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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 2020

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 2020 (the "**Year**").

CHAIRMAN'S STATEMENT

China Oceanwide Holdings Limited ("**China Oceanwide Holdings**" or the "**Company**", together with its subsidiaries, the "**Group**"), being the platform of the overseas core businesses of its controlling shareholder, Oceanwide Holdings Co., Ltd.* ("**Oceanwide Holdings**", the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000046)), has devoted itself to the investment in and development of real estate development projects in the first-tier cities of North America, property investment projects in the core areas of Shanghai, the People's Republic of China ("**China**" or the "**PRC**") and other U.S. dollar or U.S. dollar concept assets since 2015. During 2020, the global economy was subject to volatility and the unprecedented novel coronavirus ("**COVID-19**") pandemic. All business segments of the Group were thus impacted in different extent. In respect of property investment, some tenants of the two properties in Shanghai who were affected by the COVID-19 pandemic were offered rent concessions as advised by the PRC government, which was offset by the increase in occupancy rate. In respect of real estate development, the land used for hotel and residential development on Oahu Island in Hawaii has impairment of HK$337.3 million after assessment due to the impact of the COVID-19 pandemic to the local tourism industry, while the construction progress of the real estate development project in Los Angeles, the United States of America (the "**United States**" or "**U.S.**") was affected as the macro-economic performance of the U.S. was affected by the

COVID-19 last year, coupled with the arbitration between the general contractor and the Group and its decision to terminate the construction contract, resulting in an impairment of approximately HK$280.5 million due to project valuation amount is insufficient to cover the costs incurred. The project development was also temporarily suspended from September 2020, resulting in an uncapitalized interest of approximately HK$184.4 million. In respect of the finance investment, exchange losses of approximately HK$42.7 million were incurred from borrowings denominated in Renminbi ("**RMB**") due to RMB appreciation. These factors contributed to the increase in consolidated loss attributable to shareholders for year 2020 by HK$868.6 million to HK$926.6 million.

The impact of the COVID-19 outbreak is expected to persist in 2021. The U.S. and the Republic of Indonesia ("**Indonesia**"), where the Group's major projects are located, are not expected to recover in a short period of time. The financing environment of the Group has become more severe, resulting in an increase in the financing costs of the Group and significant uncertainties as to when the economy will resume normal. However, with the diversified investment and financing management channels as well as outstanding professionals in the free market of Hong Kong, the Group will strive to overcome the difficulties and hope to improve our overall performance through continuous active maintenance and optimization of existing projects, continuous reform and enhancement, and ongoing management of external risks and challenges, as well as fully formulate strategies and plans to cope with the uncertainties under economic downturn. Looking ahead, in response to market changes, the Group will promote business growth and explore new revenue stream by various means, dispose of unprofitable projects or assets and acquire quality projects when appropriate, which may increase new business growth points and improve profitability in due course. Meanwhile, the Group will strive to reduce costs so as to maintain sound liquidity and maximize shareholders' value in a sustainable manner.

MACRO-ECONOMIC ENVIRONMENT

The global investment market experienced the biggest crisis since the collapse of Lehman Brothers in 2008 due to the global spread of COVID-19 since the Chinese New Year in 2020. Due to the poor market sentiment, the U.S. stock market recorded the largest single-day decline since 1987, and the S&P 500 Volatility Index hit a record high. Despite the gradual recovery of the stock market in the second half of 2020, the U.S. gross domestic product ("**GDP**") shrank by 3.5% in 2020. The U.S. economy recorded the worst performance in 74 years since the Second World War in 1946 and the first contraction in 11 years since the global financial crisis in 2009. The market was highly volatile and the US Federal Reserve suddenly cut interest rates by 1.5% in total in early and mid-March 2020 to 0.25%, and relaunched the quantitative easing program which has not been relaxed so far, indicating the market's concerns over the impact of the pandemic on economic activities. In addition, the slump in oil prices in the first half of 2020 has brought additional uncertainties to the global market. In the short term, the global market has been hit hard and fluctuated significantly. The World Trade Organization forecasted that global trade shrank by approximately 9.2% in 2020. The International Monetary Fund expected the global economy to contract by 3.5% in 2020. Under the pandemic, many countries, including China and the U.S., have adopted lockdown and quarantine policies, and business activities have been significantly affected. Coupled with the anti-racism protests in the U.S., the GDP of the U.S. plunged by 32.9% in the second quarter of 2020, which is a record high. The pandemic has not been under control so far. The progress of the Group's U.S. projects was thus delayed, with total impairment of approximately HK$617.8 million and uncapitalised interest of HK$184.4 million arising from the suspension of operation in 2020. The key concerns of global enterprises will be whether the economy can recover rapidly.

China's economy was mainly clouded by the uncertainties caused by its trade disputes with the U.S.. During the beginning of 2020, the outbreak of COVID-19 in the PRC prompted the Central Government to announce an extension of the Chinese New Year holiday. The local governments implemented various prevention and control measures, including restriction of public activities, quarantine control measures for certain persons, banning people from leaving home and closure of unnecessary public area. The abovementioned measures severely affected various economic activities and the commercial operation of tenants. The leasing market was first hit under such severe economic environment. The Group made rent concessions at tenants' request. As the Group actively sought tenants to fill the vacant units in the second half of 2020, the overall performance of the property investment segment got back on track.

In response to the impact of the pandemic on the economy at home and abroad, the PRC strengthened the counter-cyclical regulation and reduced the cost burden of enterprises with difficulties through more flexible monetary policies and proactive fiscal policies, so as to help enterprises resume normal operation as soon as possible, relieve employment pressure, promote investment and consumption in the real economy, and hedge the downward pressure of the economy. According to the data published by the National Bureau of Statistics on 19 January 2021, the PRC GDP in the fourth quarter of 2020 increased by 6.5% year-on-year and 2.6% quarter-on-quarter, and the growth for the entire year of 2020 increased by 2.3% as compared to 2019. The PRC economy has been shaken off the drag caused by the pandemic, with its GDP increasing progressively in the first three quarters, indicating a gradual economy recovery. In general, the outbreak in the first half of 2020 has disrupted the original development momentum of the economy, and the economy was in the process of gradual recovery in the second half of the year.

In terms of monetary policy, Mr. Yi Gang, the Governor of the People's Bank of China (the "**PBOC**"), stated in a speech at the 2020 Financial Street Forum that PRC would be "adhered to a sound monetary policy and firmly support market entities to maintain stable employment". In general, the monetary policy of 2021 will be characterized by normalization. Economic repair and monetary normalization remain the two clues to the macro picture ahead. However, the pattern of easing in the first half and neutral in the second half of 2020 has been formed. Since February 2020, the PBOC has adopted a series of measures, such as interest rate cuts, reserve requirement ratio cuts and special loan refinancing and rediscounting, to maintain reasonable and sufficient liquidity in the banking system. However, until the global pandemic being fully controlled, economic recovery will be difficult and capital shortage will continue. The management of the Group strictly adhered to the principle of stability and continued to control risks, with focus on the adequacy of capital in supporting the progress of its business development. Through flexible alignment of various financing channels, the Group enhanced its overseas liquidity consolidation efforts and improved the efficiency of its cash utilisation in order to allow its projects being developed in an orderly manner according to sufficiency of funds, respective development plans and corresponding timelines. With the unremitting efforts of the management, the Group raised net proceeds from bank and other loans of HK$1,699.9 million in 2020. At the same time, the Group continued to receive financial support from its controlling shareholder to ensure the liquidity needs of the Group. As at 31 December 2020, the Group has loans in the total amount of approximately HK$6,579.6 million from the controlling shareholder (31 December 2019: HK$6,805.4 million) and undrawn facilities of HK$5,824.5 million (31 December 2019: HK$5,655.1 million).

Most projects under development and borrowings of the Group are denominated in U.S. dollars and reported in Hong Kong dollars. Due to the linked exchange rate system in Hong Kong, U.S. dollars will not fluctuate significantly. During the year, the financial performance of the Group's overseas (outside China) projects did not incur huge exchange losses due to the weakening of U.S. dollars. However, some RMB-denominated loans of the Group incurred exchange losses due to the continuous strengthening of RMB in the second half of the year.

FINANCIAL RESULTS

The Group is a conglomerate engaging in the businesses of property investment, real estate development, energy and strategic finance investments. Taking into account the existing five real estate development projects in the U.S. and the energy project in Indonesia, the Group's total assets as at 31 December 2020 amounted to HK$25,129.2 million. Mainly located in prime locations in major cities in the U.S., the above properties will be developed into diversified residential, hotel and commercial properties partly for sale and partly for holding in the future and are expected to bring revenue and returns to the Group.

Due to the provision for impairment of approximately HK$337.3 million of one Hawaii Project, the provision for impairment of approximately HK$280.5 million of the Los Angeles Project and the uncapitalised interest of approximately HK$184.4 million arising from the suspension of the projects, together with the exchange losses of approximately HK$42.7 million incurred during the year 2020, consolidated loss attributable to the shareholders of the Group for the year ended 31 December 2020 amounted to HK$926.6 million (2019: HK$58.0 million) while basic loss per share was HK5.74 cents (2019: loss per share of HK0.36 cents).

Revenue for the year amounted to HK$100.0 million (2019: HK$113.0 million) and loss before interest expense and tax ("**LBIT**") for the year was HK$744.3 million (2019: HK$47.9 million). Excluding other net losses of HK$670.4 million[1] (2019: net gains of HK$16.4 million), recurring LBIT for the year was HK$73.9 million (2019: HK$64.3 million). The increase in recurring LBIT was mainly due to a drop in revenue for the year, and the increase in operating expense of the real estate development segment recognized in the income statement due to the suspension of the Los Angeles Project and the management's intention to focus resources on the development of certain projects and the development of other projects has been delayed, part of the expenses of those projects were not capitalized. As a result, the Group incurred losses during the period, which was partly offset by the decrease in administrative expenses under the cost control initiatives adopted by the management.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year 2020 (2019: Nil).

BUSINESS OVERVIEW

Property investment

During the year, the property investment segment continued to contribute stable rental income and profits with the two office and commercial properties in Shanghai. However, considering the overall economic environment and the impact of COVID-19, many tenants requested waiver of rent or applied for early surrender of tenancy during the year. Coupled with the continual influx of new supplies in the central business district of Puxi, the occupancy rates of the two properties in Shanghai were adversely affected. Looking forward to 2021, although the economy of the PRC is expected to continue to recover, it will still be subject to the pandemic and the progress of vaccine development, which will have an impact on the future income and occupancy rates of these two properties in Shanghai. As at 31 December 2020, the average occupancy rate of the two office and commercial properties in Shanghai was 95%.

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1 Other net losses (before tax and non-controlling shareholders' interests) of HK$670.4 million in 2020 included provision for expected credit losses of HK$10.7 million, net exchange losses of HK$42.7 million (primarily arising from RMB borrowings due to RMB appreciation during the year) and provision for impairment for properties under development of HK$617.8 million; net off with gains on redemption of convertible bonds of HK$0.8 million. Other net gains (before tax and non-controlling shareholders' interests) of HK$16.4 million in 2019 included net exchange gains of HK$10.2 million, net gains (before tax) on disposal of financial assets of HK$4.1 million, fair value gains (before tax) on revaluation of financial assets at fair value through profit or loss of HK$2.5 million and net off with the provision for expected credit losses of HK$0.4 million.

Real estate development

Since the U.S. ranks first in the global economy, the Group maintained its focus on the development of its U.S. real estate projects. All of the 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. However, due to the impact of the global COVID-19 pandemic and the changes in the macro-economic environment, the real estate business of the Group in the U.S. has been adversely affected to a larger extent. After taking into account the influence of external factors and the judgment on the future business development, in order to truly and accurately reflect the asset value of the Company as at 31 December 2020, the Group conducted assessment and impairment testing for each project, and finally assessed that the difference between the fair value and the carrying amount of one Hawaii Project and the Los Angeles Project were approximately HK$337.3 million and approximately HK$280.5 million, respectively, and the total provision made and recorded in the income statement accordingly was HK$617.8 million. As at 31 December 2020, the Group had five real estate development projects as follows:

Los Angeles Project

The real estate development project in Los Angeles, the U.S. of the Group is located in the core of Los Angeles near landmark buildings such 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. The project covers a total land area of approximately 18,662 square meters ("**sqm**") with a gross floor area of approximately 138,249 sqm. It is planned to be developed into a large scale mixed use urban commercial complex with three upscale condominiums, a luxury five-star hotel under the "Park Hyatt" brand, which is the topnotch 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 were completed. Curtain wall installation works for the main structures were completed. Over 85% of electrical and mechanical work was completed so far; and over 60% of interior drywalls in buildings 2 and 3 were installed. Under the tremendous impact of the global COVID-19 pandemic and the changes in the macro-economic environment, the difference between the fair value and the carrying amount of the Los Angeles Project as of 31 December 2020 was assessed to be HK$280.5 million, and provision was made and recorded in the income statement accordingly. As at 31 December 2020, total funds invested in the project were approximately US$1,166.4 million (equivalent to approximately HK$9,042.6 million).

New York Project

The Group's real estate development project in New York involves two parcels of land situated in the core area of the Seaport District, Lower Manhattan, the U.S., and are adjacent to the East River and close to the famous Brooklyn Bridge on its east, looking toward New York Harbor and the Statue of Liberty on its south, facing the World Trade Center on its west and overlooking the skyline of the whole Manhattan Island on its north. With a land area of approximately 1,367 sqm and a development area of 75,975 sqm, the site is well-positioned for hotel and residential development. Certification has been obtained from the City Planning Commission of the City of New York in respect of the project, which is planned to be developed into a mixed use building comprising a high-end hotel and residential units. The project is currently at the stage of preliminary planning. As at 31 December 2020, total funds invested in the project were approximately US$408.3 million (equivalent to approximately HK$3,165.4 million).

Hawaii Projects

In 2020, the tourism industry in Hawaii was severely affected by the COVID-19 pandemic, with both the number of visitors and the amount of visitor spending recorded a decrease of approximately 70% year-on-year, indicating exposure to impairment risk of the Group's land for hotel use located at popular tourist areas on Oahu Island in Hawaii. In order to reflect the true and accurate asset value of the land as at 31 December 2020, the valuer estimated the assessed value of the three parcels of land based on the market approach with reference to the transactions and costs of surrounding areas. The difference between the assessed value and the carrying amount was approximately HK$337.3 million, and provision was made and recorded in the income statement accordingly.

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 at 31 December 2020, total funds invested in the project were approximately US$218.6 million (equivalent to approximately HK$1,694.7 million).

Ko Olina No. 1 Land

The Group's Ko Olina No. 1 Land Real Estate Development Project is located at three parcels of land 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 will comprise approximately 800 guestrooms, an aquarium, restaurants, bars, spas, gyms, conference facilities, outdoor pools and bars, etc. There will 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 at 31 December 2020, total funds invested in the project were approximately US$306.7 million (equivalent to approximately HK$2,377.7 million).

Kapolei

The Group's Kapolei Real Estate Development Project is located at several parcels of land on Oahu Island in Hawaii, the U.S. with an area of approximately 2.05 million sqm. These parcels of land are adjacent to the abovementioned land parcels in Ko Olina District on Oahu Island and can create synergies and enhance brand values. The land is planned to be used for the construction of commercial and residential properties as well as community facilities. The project is currently at the stage of preliminary planning. As at 31 December 2020, total funds invested in the project were approximately US$125.2 million (equivalent to approximately HK$970.6 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 with a local state-owned power grid company, PT Perusahaan Listrik Negara (Persero). The structural construction for the Medan Project is basically completed and the project is currently at the installation stage. As at 31 December 2020, total funds invested in the Medan Project were approximately US$364.5 million (equivalent to approximately HK$2,825.8 million).

Financial investment and others

As the stock market continued to be volatile, most of the bonds and other investments were disposed of by the Group during previous years. As set out in Note 11(b) to consolidated financial statements in this announcement, the shares of China Huiyuan Juice Group Limited ("**Huiyuan Juice**") held by the Group during the year were delisted in January 2021 and thus the Group has directly accounted for the difference between the relevant fair value and book value loss in equity of HK$96.6 million.

OUTLOOK

The sudden outbreak of COVID-19 has caused a huge impact on the global political and economic environment, and China Oceanwide Holdings has encountered unprecedented difficulties. Facing the complicated and ever-changing development environment both at home and abroad as well as the uncertainties of economic downturn, the management of China Oceanwide Holdings will pay close attention to the development of the pandemic, and also the impact of the changes in the PRC's macro-economy and policies as well as the global economic and political environment and market environment and competitive landscape on the Group. We will work hard together, overcome difficulties and forge ahead, continue to consolidate its operating strategies and streamline its asset management policy, so as to maintain the sustainable long-term growth of the Group. The management will focus primarily on liquidity management and take the maintenance of sufficient capital reserve as our first priority. Funds will be raised through disposal of non-core businesses, shareholder or third party loans, debt and equity financing alternatives as well as various refinancing. We will adjust the development progress of various projects, optimize capital structure and management of projects in order to fully control various capital and operation risks that come with business growth. Meanwhile, we will place further efforts on project operation and management, and strictly control capital expenditures and various costs.

In relation to the termination of the construction contract by the general contractor currently faced by the Los Angeles Project and the ongoing legal proceedings, the Company has engaged lawyers to defend in the relevant legal proceedings, and worked closely with the official solicitors in the U.S. and Hong Kong. In addition, the Group is making continuous efforts to explore opportunities to resolve the matter by other means, including borrowing construction loans, seeking support from the intermediate holding company to obtain funds to pay the general contractor. In particular, the Group is in the process of negotiating with potential lenders regarding construction loans. If construction loans are successfully obtained, part of the loans will be used for the settlement of the amount due under the parent's guarantee. The Group is also committed to facilitating the progress of due diligence of the construction loans, while negotiating with a potential new general contractor on the matters of engagement with a view to completing the Los Angeles Project soon.

On the premise of capital adequacy, the Group will continue to be cautious and will extensively identify investment and business development opportunities for efficient and stable growth. The Group will also actively seek opportunities and make effective use of its available resources and viable business opportunities to seek development and optimize its asset allocation, and timely dispose of unprofitable assets in exchange for more profitable business in the short term, with an aim to improve profitability and lay a solid foundation for its future development.

With the long-term development plan and leveraging on Oceanwide Holdings' experienced management team, the Group will strive to develop each of its existing core projects and believe that with the implementation of stringent cost and risk control, China Oceanwide Holdings will be able to strengthen its financial position by improving its operational flexibility to mitigate the adverse impact on its business operations arising from the COVID-19 pandemic and global economic recession.

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.

HAN Xiaosheng
Chairman
Hong Kong, 31 March 2021

BUSINESS REVIEW

The Group has developed into a conglomerate with synergetic development in four major segments, namely "Property Investment", "Real Estate Development", "Energy" and "Finance Investment and Others", forming a sound business development strategy. The management actively procured financing through various financing channels according to its capital requirements. All segments have taken shape. However, in 2020, under the volatility of the global economy and the unprecedented COVID-19 pandemic, all business segments of the Group were affected to different extent. For property investment, some tenants of the two properties in Shanghai who were affected by the COVID-19 pandemic were offered rent concessions as advised by the PRC government, which was offset by the increase in occupancy rate. In respect of real estate development, land used for hotel and residential development on Oahu Island in Hawaii have incurred impairment of HK$337.3 million after assessment due to the impact of the COVID-19 pandemic to the local tourism industry, while the construction progress of the real estate development project in Los Angeles, the U.S. was affected as the macro-economic performance was affected by the COVID-19 last year, coupled with the arbitration between the general contractor and the Group and its decision to terminate the construction contract, resulting in provision for impairment of approximately HK$280.5 million and uncapitalized interest of approximately HK$184.4 million. In respect of financing investment, exchange losses of approximately HK$42.7 million were incurred from borrowings denominated in RMB due to the RMB appreciation. While preserving business development and exploring new revenue stream, the Group will continue to follow prudent financial management principles, maintain sound liquidity and implement cost control on capital expenditure and operating expenses. The Group will also actively seek opportunities to optimize its asset portfolio and dispose of non-profitable assets in due course in return for more profitable business in the short term, so as to enhance profitability and increase shareholders' return.

Property Investment

In 2020, revenue generated from the two office and commercial properties in Shanghai under the property investment segment amounted to HK$93.7 million (2019: HK$88.5 million). Earnings before interest expense and tax ("**EBIT**") was HK$73.0 million, representing an increase of 9% from HK$67.0 million for the corresponding period of 2019. The increase in both revenue and EBIT was mainly attributable to the increase in occupancy rates. As at 31 December 2020, the average occupancy rate of these two properties was approximately 95%. In view of the continual influx of new supplies in the central business district of Puxi, Shanghai, although the PRC economy is expected to continue to recover, it is still subject to the pandemic and the progress of vaccine development. It is expected that the performance of the property investment segment is expected to remain under pressure. The management will cope with challenges in the market and strive to maintain the occupancy rates by adjusting rent-free periods and raising agency commissions.

Real estate development

With the unique and strategic foresights of the management, the real estate development segment has acquired several quality projects in the U.S. in the early stage and is now in possession of over 2.24 million sqm of land in prime locations of various major cities in the U.S. for development. The total asset value of the Group's projects in the U.S. has reached HK$20,193.9 million with a total investment of US$2,225.2 million (equivalent to HK$17,251.1 million). A brief description of each project is set out in the following table:

Project name	**Site area**	**Fund invested as at 31 December 2020**	**Current project status**	**Project development**
	(sqm)	*(US$' million)*		
Los Angeles Project	18,662	1,166.4	Construction works for all main structures were completed; 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 buildings 2 and 3 were installed.	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.
New York Project	1,367	408.3	At the stage of preliminary planning.	A mixed use complex comprising high-end hotel and residential units
Hawaii Ko Olina No. 2 Land Project	70,000	218.6	At the stage of preliminary planning.	Two luxury branded hotels and residential condominiums
Hawaii Ko Olina No. 1 Land Project	106,311	306.7	At the stage of preliminary planning.	An international luxury resort under the "Atlantis" brand with luxury residences and a hotel
Hawaii Kapolei Project	2,045,481	125.2	At the stage of preliminary planning.	Commercial, residential properties and community facilities

As the above projects are currently not in operation and are still in the preliminary stage of development, loss before interest expense and tax ("**LBIT**") of the real estate development segment amounted to HK$706.3 million (2019: HK$74.7 million). The increase in losses was mainly due to the provision for impairment of HK$337.3 million incurred by one Hawaii Project with reference to the market approach and the provision for impairment of approximately HK$280.5 million for the Los Angeles Project. In the impairment testing at the end of 2020, the Company used the same method as in previous years to evaluate all real estate development projects, and the recoverable amount of each business asset group was determined based on the market approach and the present value of estimated future cash flows. In particular, the New York Project has not been impaired by reference to the market approach. However, Hawaii is severely affected by the COVID-19 pandemic, with both the number of visitors and the amount of visitor spending recorded a decrease of approximately 70% year-on-year, and the retail industry shrank while unemployment rate increased. Given that the economic system which relies on the tourism industry can hardly recover in short term, the Group's land for hotel use located at popular tourist areas on Oahu Island in Hawaii is exposed to impairment risk. In order to reflect the true and accurate asset value of the land as at 31 December 2020, the valuer estimated the assessed value of the Hawaii land based on the market approach with reference to the transactions and costs of surrounding areas. The difference between the assessed value and the carrying amount was approximately HK$337.3 million, and provision for impairment was made and recorded in the income statement accordingly. Meanwhile, due to termination of construction contract by the general contractor in September 2020, the expected completion date of the Los Angeles Project in the cash flow model is delayed. In addition, the discount rate adopted in the model is increased after considering the changes in the macro-economic environment, a provision for impairment of HK$280.5 million was calculated accordingly. The project suspension also resulted in an uncapitalised interest of approximately HK$184.4 million. Excluding the impairment losses of the Hawaii and Los Angeles Projects, LBIT increased to HK$88.5 million in 2020 as compared with HK$74.7 million in the corresponding period of 2019. The increase in losses was mainly due to the fact that certain expenses of the Los Angeles Project could not be capitalized during suspension.

Energy

In 2015, the Group acquired projects to develop 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 has entered into a power purchase agreement with a local state-owned power grid company, PT Perusahaan Listrik Negara (Persero). The structural construction for the Medan Project is basically completed and the project is now at the installation stage. Upon commencement of operation, the Medan Project is expected to contribute a stable revenue stream to the Group. As at 31 December 2020, total funds invested in the Medan Project were approximately US$364.5 million (equivalent to approximately HK$2,825.8 million).

As the Medan Project is currently at the stage of installation works, LBIT of the energy segment for the year was HK$42.4 million (2019: HK$34.8 million). The increase in LBIT was mainly attributable to the increase in provision for expected credit losses on amounts due from non-controlling shareholders of the Medan Project of approximately HK$9.8 million due to increase in forward looking rate and expected delay in loan repayment.

Financial investments and others

In 2020, revenue from the finance investment and others segment was HK$6.3 million, representing a decrease of 74% as compared to HK$24.6 million in 2019. LBIT for the year was HK$68.6 million (2019: HK$5.4 million). The increase in losses was mainly due to the exchange losses of approximately HK$43.0 million arising from RMB denominated loans as a result of RMB appreciation. Excluding other net losses for 2020 and other net gains for 2019, LBIT was HK$27.1 million (2019: HK$21.8 million). The increase in losses was mainly due to the decrease in dividend and interest income, which was partially offset by the decrease in operating expenses due to the strict cost control of the segment.

As at 31 December 2020, the fair value of the Group's listed equity securities was HK$2.4 million (31 December 2019: fair value of non-publicly traded listed equity securities amounted to HK$96.6 million). The decrease was mainly due to the losses of HK$96.6 million arising from the difference between the fair value and the carrying amount of the Group's shares in Huiyuan Juice held during the year, which was delisted in January 2021, was directly accounted for in equity.

FUTURE DEVELOPMENT STRATEGY OF THE GROUP

Looking ahead, the Group will gradually carry out asset optimization. On the premise of capital adequacy, the Group will continue to be cautious and will extensively identify investment and business development opportunities for efficient and stable growth. The Group will also actively seek opportunities to optimize its asset allocation, and timely dispose of unprofitable or low-return assets in exchange for more profitable business in the short term, with an aim to improve profitability and lay a solid foundation for its future development.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	3	**99,996**	113,027
Cost of sales		**(9,437)**	(9,258)
Gross profit		**90,559**	103,769
Other net (losses)/gains	4(a)	**(670,390)**	16,437
Selling and distribution costs		**(2,744)**	(5,268)
Administrative expenses		**(161,744)**	(162,804)
Operating loss		**(744,319)**	(47,866)
Interest expense		**(188,496)**	(6,066)
Loss before tax	4	**(932,815)**	(53,932)
Income tax expense	5	**(4,919)**	(17,962)
Loss for the year		**(937,734)**	(71,894)
Loss attributable to:			
— Shareholders of the Company		**(926,596)**	(58,044)
— Non-controlling interests		**(11,138)**	(13,850)
		(937,734)	(71,894)
Basic and diluted loss per share attributable to shareholders of the Company	7	**HK(5.74) cent**	HK(0.36) cent

Details of final dividend are set out in Note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(937,734)**	(71,894)
Other comprehensive (expenses)/income:		
Items that may be reclassified subsequently to profit or loss:		
Translating financial statements of foreign operations:		
— Gains/(losses) taken to reserves	**8,497**	(79,891)
Debt investments at fair value through other comprehensive income:		
— Net valuation gains taken to reserves	**—**	1,357
— Net gains of financial assets at fair value through other comprehensive income previously recognised in reserves reclassified to consolidated income statement upon disposal	**—**	(4,128)
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income:		
— Net valuation losses taken to reserves	**(97,092)**	(104,309)
Other comprehensive expenses for the year, net of tax#	**(88,595)**	(186,971)
Total comprehensive expenses for the year	**(1,026,329)**	(258,865)
Total comprehensive expenses attributable to:		
— Shareholders of the Company	**(1,006,708)**	(239,415)
— Non-controlling interests	**(19,621)**	(19,450)
	(1,026,329)	(258,865)

There was no tax effect on each component of the other comprehensive (expenses)/income for the years ended 31 December 2020 and 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Properties, plant and equipment		**2,857,400**	2,846,078
Investment properties		**5,508,739**	5,127,122
Right-of-use assets		**47,885**	63,697
Financial assets at fair value through other comprehensive income		**2,409**	96,647
Deposits, prepayments and other receivables		**610,241**	786,201
Deferred income tax assets		**32,156**	11,995
		9,058,830	8,931,740
Current assets			
Properties under development		**15,829,178**	15,690,742
Trade receivables	*8*	**5,247**	50
Deposits, prepayments and other receivables		**82,386**	103,243
Restricted cash		**118,354**	117,889
Cash and cash equivalents		**35,235**	70,401
		16,070,400	15,982,325
Total assets		**25,129,230**	24,914,065
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**1,614,265**	1,614,265
Reserves		**7,514,990**	8,518,618
		9,129,255	10,132,883
Non-controlling interests		**399,801**	419,422
Total equity		**9,529,056**	10,552,305

	2020	2019
	HK$'000	*HK$'000*
LIABILITIES		
Non-current liabilities		
Borrowings	**1,015,271**	3,753,133
Lease liabilities	**41,464**	44,706
Amount due to an intermediate holding company	**6,579,626**	6,805,367
Deferred income tax liabilities	**302,601**	275,534
	7,938,962	10,878,740
Current liabilities		
Deposits received, other payables and accruals	**2,022,712**	1,812,572
Borrowings	**5,575,632**	1,609,932
Lease liabilities	**30,937**	38,125
Current income tax liabilities	**31,931**	22,391
	7,661,212	3,483,020
Total liabilities	**15,600,174**	14,361,760
Total equity and liabilities	**25,129,230**	24,914,065

Notes:

1 APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

(a) Adoption of new/revised HKFRSs — effective on 1 January 2020

The Group has adopted all new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are effective for annual periods beginning on 1 January 2020. The adoption of these new and revised standards, amendments and interpretations does not have any significant impact on the Group's accounting policies.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendment to HKFRS 17	Insurance Contracts[1 and 5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2021.

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2 BASIS OF PREPARATION

(a) Statement of compliance and basis of measurement

The consolidated financial statements of the Company have been prepared in accordance with all applicable HKFRS, issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties and financial assets at fair value through other comprehensive income, which are carried at fair value at subsequent reporting date.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the directors of the Company to exercise its judgement in the process of applying the Group's accounting policies. The areas involving 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.

(b) Going concern

For the year ended 31 December 2020, the Group incurred a net loss attributable to the shareholders of the Company of HK$926,596,000 (2019: HK$58,044,000) and a net operating cash outflow of HK$311,009,000 (2019: HK$448,900,000) and as of that date, the Group had properties under development of HK$15,829,178,000 (2019: HK$15,690,742,000) which were classified as current assets while expected to be completed and recovered after one year from the end of reporting period. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by HK$7,419,990,000 (2019: HK$3,191,437,000) as at 31 December 2020. Further, the Group had bank and other borrowings and other payables (comprising deposits received, other payables and accruals) of HK$5,575,632,000 (2019: HK$1,609,932,000) and HK$1,693,015,000 (2019: HK$1,367,623,000), respectively which will fall due within twelve months of the date of the consolidated financial statements. In addition, the Group's businesses in real estate development in the U.S. and energy sector in the Indonesia are capital intensive in nature and funding the continuous development of these businesses would require access to substantial capital in the foreseeable future and as at 31 December 2020, the Group had capital commitments contracted but not provided for amounting to HK$1,460,539,000 (2019: HK$3,664,310,000).

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 of the Company have taken careful consideration to the future liquidity, the Group's committed commitments and construction progress 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.

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

(i) On 2 September 2020, the Group has entered into a loan financing term sheet together with subsequent amendments to the term sheet with a third party for a loan of approximately US$900.0 million (equivalent to approximately HK$6,977.3 million) for financing the completion of the Group's real estate development project in Los Angeles, the U.S. and paying off all current debts to the creditors for the project ("**Project Financing Plan**");

(ii) On 22 March 2021, the Group obtained a letter of undertaking for provision of financial support to the Company from Oceanwide Holdings, whereby Oceanwide Holdings agrees to provide sufficient funds to the Group so that the Group will be able to meet all financial obligations as they fall due in the coming twelve months from the date of the consolidated financial statements (the "**Financing Support**"); and

(iii) On 29 March 2021, the Group entered into a memorandum of understanding with a third party to dispose of the Group's three Hawaii property projects ("**Projects Disposal**").

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, including but not limited to, the following:

(i) For the loans which will be matured within twelve months after the end of the reporting period, the Group has been in active convincing lenders for a debt restructuring of the Group's existing outstanding borrowings including interest 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 (the "**Debt Restructuring Plan**"); and

(ii) Together with the Financing Support and Project Financing Plan, the Group is ongoing to seek additional bank and other borrowings from the banks, independent financial institutions and other counterparties 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 (collectively, the "**Financing Plan**").

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 2020. 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 2020. 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 finalisation and execution of the Projects Disposal;

(ii) Successful execution of the Debt Restructuring Plan and Financing Plan in refinancing and renewing existing borrowings and in obtaining of new and additional sources of funding as and when needed; and

(iii) Successful generation of operating cash flows and obtaining additional sources of financing by the Group, other than those mentioned above, 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 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.

3 REVENUE AND SEGMENT INFORMATION

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

	2020	2019
	HK$'000	*HK$'000*
Rental income from investment properties	**93,686**	88,459
Interest income	**6,139**	22,164
Dividend income received from financial assets at fair value through profit or loss and other comprehensive income	**171**	2,404
	99,996	113,027

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.

Segment information:

	Year ended 31 December 2020				
	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	93,686	—	—	6,310	99,996
Segment results before other net losses	74,263	(88,507)	(32,565)	(27,120)	(73,929)
Other net losses *(Note 4(a))*	(1,301)	(617,779)	(9,839)	(41,471)	(670,390)
EBIT/(LBIT)	72,962	(706,286)	(42,404)	(68,591)	(744,319)
Interest expense	—	(186,601)	(1,413)	(482)	(188,496)
Loss before tax	72,962	(892,887)	(43,817)	(69,073)	(932,815)
Income tax expense					(4,919)
Loss for the year					(937,734)
Segment assets	1,453,337	20,161,726	3,455,969	26,042	25,097,074
Deferred income tax assets	—	32,156	—	—	32,156
Total assets					25,129,230
Segment liabilities	99,287	1,733,812	204,203	57,811	2,095,113
Borrowings	1,146,239	3,440,444	712,920	1,291,300	6,590,903
Amount due to an intermediate holding company	383,241	5,022,249	—	1,174,136	6,579,626
Current income tax liabilities	25,995	5,936	—	—	31,931
Deferred income tax liabilities	301,314	1,287	—	—	302,601
Total liabilities					15,600,174
Depreciation of properties, plant and equipment	2,845	1,922	971	208	5,946
Depreciation of right-of-use assets	2,167	6,382	5,917	8,009	22,475
Additions to non-current segment assets *(Note)*	14,605	324,778	10,349	153	349,885

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.

	Year ended 31 December 2019				
	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	88,459	—	—	24,568	113,027
Segment results before other net gains	66,952	(74,650)	(34,757)	(21,848)	(64,303)
Other net gains *(Note 4(a))*	—	—	—	16,437	16,437
EBIT/(LBIT)	66,952	(74,650)	(34,757)	(5,411)	(47,866)
Interest expense	—	(2,360)	(1,834)	(1,872)	(6,066)
Loss before tax	66,952	(77,010)	(36,591)	(7,283)	(53,932)
Income tax expense					(17,962)
Loss for the year					(71,894)
Segment assets	1,344,331	19,747,580	3,477,187	332,972	24,902,070
Deferred income tax assets	—	11,995	—	—	11,995
Total assets					24,914,065
Segment liabilities	89,654	1,576,684	187,026	42,039	1,895,403
Borrowings	1,080,153	3,413,051	—	869,861	5,363,065
Amount due to an intermediate holding company	375,615	4,820,453	—	1,609,299	6,805,367
Current income tax liabilities	22,391	—	—	—	22,391
Deferred income tax liabilities	271,722	3,812	—	—	275,534
Total liabilities					14,361,760
Depreciation of properties, plant and equipment	584	2,634	1,055	264	4,537
Depreciation of right-of-use assets	839	6,190	6,064	8,010	21,103
Additions to non-current segment assets *(Note)*	10,808	746,523	17,145	120	774,596

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.

Geographical information:

The Group operates primarily in Hong Kong, the PRC, the U.S. and Indonesia. The geographical segment revenue is presented based on the geographical location of the rental, interest and dividend income.

Revenue and assets by geographical location are as follows:

	U.S.	**Indonesia**	**PRC**	**Hong Kong**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
31 December 2020	**45**	**17**	**94,108**	**5,826**	**99,996**
31 December 2019	1,311	11,117	88,756	11,843	113,027
Total assets					
31 December 2020	**20,193,882**	**3,452,648**	**1,453,159**	**29,541**	**25,129,230**
31 December 2019	19,759,575	3,476,464	1,315,726	362,300	24,914,065

Information about major customers:

Revenue of approximately HK$34.3 million (2019: approximately HK$19.3 million) is derived from two external customers (2019: HK$19.3 million from one external customer), which individually amounted to 10% or more of the Group's revenue (excluding interest income and dividend income). This revenue is attributable to the property investment segment and derived from the PRC.

4 LOSS BEFORE TAX

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

	2020 HK$'000	2019 HK$'000
Crediting		
Fair value gains on revaluation of non-publicly traded fund investments classified as financial assets at fair value through profit or loss *(Note (a))*	—	3,270
Net realised gains on disposal of listed debt securities classified as financial asset through other comprehensive income *(Note (a))*	—	4,128
Net gains on repurchase and cancellation of convertible notes *(Note (a))*	**775**	—
Reversal of expected credit losses ("**ECLs**") on notes receivable *(Note (a))*	**431**	—
Net foreign exchange gains *(Note (a))*	—	10,197
Rental income from investment properties	**93,686**	88,459
Charging		
Impairment losses on properties under development *(Note (a))*	**617,779**	—
ECLs on trade receivables *(Note (a))*	**1,301**	—
ECLs on notes receivable *(Note (a))*	—	431
ECLs on loan and interest receivables *(Note (a))*	**9,839**	—
Net realised losses on disposal of non-publicly traded fund investments classified as financial assets at fair value through profit or loss *(Note (a))*	—	727
Staff costs (including directors' emoluments) *(Note (b))*	**63,315**	66,327
Depreciation of properties, plant and equipment *(Note (c))*	**5,946**	4,537
Depreciation of right-of-use assets *(Note (d))*	**22,475**	21,103
Operating lease charges in respect of properties not included in the measurement of lease liabilities *(Note (e))*	**2,541**	2,273
Auditor's remuneration		
Audit and audit related services	**3,504**	4,284
Non-audit services	**90**	76
Net foreign exchange losses *(Note (a))*	**42,677**	—
Direct operating expenses arising from investment properties that generated rental income	**7,476**	9,258

Notes:

(a) Other net losses of HK$670,390,000 for the year ended 31 December 2020 represented (i) the impairment losses on properties under development of HK$617,779,000; (ii) ECLs on loan and interest receivables of HK$9,839,000; (iii) ECLs on trade receivables of HK$1,301,000; (iv) the net foreign exchange losses of HK$42,677,000; net of (v) net gains on repurchase and cancellation of convertible notes of HK$775,000; and (vi) reversal of ECLs on notes receivable of HK$431,000.

Other net gains of HK$16,437,000 for the year ended 31 December 2019 represented (i) the net foreign exchange gains of HK$10,197,000; (ii) the net fair value gains on revaluation of non-publicly traded fund investments classified as financial assets at fair value through profit or loss of HK$3,270,000; (iii) the net realised gains on disposal of listed debt securities classified as financial assets at fair value through other comprehensive income of HK$4,128,000; offset by (iv) the net realised losses on disposal of non-publicly traded fund investments classified as financial assets at fair value through profit or loss of HK$727,000; and (v) the ECLs on notes receivable of HK$431,000.

(b) For the year ended 31 December 2020, staff costs amounting to HK$3,486,000 (2019: HK$15,503,000) and HK$2,006,000 (2019: HK$8,657,000) were capitalised into properties under development and investment properties respectively. A government subsidiary of HK$1,404,000 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 ended 31 December 2020.

(c) For the year ended 31 December 2020, depreciation charges amounting to HK$287,000 (2019: HK$618,000) and HK$165,000 (2019: HK$352,000) were capitalised into properties under development and investment properties respectively.

(d) For the year ended 31 December 2020, depreciation of right-of-use assets amounting to HK$2,416,000 (2019: HK$2,672,000) and HK$1,376,000 (2019: HK$1,523,000) were capitalised into properties under development and investment properties respectively.

(e) For the year ended 31 December 2020, operating lease charges amounting to HK$423,000 (2019: HK$3,631,000) and HK$243,000 (2019: HK$2,069,000) were capitalised into properties under development and investment properties respectively.

5 INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
— Charge for the year	**16,393**	6,583
Deferred income tax charge		
— (Credit)/charge for the year	**(11,474)**	7,055
— Write-off of deferred income tax assets	**—**	4,324
	4,919	17,962

The Group's subsidiaries in the PRC are subject to Enterprise Income Tax at a standard rate of 25% for the year ended 31 December 2020 (2019: 25%).

The Group's subsidiaries in the Hungary are subject to Corporate Income Tax at a standard rate of 9% for the year ended 31 December 2020 (2019: nil).

No U.S. Federal or State Income Tax was provided for the years ended 31 December 2020 and 2019 as the Group had no estimated assessable profits.

For the years ended 31 December 2020 and 2019, no Hong Kong profits tax was provided as the Group had no estimated assessable profits.

6 DIVIDEND

The directors of the Company do not recommend the payment of a final dividend in respect of the year ended 31 December 2020 (2019: nil).

7 BASIC AND DILUTED LOSS PER SHARE

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

	2020	2019
Weighted average number of ordinary shares in issue	**16,142,653,060**	16,142,653,060
Loss attributable to shareholders of the Company *(HK$'000)*	**(926,596)**	(58,044)
Basic loss per share attributable to shareholders of the Company *(HK cent per share)*	**(5.74)**	(0.36)

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.

	2020	2019
Loss attributable to shareholders of the Company *(HK$'000)*	**(926,596)**	(58,044)
Weighted average number of ordinary shares in issue	**16,142,653,060**	16,142,653,060
Effect of dilutive potential ordinary shares – convertible notes	**836,912,183**	845,070,422
Weighted average number of ordinary shares for diluted loss per share	**16,979,565,243**	16,987,723,482

No adjustment has been made to basic loss per share presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the impact of convertible notes outstanding had an anti-dilutive effect on the basic loss per share.

8 TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**6,548**	50
Less: allowance for credit losses	**(1,301)**	—
	5,247	50

At 31 December 2020 and 2019, trade receivables represent rental receivables for which no credit terms have been granted. The aging analysis of trade receivables, net of provision and based on the date of invoices at 31 December 2020 and 2019 is as follows:

	2020	2019
	HK$'000	*HK$'000*
0-30 days	**2,231**	50
31-60 days	**2,216**	—
61-90 days	**467**	—
Over 90 days	**333**	—
	5,247	50

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 2020, except for debtors with significant outstanding balances, which are assessed for impairment individually and HK$1,301,000 ECL (2019: nil) 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.

9 PLEDGE OF ASSETS

As at 31 December 2020 and 2019, certain assets of the Group were pledged to secure borrowings of the Group as follows:

	2020	2019
	HK$'000	*HK$'000*
Pledged bank deposits	**118,272**	117,830
Properties under development	**15,829,178**	15,690,742
Properties, plant and equipment	**14,449**	6,668
Right-of-use assets	**5,427**	2,150
Investment properties	**5,508,739**	5,127,122
	21,476,065	20,944,512

Save as the pledged assets disclosed above, the issued shares of 20 (2019: 20) subsidiaries of the Company were also pledged to secure borrowings of the Group as at 31 December 2020.

10 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES

There were disputes between the Group and certain contractors relating to the Group's real estate development project in Los Angeles, the U.S..

On 31 January 2019 (Los Angeles ("**LA**"), the U.S. time), a subcontractor (the "**Subcontractor**") of the Group's real estate project in LA (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 "**Court**") to foreclose on a mechanic's lien (the "**First Lien**") for approximately US$52.9 million (equivalent to approximately HK$410.1 million) recorded on the LA Project's title.

On 19 February 2019 (LA time), the Subcontractor recorded an amended lien, the second lien, for approximately US$49.4 million (equivalent to approximately HK$383.0 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$467.5 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 Court denied, and which Oceanwide Plaza and the General Contractor have appealed. The appeal is pending.

Oceanwide Plaza is, on the one hand, preparing a vigorous defense 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 2020, 36 contractors had recorded mechanic's liens for approximately US$364.3 million (equivalent to approximately HK$2,824.3 million) in total. 30 of the foregoing 36 contractors who had recorded mechanic's liens, alongside another contractor who had released its lien but not yet dismissed its lawsuit, were suing Oceanwide Plaza to foreclose on their mechanic's liens for an aggregate claim amount of approximately US$348.2 million (equivalent to approximately HK$2,699.5 million). Both of these amounts, however, include the General Contractor's lien of approximately US$218.8 million (equivalent to approximately HK$1,696.3 million).

Of the 31 contractors suing Oceanwide Plaza:

(i) 29 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$339.8 million (equivalent to approximately HK$2,634.3 million);

(ii) 1, as a subcontractor of the Subcontractor, claimed approximately US$8.3 million (equivalent to approximately HK$64.3 million) for work done, and its lawsuit, to which Oceanwide Plaza had not had to respond, is largely controlled by what happens in the Subcontractor's lawsuit; and

(iii) as already indicated above, 1 released its lien for approximately US$62,000 (equivalent to approximately HK$0.5 million) in 2020 but had not yet dismissed its lawsuit by the end of the year.

Also, as of 31 December 2020, of the 36 contractors that had recorded mechanic's liens, 6 had not sued to foreclose on their liens.

In addition, an Oceanwide Plaza vendor sued in 2020 for an alleged unpaid balance of approximately US$93,000 (equivalent to approximately HK$0.7 million). It does not have mechanic's lien rights.

Oceanwide Plaza's likely maximum lawsuit liability consists of (i) the General Contractor's lien foreclosure lawsuit of approximately US$218.8 million (equivalent to approximately HK$1,696.3 million), (ii) a lien foreclosure lawsuit by a direct contractor for approximately US$0.9 million (equivalent to approximately HK$7.0 million), (iii) 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), and (iv) the vendor's lawsuit for approximately US$93,000 (equivalent to approximately HK$0.7 million), totalling approximately US$220.3 million (equivalent to approximately HK$1,707.9 million).

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 Los Angeles under the Fast Track Rules of the American Arbitration Association (the "**AAA**"), (ii) the Company waives all defenses, 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$298.0 million).

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$298.0 million) plus attorneys' fees, costs, and interest. California law requires a contractor prove 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$298.0 million) plus attorneys' fees, costs, and 10% interest on 24 November 2020 (LA time).

On 24 November 2020 (LA time), the General Contractor filed in federal court in Los Angeles to confirm the award, and on 10 December 2020 (LA time), the Company filed a motion to vacate the award. Hearing is set for 3 May 2021 (LA time). The federal court will likely either send the parties back to arbitration or confirm the award. If the award is confirmed, the General Contractor will attempt to enforce the award in Hong Kong, so in 2020, the Company engaged lawyers in Hong Kong to prepare a defense.

The US$38,440,000 (equivalent to approximately HK$298.0 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. In 2020, the Company made continuous efforts to secure funding to settle and pay the claims of the General Contractor, subcontractors, and direct contractors, which would also satisfy Oceanwide Plaza's obligation under the Parent Guarantee.

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 and 16 October 2020, as well as Note 11(a) to the consolidated financial statements in this announcement.

The directors of the Company 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 Hong Kong Accounting Standard 37 Provisions, Contingent Liabilities and Contingent, in order not to prejudice the outcomes of the proceedings and the interests of the Group, we have 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.

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. The directors of the Company are of the view that the claims made by the counterparties are over-assessed and, as at 31 December 2020, based on the best estimate, an aggregate amount of approximately HK$1,239,014,000 (2019: HK$1,059,154,000) has been accrued for the expenditures and liens matters in respect of the Group's real estate development project in Los Angeles, the U.S..

On 2 September 2020, the Group has entered into a loan financing term sheet together with subsequent amendments to the term sheet with a third party for a loan of approximately US$900.0 million (equivalent to HK$6,977.3 million) for financing the completion of the Group's real estate development project in Los Angeles, U.S. and paying off all current debts to the creditors for the project, including the contractors. The directors of the Company are of the view that, subsequent to the payment to the contractors, the Group would settle the disputes with them and it is expected that such disputes are not expected to have a material impact on the consolidated financial statements.

11 EVENTS AFTER REPORTING PERIOD

Saved as disclosed elsewhere in this announcement, the Group had the following significant events after the reporting period:

(a) As of the date of this announcement, excluding the Subcontractor, 38 contractors have recorded mechanic's liens for US$364.5 million (equivalent to approximately HK$2,825.8 million) in total. 32 of the foregoing 38 contractors who have recorded mechanic's liens, alongside 2 other contractors who have released their liens but have not yet dismissed their lawsuits, are suing Oceanwide Plaza to foreclose on their mechanic's liens for an aggregate claim amount of approximately US$358.1 million (equivalent to approximately HK$2,776.2 million). Both of these amounts, however, include the General Contractor's lien of approximately US$218.8 million (equivalent to approximately HK$1,696.3 million). As at the date of this announcement, the remaining 6 contractors have not sued Oceanwide Plaza to foreclose their liens and Oceanwide Plaza's likely maximum lawsuit liability remains unchanged.

(b) Pursuant to the announcement issued by The Stock Exchange of Hong Kong Limited dated 14 January 2021, shares of Huiyuan Juice held by the Group during the year were delisted with effect from 18 January 2021.

(c) The outburst of COVID-19 has brought additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outburst is a fluid and challenging situation facing all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outburst and assess its impact on the financial position and operating results of the Group.

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 the liquidity structure, comprising assets, liabilities and commitments, of the Group 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 counterparties.

During the year ended 31 December 2020, 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, note receivables, lease liabilities, bank and 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, note 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 bank borrowings resulting in the exposure of cash flow interest rate risk to the Group. The management controls our 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 our exposure to interest rate risks.

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar ("**US$**"), Hong Kong Dollars ("**HK**$") and 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, note and interest receivables, certain other loans and amount due to an intermediate holding company denominated in US$. 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.

Market price risk

The Group's main market price risk exposures relate to its financial assets at fair value through profit or loss and through other comprehensive income, which mainly comprise equity securities. The Group closely monitors the price movement and changes in market conditions that may have an impact on the value of these financial assets.

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 2020, the other receivables of the Group were mainly (i) loans and interest receivables made to the non-controlling shareholder 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 2020, the Group's total unsecured and unrestricted cash, liquid funds and listed investments amounted to HK$37.6 million (2019: HK$70.4 million), 38.4%, 35.2% and 25.7% (2019: 24.8%, 65.2% and 9.6%) of which were denominated in US$, HK$ and RMB respectively, and the remainder were denominated in various other currencies.

As at 31 December 2020, the Group had bank and other loans (including convertible notes) of HK$6,590.9 million (2019: HK$5,363.1 million), of which HK$4,005.5 million (2019: HK$1,609.9 million) were fixed-rate borrowings repayable within one year; HK$1,570.1 million (31 December 2019: nil) were floating-rate borrowings repayable in one year, HK$302.4 million (2019: nil) were fixed-rate borrowings repayable in one to two years, nil (2019: HK$1,276 million) were floating-rate borrowings repayable in two to five years; and HK$712.9 million (2019: HK$2,477.2 million) were fixed-rate borrowings repayable in two to five years. As at 31 December 2020, the Group also had an amount due to an intermediate holding company of HK$6,579.6 million (2019: HK$6,805.4 million) which was fixed-rate borrowings repayable in one to two years. The Group's gearing ratio (being calculated as total borrowings divided by total equity) as at 31 December 2020 was 69.2% (2019: 50.8%).

The Group will also continue to seek additional bank and other borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures, and consider seeking other alternative financing, such as proceeds of disposal of assets, in order to improve the operating cash inflow of the Group. Meanwhile, the Group will also seek additional financial support from China Oceanwide Group Limited, an intermediate holding company, such as obtaining additional financial support, for any additional financial needs, if any.

Cash Flows

For the year ended 31 December 2020, net cash used in operating activities amounted to HK$311.0 million (2019: HK$448.9 million) and net cash generated from investing activities amounted to HK$73.7 million (2019: net cash used of HK$333.9 million). The increase in net cash generated from investing activities was mainly due to the cash received from the early redemption of the invested notes of HK$168.1 million in 2020. Net cash generated from financing activities during the year amounted to HK$201.5 million (2019: HK$217.5 million), which mainly included borrowings from banks.

Charges and contingent liabilities

The details of the pledged assets and contingent liabilities of the Group as at 31 December 2020 are set out in Notes 9 and 10 to the consolidated financial statements in this announcement respectively.

Apart from Notes 9 and 10, the Group had not created any other guarantee or other contingent liabilities during the years ended 31 December 2020 and 2019.

HUMAN RESOURCES

As at 31 December 2020, the Group employed 83 employees (2019: 86). Total staff remuneration costs (including the Directors' emoluments) for the year ended 31 December 2020 amounted to HK$68.8 million (2019: HK$90.5 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 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, 20 May 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 14 May 2021 to Thursday, 20 May 2021, 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 13 May 2021.

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

The Company has complied throughout the Year with all applicable code provisions ("**Code Provision(s)**") of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviations:

Code Provision A.2.1

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

From 1 January 2020 to 21 January 2020, Mr. HAN Xiaosheng performed the two roles of the Company's chief executive officer ("**CEO**") and chairman of the Board. With effect from 22 January 2020, he ceased to be CEO but remains as chairman of the Board while Mr. WU Chen was re-designated from deputy CEO to CEO.

With effect from 5 August 2020, Mr. WU Chen ceased to be CEO while Mr. HAN Xiaosheng resumed the role of CEO, thus assuming the dual roles of CEO and the chairman of the Board.

The Board believes that having the same individual in both roles as chairman of the Board 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.

Code Provision A.5.5(2)

Code Provision A.5.5(2) stipulates that where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders, among other things, if the proposed independent non-executive director will be holding his seventh (or more) listed company directorship, why the board believes the individual will still be able to devote sufficient time to the board.

The details as required under this Code Provision in respect of the re-election of Mr. LO Wa Kei Roy as the independent non-executive Director at the 2020 annual general meeting was not provided in a circular of the Company dated 29 April 2020 due to inadvertence. Such details had nevertheless been disclosed in a supplemental announcement of the Company dated 12 May 2020.

Code Provision E.1.2

Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

Due to other business engagements, Mr. HAN Xiaosheng, the executive Director, the chairman of the Board and the chairman of the nomination committee under the Board and Mr. YAN Fashan, the independent non-executive Director and the chairman of the remuneration committee under the Board, did not attend the annual general meeting (the "**2020 AGM**") of the Company held on 18 June 2020. Other independent non-executive Directors were present at the 2020 AGM to enable the Board to develop a balance understanding of the views of the Company's shareholders (the "**Shareholders**").

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.

CHANGE OF AUDITOR

BDO Limited ("**BDO**") resigned as auditor of the Company on 15 January 2021. On the same day, the Board, with the recommendation of the audit committee (the "**Audit Committee**") under the Board, appointed Yongtuo Fuson CPA Limited ("**Yongtuo Fuson**") as auditor of the Company to fill the casual vacancy following the resignation of BDO and to hold office until the conclusion of the next annual general meeting of the Company to be held on 20 May 2021.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Below is an extract of the report by Yongtuo Fuson, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2020.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the consolidated financial statements, which indicates that the Group incurred a net loss attributable to shareholders of the Company of HK$926,596,000 and a net operating cash outflow of HK$311,009,000 during the year ended 31 December 2020 and, as of that date, the Group had properties under development of HK$15,829,178,000 which were classified as current assets while expected to be completed and recovered after one year from the end of the reporting period. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by HK$7,419,990,000 as at 31 December 2020. Further, the Group had bank and other borrowings and other payables amounting to HK$5,575,632,000 and HK$1,693,015,000, respectively which will fall due within twelve months of the date of the consolidated financial statements. In addition, the Group's businesses in real estate development in the U.S. and energy sector in the Indonesia are capital intensive in nature and funding the continuous development of these businesses would require access to substantial capital in the foreseeable future and as at 31 December 2020, the Group had capital commitments contracted but not provided for amounting to HK$1,460,539,000. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee and audited by Yongtuo Fuson, the auditor of the Company.

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.

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 contained within this announcement are based on current plans, estimates 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 materialise or turn out to be incorrect.

By Order of the Board
China Oceanwide Holdings Limited
HAN Xiaosheng
Chairman

Hong Kong, 31 March 2021

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

Executive Directors:
Mr. HAN Xiaosheng *(Chairman)*
Mr. LIU Hongwei *(Deputy Chairman)*
Mr. LIU Bing
Mr. ZHANG Xifang
Mr. LIU Guosheng

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$7.7526 and conversions of RMB into HK$ are based on the exchange rate of RMB1.00 = HK$1.1882 for illustration purpose only. No representation is made that any amounts in US$, RMB or HK$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.

* *for identification purpose only*