likely maximum lawsuit liability would be approximately US$219.3 million (equivalent to approximately HK$1,709.8 million), including (i) the General Contractor's lien foreclosure lawsuit of approximately US$218.8 million (equivalent to approximately HK$1,705.9 million), and (ii) a lien foreclosure lawsuit by a potential direct contractor (contract still under negotiation) for approximately US$0.5 million (equivalent to approximately HK$3.9 million). The Directors are of the view that the claims made by the counterparties are over-assessed and, as at 31 December 2022, based on the best estimate, an aggregate amount of approximately HK$1,282,423,000 (2021: HK$1,274,199,000) has been accrued for the expenditures and liens matters in respect of the LA project.

(b) Winding up petition against the Company

On 10 June 2022, it came to the attention of the Company that DW 80 South, LLC as the initial lender of a facility agreement dated 22 May 2019 entered into by CORED III as the borrower, the initial lender, and the Company and certain members of the Group as guarantors (the "**Facility Agreement**"), has on 9 June 2022, filed a winding up petition (the "**Petition**") with the Supreme Court of Bermuda (the "**Bermuda Supreme Court**") against the Company due to its failure to pay the outstanding sum of US$175,368,108.86 (equivalent to approximately HK$1,376.3 million) as demanded by the initial lender pursuant to a parent guarantee granted on 22 May 2019 by the Company in favour of the initial lender. The Petition was filed in the Bermuda Supreme Court only as an application for the winding up of the Company and as at the date of this announcement, no winding up order has been granted by the Bermuda Supreme Court to wind up the Company. In connection with the Facility Agreement, the initial lender was provided with an equitable share mortgage over the secured shares, which in turn own the New York Project property.

9 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

(b) Winding up petition against the Company (Continued)

On 25 August 2022 (New York time), CORED III, Oceanwide Real Estate Investment NY Corp., Oceanwide Center NY LLC, the Company (collectively the "**Borrower Parties**") and the Administrative Agent, for itself and the other lenders (the "**Lender Parties**"), have entered into a forbearance agreement (the "**Forbearance Agreement**"), which is effective as of 18 August 2022. The Forbearance Agreement provides, inter alia, that (i) the Lender Parties forbear from the exercise of the Administrative Agent's rights and remedies under the loan documents and the Administrative Agent forbears from taking enforcement actions under the loan documents including but not limited to not to proceed with the Petition during the standstill period; and (ii) the Borrower Parties will make interim forbearance extension payments in exchange for a standstill period from the effective date of the Forbearance Agreement (i.e. the date on which payment of the first installment of the forbearance extension payments is made) until 31 October 2022. The said standstill period is subject to an option for extension for an additional 1-month period through 30 November 2022 for an additional forbearance extension payment by the Borrower Parties. At the Borrower Parties' election, prior to the expiry of the standstill period of 31 October 2022 or 30 November 2022 (subject to exercise of the option for extension), the Borrower Parties may pay a final lump sum amount with transfer tax as applicable to the Administrative Agent and pursuant to the transfer documents relating to conveyance of pledged property, such transfer shall be effected to the Administrative Agent in full and final settlement of all outstanding sums under the loan documents or pursuant to a parent guarantee granted on 22 May 2019 by the Company in favour of the Administrative Agent. For details of the Forbearance Agreement, please refer to the announcement of the Company dated 26 August 2022.

On 2 December 2022 (New York time), CORED III, Oceanwide Real Estate Investment NY Corp., Oceanwide Center NY LLC, the Company and the Administration Agent, for itself and the other lenders entered into an extension agreement to extend the forbearance period to 31 December 2022. As at the date of this announcement, the Group is negotiating with the Administrative Agent to further extend the forbearance period with a view to entering into a revised forbearance agreement before the next hearing date of the Bermuda Court (tentatively scheduled to be in June 2023).

For more information about the Facility Agreement and the legal proceeding in relation thereto, please refer to the Company's announcements dated 23 May 2019, 29 October 2021, 25 November 2021, 11 January 2022, 6 May 2022, 10 June 2022 and 26 August 2022 and 2 December 2022.

10 DECONSOLIDATION OF SUBSIDIARIES

During the Year, (i) the Group has lost control over COPHL Group and accordingly, COPHL Group which owned the Shanghai Properties, whose results, assets and liabilities were reflected under Property Investment segment, has been deconsolidated with effect from 1 April 2022; and (ii) the Group has lost control over CORED III Group and accordingly, CORED III Group, which owned the New York Project and whose results, assets and liabilities were included under Real Estate Development segment, has been deconsolidated with effect from 1 May 2022.

The assets and liabilities of the COPHL Group and CORED III Group (excluding inter-company loans and amounts due from/to group companies which were eliminated on consolidation) as at the respective Deconsolidation dates are set out below.

Analysis of assets and liabilities at the respective dates of the Deconsolidation over which control was lost:

	COPHL Group *HK$'000*	CORED III Group *HK$'000*
Assets and liabilities of deconsolidated subsidiaries		
Properties, plant and equipment	**21,487**	**20**
Investment properties	**1,346,448**	**–**
Right-of-use assets	**13,235**	**–**
Deposits and other receivables	**51,954**	**6,120**
Trade receivables	**29,007**	**–**
Cash and cash equivalents and restricted cash	**56,471**	**3,211**
Properties under development	**–**	**1,735,864**
Lease liabilities	**(8,701)**	**–**
Current income tax liabilities	**(26,130)**	**–**
Deposits received, other payables and accruals	**(82,392)**	**(188,118)**
Deferred income tax liabilities	**(322,997)**	**–**
Assets and liabilities, excluding the subject loans, derecognised	**1,078,382**	**1,557,097**
Interest payables	**(120,875)**	**(79,397)**
Borrowings	**(1,182,377)**	**(1,291,148)**
Loan balances derecognised	**(1,303,252)**	**(1,370,545)**
Assets less liabilities (including the loans) of deconsolidated subsidiaries as at date of Deconsolidation	**(224,870)**	**186,552**
Carrying amount of obligations in respect of deconsolidated subsidiaries as at 31 December 2022	**(469,976)**	**(179,961)**
Loss charge to the consolidated income statement	**(59,321)**	**(394,285)**

FINANCIAL OVERVIEW

Fund management

The primary treasury and funding policies of the Group focus on liquidity management to achieve an optimum level of liquidity, while funding subsidiary operations in a cost-efficient manner. The management closely monitors the liquidity position of the Group to ensure that the liquidity structure, comprising assets, liabilities and commitments can meet its funding requirements. The Group's finance department will source funding by borrowings and issuance of debts, convertible bonds and new shares when necessary. Operating as a centralized service, the finance department manages the Group's funding needs and monitors financial risks, such as those relating to interest and foreign exchange rates, as well as those relating to counterparties.

During the Year, the Group did not enter into any interest or currency swaps or other financial derivative transactions.

Interest rate risk

The Group has no significant interest-bearing assets and liabilities except for cash and bank deposits, loans receivables, lease liabilities, other loans, amount due to an intermediate holding company, amount due to a fellow subsidiary and convertible notes. The interest rates for the loans receivables, amount due to an intermediate holding company, amount due to a fellow subsidiary, certain other loans and convertible notes are fixed. The interest rate risk of the Group mainly arises from floating-rate of other loans resulting in the exposure of cash flow interest rate risk to the Group. The management controls the Group's interest rate risk by reviewing fixed-rate and floating-rate borrowings. During the reporting period, the Group considered that there was no need to use interest rate swaps to hedge its exposure to interest rate risks.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD and renminbi ("**RMB**") as the revenue and operating costs of the Group are denominated in these currencies. The Group is also exposed to other currency movements, primarily in terms of investments in the U.S. and Indonesia, bank deposits, loans receivables, interest payables, certain other loans and amount due to an intermediate holding company denominated in USD. Foreign exchange risk arises from currency exchange transactions, recognized assets and liabilities and net investments in foreign operations. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures. The Group's management manages this risk by closely monitoring the exchange rate movement and changes in market conditions that may have a significant impact on the operations and financial performance of the Group.

Market price risk

The Group's main market price risk exposures relate to its financial assets at fair value through other comprehensive income. The Group closely monitors the price movement and changes in market conditions that may have an impact on the value of these financial assets. During the Year, the financial assets held by the Group has zero value.

Credit risk

Surplus of the Group's capital is managed in a prudent manner, usually in the form of bank deposits with financial institutions with good credit ratings. The senior management of the Group regularly monitors price movements of financial institutions and its counterparties and credit ratings and sets limits for the total amount of credit for each of its counterparties, in order to manage and control default and credit risks.

As at 31 December 2022, the other receivables of the Group were mainly loans and interest receivables made to the non-controlling shareholders of the energy project to develop two coal-fired steam power plants (with a net capacity of 150 megawatt each) in the Medan industrial zone of Indonesia. As at the date of this announcement, the Group is still negotiating with the non-controlling shareholders on the renewal of the loan agreement, and the Group is working to reach an agreement with the non-controlling shareholders on the renewal of the loan agreement.

Liquidity and working capital

As at 31 December 2022, the Group's total unsecured and unrestricted cash amounted to HK$4.9 million (2021: HK$15.7 million).

As at 31 December 2022, the Group had bank and other loans (including convertible notes) of HK$3,019.5 million (2021: HK$5,752.5 million), of which HK$3,019.5 million (2021: HK$4,489.4 million) were fixed-rate borrowings repayable within one year and nil (2021: HK$1,263.1 million) was floating-rate borrowings repayable in one year. As at 31 December 2022, the Group had an amount due to an intermediate holding company of HK$8,856.2 million which were fixed-rate borrowings repayable within one year (2021: HK$8,505.1 million repayable with two years), and an amount due to immediate holding company of HK$114.8 million (2021: nil), which were interest-free borrowings repayable in one year. The Group's external gearing ratio (being calculated as total external borrowings divided by total equity) as at 31 December 2022 was 184.4% (2021: 135.3%).

Currently, the Group focuses on selling assets to repay debts. The controlling shareholder of the Group will provide support for the Company's daily operating expenses.

Cash flows

For the Year, net cash used in operating activities amounted to HK$181.1 million (2021: HK$231.0 million) and net cash generated from investing activities amounted to HK$681.3 million which mainly represented the cash inflow generated from the disposal of Hawaii Kapolei West Project (2021: net cash used in investing activities amounted to HK$10.5 million). Net cash used in financing activities during the Year amounted to HK$510.1 million mainly due to settlement of loan and interest payables (2021: cash generated from financing activities amounted to HK$221.4 million).

Charges and contingent liabilities

The details of the pledged assets and contingent liabilities of the Group as at 31 December 2022 are set out in Notes 8 and 9 to this announcement respectively.

In addition, the Company has provided issued corporate guarantees for the lenders of the deconsolidated subsidiaries (see Note 10) to guarantee the repayment of the relevant loans and payables to these lenders included in the total “Obligations in respect of deconsolidated subsidiaries” as at 31 December 2022 are HK$2,981.7 million.

Apart from the above and those set out in Notes 8 and 9, the Group had not created any other guarantee or other contingent liabilities during the years ended 31 December 2022 and 2021.

Future plans for material investments and capital assets

As at 31 December 2022, the Group did not have any future plans for material investments and capital assets.

Material acquisition and disposal of subsidiaries, associates and joint ventures

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint venture during the Year.

Significant investments held

During the Year, save as disclosed in this announcement, there were no significant investments held by the Group.

HUMAN RESOURCES

As at 31 December 2022, the Group employed 56 employees (2021: 72). Total staff remuneration costs (including the Directors’ emoluments) for the Year amounted to HK$55.7 million (2021: HK$62.9 million).

The Group ensures that the remuneration packages of its employees are competitive and that individual performance is rewarded according to the remuneration management policy of the Group. The remuneration packages of the employees are reviewed annually.

OTHER CORPORATE INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "**AGM**") of the Company will be held on Thursday, 18 May 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 12 May 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 11 May 2023.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company. The Company also has not redeemed any of its listed securities during the Year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the Year, the Company has complied with all applicable code provisions ("**Code Provision(s)**") and principles under the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

From 1 January 2022 to 5 September 2022, Mr. HAN Xiaosheng performed the two roles of the Company's chief executive officer ("**CEO**") and chairman of the Board (the "**Chairman**"). With effect from 6 September 2022, he ceased to be CEO and the Chairman while Mr. LIU Guosheng was appointed as the dual roles of CEO and the Chairman.

The Board believes that having the same individual in both roles as the Chairman and CEO ensures that the Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. The Board believes that this structure does not compromise the balance of power and authority. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group's circumstances.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted its own Model Code for Securities Transactions by Directors (the "**Securities Code**") regulating the Directors' dealings in the Company's securities on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules. In response to specific enquiries made, all the Directors have confirmed that they have complied with the Securities Code and the Model Code throughout the Year.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Below is an extract of the report by Yongtuo Fuson CPA Limited ("**Yongtuo Fuson**"), the auditor of the Company, regarding the consolidated financial statements of the Group for the Year.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Oceanwide Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement and consolidated statement of other comprehensive income, consolidated statement of changes in equity and 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 matters 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 described in Note 1(b) to the consolidated financial statements, during the year ended 31 December 2022, the Group incurred a net loss attributable to the shareholders of the Company of approximately HK$2,420,051,000 and a net operating cash outflow of approximately HK$181,081,000 and, as of that date, the Group had properties under development of approximately HK$9,142,311,000 which were classified as current assets while expected to be completed and recovered after one year. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by approximately HK$14,851,930,000 as at 31 December 2022. In addition, the Group's businesses in real estate development in the U.S. and energy sector in Indonesia are capital intensive in nature and funding the continuous development of these businesses would require substantial capital in the foreseeable future. As at 31 December 2022, the Group's contracted but not provided for capital commitments were of approximately HK$1,482,873,000.

As at 31 December 2022, the Group had indebtedness, including borrowings and lease liabilities of approximately HK$3,019,459,000 and HK$15,024,000, respectively which will fall due within twelve months from the date of 31 December 2022. Amongst the Group's borrowings, as at the date of this announcement, the Group was in default in respect of borrowings with principal amount of approximately HK$3,019,459,000 due to the events of default of late or overdue payment of loan principal and interest or cross-default with other borrowings, which, as a consequence, would be immediately repayable if and when requested by the lenders.

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

The directors of the Company have been undertaking a number of measures and actions to improve the Group's liquidity and financial position, and to meet its liabilities as and when they fall due, which are set out in Note 1(b) 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 the following measures to generate adequate financing and operating cash flows for the Group, which are subject to multiple uncertainties, including:

(i) Successful execution and completion of the Extension and Potential LA Disposal (as defined in Note 1(b) to the consolidated financial statements) in accordance with the terms and conditions, amounts and timing anticipated by the Group;

(ii) Successful execution and completion of the Assets Restructuring Plans (as defined in Note 1(b) to the consolidated financial statements) to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group; and

(iii) Successful execution and completion of the Financing Plans (as defined in Note 1(b) to the consolidated financial statements) in refinancing and/or renewing existing borrowings, and/or obtaining of new and additional sources of funding as and when needed to finance the settlement of its existing financial obligations, commitments and future operating and capital expenditures, as well as to maintain sufficient cash flows for the Group's operations.

Should the Group fail to achieve the abovementioned 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 values 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 effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT VIEW ON GOING CONCERN

The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2022 after taking into consideration of the followings:

(i) As at 31 December 2022, China Oceanwide Group Limited ("**COG**"), the intermediate holding company of the Company, provided an unsecured and interest-bearing loans of approximately HK$8,856,234,000 (2021: HK$8,505,057,000) to the Group with the maturity date of the loans of 31 December 2023. COG agreed not to request for any repayment of the loans until the Group has ability to repay. Further, as at 31 December 2022, COG has also agreed to provide available undrawn facilities amounting to approximately HK$3,618,486,000 (2021: HK$3,971,903,000) to the Group (the "**COG Financing Facilities**");

(ii) On 20 March 2023, the Group obtained a letter of undertaking for provision of financial support to the Group from Oceanwide Holdings, an indirect controlling shareholders of the Company, whereby Oceanwide Holdings agrees to provide sufficient funds to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months from the date of the consolidated financial statements (the "**OH Financing Support**");

(iii) The Group has launched marketing plan for its remaining Hawaii projects in the fourth quarter of 2021. Letters of intent for acquisition have been received for both Ko Olina No. 1 Land, and Ko Olina No. 2 Land Projects during the year. It is expected the disposal will be completed in 2023 (the "**Hawaii Disposal Plans**");

(iv) On 9 June 2022, the initial lender for the Group's New York Project has filed a winding up petition with the Supreme Court of Bermuda against the Company. On 18 August 2022, a forbearance agreement was entered into by the Company and its subsidiaries with New York — 80 South Street LLC (the "**Administrative Agent**") for the New York Project to forbear the Administrative Agent from taking enforcement actions against the Group up to 30 November 2022 and further extended to 31 December 2022 under another forbearance agreement signed on 2 December 2022. The Group plans to transfer the New York Project to the Administrative Agent through the payment of a final lump sum together with the transfer tax to set off the outstanding debt under the related loan documents. As at the date of approval for issuance of the consolidated financial statements, the Group is still negotiating with the Administrative Agent to extend the forbearance period (the "**Extension**").

Details of the above are set out in the Company's announcements dated 10 June 2022, 26 August 2022 and 2 December 2022; and

(v) On 15 August 2022, Oceanwide Plaza LLC, a wholly-owned subsidiary of the Company, entered into a non-legally binding and non-exclusive letter of intent with a potential buyer for the disposal of the Group's real estate development project located in Los Angeles, the U.S. (the "**LA Project**") (the "**Potential LA Disposal**"). The purchase and sale agreement is now under negotiation between the Group and the potential buyer. Should the LA Project be disposed, the net proceeds will be used (i) to settle lawsuits and outstanding debts related to the LA Project; (ii) to resolve the Group's existing financial difficulties, including but not limited to the repayment of most of its external debts and the settlement of claims made by certain lenders against the Group in respect of overdue borrowings; (iii) to retain Shanghai properties, so as to consolidate the income generated from the Shanghai properties and the financial statements of COPHL and its subsidiaries into the financial statements of the Group again; and (iv) to provide funds for the daily operations and business development of the Group.

Despite the Potential LA Disposal, the Group has also been exploring and in discussion with potential interested parties in connection with other cooperation opportunities including but not limited to developing the LA Project by forming a joint venture (together with the Potential LA Disposal, collectively the "**LA Assets Restructuring Plan**").

Details of the above are set out in the Company's announcement dated 2 December 2022.

Furthermore, the directors of the Company have also implemented or are in the process of implementing a number of other measures and plans to mitigate the liquidity pressure of the Group, including but not limited to, the following:

(i) The Group is currently considering to have other disposals and/or to have restructuring on certain of the assets of the Group to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group (the "**Other Assets Restructuring Plans**", together with the Hawaii Disposal Plans and the LA Assets Restructuring Plan, collectively the "**Assets Restructuring Plans**");

(ii) For the loans which had been defaulted, the Group is continuously and has been in active negotiations in seeking to convince the lenders for a debt restructuring of the Group's existing outstanding borrowings and interest including to revise certain key terms and conditions of the original facility agreements, such as the extension of the principals and interest payment schedules for the Group's existing borrowings; and to sell the pledged assets to the lenders in exchange for the extinguishment of debts (the "**Debt Restructuring Plan**"); and

(iii) Together with the COG Financing Facilities, OH Financing Support, Extension, Funding Plans and Debt Restructuring Plan, collectively the "**Financing Plans**".

The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2022. The directors of the Company are of the opinion that, taking into account the abovementioned actions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations and commitments as and when they fall due within twelve months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company 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 Group's ability to generate adequate financing and operating cash flow through the following:

(i) Successful execution and completion of the Extension and Potential LA Disposal in accordance with the terms and conditions, amounts and timing anticipated by the Group;

(ii) Successful execution and completion of the Assets Restructuring Plans to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group; and

(iii) Successful execution and completion of the Financing Plans in refinancing and/or renewing existing borrowings, and/or obtaining of new and additional sources of funding as and when needed to finance the settlement of its existing financial obligations, commitments and future operating and capital expenditures, as well as to maintain sufficient cash flows for the Group's operations.

The Group's ability to continue as a going concern will depend upon the Group's ability to generate adequate investing and financing cash flows. Assuming that the Group can successfully implement the aforesaid measures, the Directors considers it would address the going concern issues.

The Audit Committee has reviewed the Disclaimer of Opinion relating to going concern, the management view on going concern and the action plan on going concern of the Group, and concurs with the Board's view.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year have been reviewed by the audit committee under the Board and audited by Yongtuo Fuson.

CORPORATE STRATEGY

The primary objective of the Group is to enhance long-term total returns for the Shareholders. To achieve this objective, the strategy of the Group is to deliver sustainable returns with solid financial fundamentals. The Chairman's Statement and Business Review contain discussions and analysis of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objective of the Group.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed herein, there was no significant event that might affect the Company after the Reporting Period and up to the date of this announcement.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this announcement are historical in nature, and past performance is not able to provide guarantee for the future results of the Group. Any forward-looking statements and opinions which may be contained in this announcement are based on current plans, estimations and projections, and therefore involve risks and uncertainties. Actual results may differ materially from the expectations discussed in such forward-looking statements and opinions. The Group, the Directors, and the employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website at www.oceanwide.hk and the Stock Exchange's website at www.hkexnews.hk. The 2022 annual report will be dispatched to the Shareholders and will be available on the above websites in due course.

By Order of the Board
China Oceanwide Holdings Limited
LIU Guosheng
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. LIU Guosheng *(Chairman)*
Mr. LIU Hongwei *(Deputy Chairman)*
Mr. LIU Bing

Independent non-executive Directors:
Mr. LIU Jipeng
Mr. YAN Fashan
Mr. LO Wa Kei Roy

Non-executive Director:
Mr. ZHAO Yingwei

Unless otherwise specified, in this announcement, conversions of US$ into HK$ are based on the exchange rate of US$1.00 = HK$7.7967 for illustration purpose only. No representation is made that any amounts in US$, RMB or HK$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.