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 2021 AND PROPOSED AMENDMENTS TO EXISTING BYE-LAWS AND ADOPTION OF NEW BYE-LAWS

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 2021 (the "**Year**").

CHAIRMAN'S STATEMENT

2021 was a challenging year for the Company. The unexpected outbreak of the novel coronavirus ("**COVID-19**") pandemic has brought a huge impact on the global economic structure in 2020. At the downturn of economy, together with lawsuits and the difficulty in financing, China Oceanwides Holding's real estate development projects in the United States of America (the "**U.S.**") were hindered, we had already decided to impair part of our assets in 2020. In 2021, the COVID-19 pandemic was gradually brought under control when the vaccination rate continued to trend up. However, the pandemic has prevailed due to the mutation of the virus, and the pandemic situation in Hong Kong and overseas continues to rebound with the wide spread of a new and highly transmissible variant called Omicron. All these have been acting to dampen the economic recovery. In China, since 2021, real estate developers in China are under strict supervision based on the Central Government's guiding principle of "housing estates are built for accommodation and not for investment or speculation". While real estate related bonds have been under pressure, developers with low credit ratings are also experiencing difficulty when issuing bonds. There are increasing defaults by a number by real estate developers, including Oceanwide Holdings Co., Ltd.* ("**Oceanwide Holdings**", the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000046)), the intermediate holding company of the Company. The Company faces liquidity pressure as financial institutions are cautious about providing refinancing to real estate developers. On top of the severe economy situation, China Oceanwide Holdings is also facing a number of complicated external challenges. On the one hand, China Oceanwide Holdings has been actively responding to the negative impact caused by the recurrent outbreak of the COVID-19 pandemic on the normal business order. On the other hand, attributing to the continuous strict supervision situation, coupled with certain structural issues accumulated in the early stage of the Company's development, the Group has encountered difficulties in matching cash flow in stages, which is expected to continue to put pressure on the Group's business. During the Year, certain projects in the U.S. and Indonesia were not completed as scheduled due to funding problems, resulting in a decrease in the expected recoverable amount, and it was decided that some projects in Hawaii would be disposed, aiming to reduce liabilities. Under the prudence principle, the Group has made impairment provision for some real estate development projects in the U.S. and power plant projects in Indonesia. In addition, the related interests and expenses have not been capitalized due to the fact that the work of the Los Angeles Project (the "**LA Project**") and other projects have not yet been resumed, resulting a significant loss suffered by the Group during the Year.

The Group is still facing difficulties in stages, and is required to continuously improve its business layout, operate and manage its core businesses flexibly and efficiently, and continuously expand its sustainable development. Going forward, the Group will strive to implement asset optimization and disposal, introduce strategic investors, continue to reduce leverage and liabilities, endeavor to strengthen core asset operation, resolve liquidity risks comprehensively, and handle major disputes, aiming to resolve key problems that restrict the development of the Group as soon as possible, and promote stable recovery and steady development of operations.

MACRO-ECONOMIC ENVIRONMENT

The major property projects of China Oceanwide Holdings are located in Mainland China and the U.S..

In 2021, the prevalence of the COVID-19 pandemic remained high worldwide. Omicron, a new coronavirus variant, began to spread widely in November 2021, resulting in the recurring outbreak of the pandemic in Hong Kong and overseas and this dampened the economic recovery, despite the economy was gradually recovering in the first half of the Year. The benchmark interest rate remained unchanged according to the Federal Reserve's interest rate meeting held in November 2021 and the interest rate hike expectations were clear, as evidenced by the increase in primary credit rate to 0.5 percent with effective on 17 March 2022, which sent a signal to shrink the balance sheet and gradually reduce the scale of asset purchases, thus gradually withdraw from quantitative easing measures by the middle of 2022. The rhythm was in line with the market expectations and the impact on the market were relatively limited. Commodity prices including crude oil continued to rise, leading to a continued rise in inflation. The U.S. stock market consolidated at a high level. Against the backdrop of the strengthening of the U.S.dollar ("**US$**" or "**USD**"), the exchange rate of the renminbi ("**RMB**") remained strong despite fluctuated slightly.

As for the U.S. real estate market, the home buying trend showed signs of slowdown for the first time after the first three quarters of 2021, but the property prices continue to rise. On the one hand, the soaring property prices have attracted more transaction between sellers and buyers; on the other hand, the existing low interest rate and the need to work from home caused by the pandemic have also stimulated the demand for property purchases. However, the U.S. real estate development projects of China Oceanwide Holdings have not yet reached the saleable level, therefore the market price of properties has little impact on China Oceanwide Holdings.

China Oceanwide Holdings holds commercial and office properties in Shanghai, China for rental income during the Year. Affected by factors such as the pandemic and economic uncertainty, the overall demand in the office leasing market was slightly weak, and the leasing ability of tenants has also declined. Under the combined effects of the slightly sluggish demand in the office market and the intensification of market competition caused by new supply, the office market is experiencing a raise in vacancy rates and a slowdown in rental growth.

From 2021 to the present, China has coordinated the works on pandemic prevention and control while facilitating economic and social development and effectively implemented macro policies, such that the overall economy has continued to recover. However, due to the increasing uncertainties in the current international environment, the domestic economic recovery is still unstable and uneven. In terms of industry policies, as an important measure to reduce leverage and prevent and control the risk of real estate bubbles, the “three red lines” have begun to curb the growth of real estate developers’ debt and put pressure on developers with lower credit rating, from setting up the “three red lines” for real estate financing in 2020, establishing the “ceiling” for the proportion of bank mortgages, to the recent interview with Evergrande Group, the central bank’s series of actions demonstrated its determination to prevent systemic financial risks. Real estate companies account for about a third of total bond defaults by Chinese issuers since 2021 as bond defaults rise at the fastest pace in history. In addition, a number of real estate companies are exposed to credit risks, and a series of risk events have led to the sell-off of high-yield bonds of Chinese real estate companies. Oceanwide Holdings and the Company have also recently faced issues such as debt default and lawsuits, which have seriously affected their ability to refinance.

Due to the shortage of funds, the business of each segment of China Oceanwide Holdings has been affected to a certain extent. Among which, receivers have been appointed over the issued shares of China Oceanwide Real Estate Development Holdings Limited ("**COREDHL**"), the Company's direct wholly-owned subsidiary which indirectly hold the real estate development projects in Hawaii. For details, please refer to the announcement of the Company dated 17 December 2021. The real estate development projects in Los Angeles and the energy projects in Indonesia have been suspended. Funds injected can only maintain the basic expenditure of the projects now, but not on the construction work. The lender of the Shanghai properties mortgage loan has issued a letter requesting repayment due to debt default and receivers have been appointed in February 2022 over the issued shares of China Oceanwide Property Holdings Limited ("**COPHL**"), the Company's direct wholly-owned subsidiary which indirectly hold the Shanghai properties. For details, please refer to the announcement of the Company dated 15 February 2022.

In response to the shortage of funding and the difficulties of financing, our management will continue to actively maintain and optimize existing projects in 2022, dedicated to promoting joint venture or sale of projects, continue to manage external risks and challenges, adding new business growth points at an appropriate time to improve profitability, and fully formulate strategies and plans to cope with the uncertainty of funds.

Most projects under development and borrowings of the Group are denominated in USD and reported in Hong Kong dollars ("**HK$**" or "**HKD**"). Due to the linked exchange rate system in Hong Kong, the exchange rate between USD and HKD will not fluctuate significantly. However, due to the strengthening of USD during the Year, some USD-denominated loans of the Group incurred exchange losses due to the continuous strengthening of USD.

FINANCIAL RESULTS

The Group is a conglomerate, engaging in the businesses of property investment, real estate development, energy and strategic finance investments during the Year. 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 2021 amounted to HK$21,263.0 million. Mainly located in prime locations in major cities in the U.S., the above properties are expected to be developed into diversified residential, hotel and commercial properties partly for sale and partly for holding in the future.

The loss before interest expense and tax for the Year ("**LBIT**") was HK$4,321.8 million (2020: HK$744.3 million). The increase in LBIT was mainly due to projects impairment of US$482.9 million (equivalent to HK$3,765.7 million) in the real estate development segment (2020: HK$617.8 million), and a project impairment of US$42.67 million (equivalent to HK$332.7 million) in the energy segment (2020: Nil). The impairments in the real estate development segment were due to the following factors: (1) the LA Project has been suspended in October 2020 due to its funding issues. It was originally planned to restart constructions during the first half of 2021, but the relevant work progress did not match the expected schedule, thus the cash collection cycle in relation to the project has been extended (the project was originally expected to be completed by 2023 in 2020 and was delayed to be completed in 2025), resulting in a decrease in the discounted present value of the project's cashflow forecast model, thereby incurring an impairment of US$177.5 million (equivalent to HK$1,384.2 million); (2) the impairment of US$214.9 million (equivalent to HK$1,675.8 million) for the New York Project was based on the appraiser's valuation with the management's estimation on the selling price discount; (3) Hawaii Ko Olina No. 2 Land Project and Hawaii Ko Olina No. 1 Land Project referred to the estimated future recoverable amounts and transactions of surrounding areas, and the market transaction prices in 2021 was lower than 2020, which resulted in the provision for impairment of US$76.1 million (equivalent to HK$593.4 million); and (4) the impairment of US$14.4 million (equivalent to HK$112.3 million) for the land parcel of Hawaii Kapolei Project (together with Hawaii Ko Olina No. 2 Land Project and Hawaii Ko Olina No. 1 Land Project, the "**Hawaii Projects**") was based on the appraiser's valuation with the management's estimation on the selling price discount. For the energy segment, the recoverable amount was determined based on the present value of the estimated future cash flows, but as the expected impact of carbon-reduction targets on the financing and pricing of coal-fired power plants, along with delays of project schedule due to funding issues, the cash collection cycle has been extended (the project was originally expected to be completed by 2023 in 2020 and was delayed to be completed in 2025), plus the increase in a pre-tax discount rate (increased from 11.04% in 2020 to 11.17% in 2021), resulting in decrease in the discounted present value of the project's cashflow forecast model, and impairment provision has to be made after comparing with carrying amount.

Due to the provision for impairment of an aggregate amount of approximately HK$4,098.4 million (2020: HK$617.8 million) of the real estate development projects in the U.S. and the energy project in Indonesia, the uncapitalised interest of approximately HK$1,075.3 million (2020: HK$183.3 million) arising from the suspension of the LA Project and other projects, together with the provision for the relevant litigations of approximately HK$71.6 million (2020: Nil) of the LA Project and the exchange losses of approximately HK$32.0 million (2020: HK$42.7 million) incurred during the Year, the consolidated loss attributable to the shareholders of the Group for the year amounted to HK$5,359.8 million (2020: HK$926.6 million) while the basic loss per share was HK33.20 cents (2020: HK5.74 cents).

The revenue for the Year was HK$111.3 million (2020: HK$100.0 million). The increase in revenue was mainly due to the increase in both occupancy rate and rental rate of the investment properties in Shanghai.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2020: 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. These properties were the only properties under the property investment segment during the year. However, in February 2022, the lender of the Shanghai properties mortgage loan has issued a letter enforcing the security due to debt default and COPHL has been under receivership. The Group has been actively discussing with the lender for an updated repayment plan and seeking financing companies to re-finance the existing loan so as to continue the property investment business. As at 31 December 2021, the average occupancy rate of the two office and commercial properties in Shanghai was 97%.

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 funding issues, projects could not be completed on schedule, resulting in a decrease in the estimated recoverable amounts. It was decided that certain projects would be sold due to funding problems so as to reduce liabilities. According to the prudence principle, to truly and accurately reflect the asset values as of 31 December 2021, the Group conducted assessment and impairment test for each project and made impairment provisions of US$482.9 million (equivalent to HK$3,765.7 million) (2020: HK$617.8 million) for LA Project, New York Project and Hawaii Projects. As at 31 December 2021, the Group has a total of five real estate development projects as follows:

LA 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 Crypto.com Arena (formerly known as Staples Center) (home to the Lakers and the Clippers), Microsoft Theater, Los Angeles Convention Center and The Ritz Carlton. With considerable flow of people and customers, it is an excellent site for the development of a commercial complex. 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 and 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. However, the construction of such project has been suspended since October 2020 due to the significant impact of global pandemic, changes in macro-economic environment in 2020 as well as the arbitration between the Group and the main construction contractor who decided to terminate the construction contract. As the Company has liquidity issues, the construction of LA Project has still remained suspended to date. The Group is now actively negotiating with potential investors on project financing or joint development plans, with goals to resume construction, to complete financing for the project and to pay off all current debts to the creditors for the project. According to the development plan, the project will take around two years of development from restart to completion. Part of the completed apartment blocks will be for sale while the LED advertisement panel, shopping mall and hotel will be for rent so as to earn recurring rental income. The LA Project was originally scheduled to resume construction in the first half of 2021. However, the work progress did not reach the expected schedule due to funding issues. Thus the project's cash collection cycle has been extended (the project was originally expected to be completed by 2023 in 2020 and was delayed to be completed in 2025), resulting in a decrease in the discounted present value of the project's cashflow forecast model, thereby incurring an impairment of US$177.5 million (equivalent to HK$1,384.2 million) (2020: HK$280.5 million), and the provision was made and recorded in the income statement accordingly. As at 31 December 2021, total funds invested in the project were approximately US$1,190.5 million (equivalent to approximately HK$9,283.6 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 initially planned to be developed into a mixed-use building comprising a high-end hotel and residential units. As the Group has designated the LA Project as its core development project, majority of the capital resources has been used in such project. Other projects such as New York Project and Hawaii Projects were initially planned to be developed at a later stage or when there is sufficient capital. As the detailed design has not been finalized, there is no estimated construction time nor completion date. Having considered that the land is idle, the construction has not been started and the lands do not generate immediate revenue, the management planned to dispose of the lands to repay the Group's indebtedness, thereby reducing the Group's burden on recurring financial costs and working capital. The project has been advertised. The disposal is intended to be completed in 2022. An impairment of US$214.9 million (equivalent to HK$1,675.8 million) (2020: Nil) for the year ended 31 December 2021 was made for the New York Project that was based on the appraiser's valuation with the management's estimation on the selling price discount. As at 31 December 2021, total funds invested in the project were approximately US$409.9 million (equivalent to approximately HK$3,196.4 million).

Hawaii Projects

Ko Olina No. 2 Land

The Group's Ko Olina No. 2 land real estate development project is located at several parcels of land in Ko Olina District on Oahu Island in Hawaii, the U.S., one of the world's most popular tourist destinations. These land parcels are one of the scarce sites available for hotel development on Oahu Island and have rich natural resources and a beautiful coastline with a land area of approximately 70,000 sqm and an estimated gross floor area of approximately 92,292 sqm. It is planned to be developed into two luxury branded hotels and residential condominiums. The project is currently at the stage of preliminary planning. As the Group has designated the LA Project as its core development project, majority of the capital resources has been used in such project. Other projects such as New York Project and Hawaii Projects were initially planned to be developed at a later stage or when there is sufficient capital. As the detailed design has not been finalized, there is no estimated construction time nor completion date. Having considered that the land is idle, the construction has not been started and the lands do not generate immediate revenue, the management planned to dispose of the land parcels to repay the Group's indebtedness, thereby reducing the recurring financial costs and the Group's burden on working capital. Marketing promotion has been launched for such project, and such sale is intended to be completed in 2022. With reference to the estimated future recoverable amounts and transactions of surrounding areas, due to the market transaction prices in 2021 being lower than that of 2020, a provision for impairment of US$23.6 million (equivalent to HK$184.0 million) was made. As at 31 December 2021, total funds invested in the project were approximately US$220.5 million (equivalent to approximately HK$1,719.5 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 facilities including approximately 800 guestrooms, an aquarium, restaurants, bars, spas, gyms, conference facilities, outdoor pools and bars. 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 the Group has designated the LA Project as its core development project, majority of the capital resources has been used in such project. Other projects such as New York Project and Hawaii Projects were initially planned to be developed at a later stage or when there is sufficient capital. As the detailed design has not been finalized, there is no estimated construction time nor completion date. Having considered that the land is idle, the construction has not been started and the lands do not generate immediate revenue, the management planned to dispose of the land parcels to repay the Group's indebtedness, thereby reducing the recurring financial costs and the Group's burden on working capital. Marketing promotion has been launched for such project, and such sale is intended to be completed in 2022. With reference to the estimated future recoverable amounts and transactions of surrounding areas, due to the market transaction prices in 2021 being lower than that of 2020, a provision for impairment of US$52.5 million (equivalent to HK$409.4 million) was made. As at 31 December 2021, total funds invested in the project were approximately US$307.4 million (equivalent to approximately HK$2,397.1 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 the Group has designated the LA Project as its core development project, majority of the capital resources has been used in such project. Other projects such as New York Project and Hawaii Projects were initially planned to be developed at a later stage or when there is sufficient capital. As the detailed design has not been finalized, there is no estimated construction time nor completion date. Having considered that the land is idle, the construction has not been started and the lands do not generate immediate revenue, the management planned to dispose of the land parcels to repay the Group's indebtedness, thereby reducing the recurring financial costs and the Group's burden on working capital. On 22 December 2021, the Group entered into a purchase and sale agreement with an independent third party to sell a portion of the land in the land project of Kapolei, Hawaii at a consideration of US$23.3 million (equivalent to approximately HK$181.7 million). On 16 March 2022, the Group entered into a purchase and sale agreement regarding the sale of remaining land portions in the land project of Kapolei, Hawaii with another buyer (an independent third party) at a total consideration of US$92.9 million (equivalent to approximately HK$724.4 million). As at 31 December 2021, the impairment of US$14.4 million (equivalent to HK$112.3 million) for the land parcel in Hawaii was based on the appraiser's valuation with the management's estimate on the selling price discount. As at 31 December 2021, total funds invested in the project were approximately US$125.3 million (equivalent to approximately HK$977.1 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 (the "**Power Purchase Agreement**") with a local state-owned power grid company, PT Perusahaan Listrik Negara (Persero) ("**PLN**"). The structural construction for the Medan Project is basically completed and the project is currently at the installation stage. The land leveling work of such project commenced from October 2014. With the commencement of construction work in 2015, the overall completion rate of the Medan Project is currently over 70%, in which the design work has almost completed, and the on-site work is approximately 50% done. Under the adverse impact of the pandemic in Indonesia as well as the liquidity issues faced by the Company, the Medan Project has still been suspended to date. Once construction can be resumed, the Medan Project is expected to be completed within two years. The Group is now actively approaching potential investors, with goals to resume construction, to complete financing for the project and to pay off all current debts to the creditors for the project, or to provide offers for potential investors to acquire the project. Medan Project will operate for 30 years after commencement to generate income. As at 31 December 2021, as the expected impact of carbon-reduction targets on the financing and pricing of coal-fired power plants has caused the project's cashflow model to increase pre-tax discount rate (increased from 11.04% in 2020 to 11.17% in 2021), along with delays of project schedule due to funding issues, the cash collection cycle has been extended (the project originally expected to be completed by 2023 in 2020 and was delayed to be completed in 2025), resulting in a decrease in the discounted present value of the project's cashflow forecast model, and impairment provision of US$42.67 million (equivalent to HK$332.7 million) (2020: Nil) has to be made after comparing with the carrying amount. As at 31 December 2021, the capital invested in the Medan Project was approximately US$366.1 million (equivalent to approximately HK$2,854.9 million).

According to the Power Purchase Agreement, the business model of the Medan Project is a Build-Own-Operate power station. The project company undertakes project financing, design, construction and installation, commissioning, operation and maintenance obligations. The electricity generated by the power plants will be sold to the PLN; the electricity price is determined by two parts tariff, comprising capacity and energy two-part structure. The electricity price of capacity is based on take-or-pay principle. Take-or-pay principle means that the Power Purchase Agreement provides that the Medan Project generates power volume as agreed and PLN promises to purchase all the electric power generated at the price calculated based on agreed formula, which can ensure the stability of the project company's revenue from the Medan Project. The energy part is calculated according to the dispatching demand. The commercial operation date ("**COD**") in the Power Purchase Agreement that negotiated earlier is on 31 December 2019. Since the COD has expired, the project company is now discussing with PLN to enter into a supplemental agreement on revising the COD and other terms whereas the key terms of the Power Purchase Agreement should remain unchanged.

FINANCE INVESTMENT AND OTHERS

Facing the capital pressure and the continued volatility of the stock market, the Group already disposed most of the bonds and other investments during previous years and did not invest into any new financial investment projects. Currently, the Group still holds shares of China Huiyuan Juice Group Limited, but since those shares were delisted in January 2021, the Group has thus directly accounted for the loss of HK$96.60 million in equity based on the difference between the relevant fair value and book value at the end of 2020. The continuous decrease in segment revenue is mainly due to the disposal of financial investments by the Group in order to return the funding for further investment in the real estate development segment, as well as the reduction of the Group's liabilities.

OUTLOOK

The widespread of Omicron variant along with the Group's funding issues have caused the Group to encounter immense and unprecedented difficulties. Looking ahead, under the context of volatile situations and economic uncertainty, economic recovery is still full of challenges. Amidst the unclear prospect of economic recovery and strict regulations on real estate development industry, the Group's liquidity issues will unavoidably prolong in 2022. Facing various challenges, the Group will continue to dispose of assets which will not generate immediate revenue or are in the preliminary planning stage to reduce the Group's overall liabilities, thereby reducing the Group's recurring financial costs and working capital burden. In addition, for the existing outstanding borrowings, the Group has been convincing the lenders on debt restructuring, including the amendment to certain key terms and conditions of the original financing agreement by entering into supplemental agreement, such as extending the principal and interest payment schedule. The Group will also actively seek additional bank and other borrowings from 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 flow for the Group. Although the Group will dispose assets which will not generate immediate revenue, the Group intends to continue to maintain its existing businesses not being disposed or under receivership and reserve resources to develop the LA Project. The Group will also continue its work in streamlining its operation, fully promoting financing, introducing strategic investors, disposing assets, optimizing management and control and others. The Group will also continue to coordinate teamwork to overcome all difficulties and withstand enormous pressures, and to unswervingly accelerate asset disposals and introduce strategic investors, while exploring new areas of development during its gradual resolution on conflicts and problems. The Group believes that through solving systematic issues, it can overcome its current difficulties and lay a strong foundation for the future.

With courage and determination, under the leadership of Oceanwide Holdings, the Group is looking forward to a new start and favourable results after the debt repayment pressure is relieved.

APPRECIATION

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

HAN Xiaosheng
Chairman
Hong Kong, 29 March 2022

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, the pandemic has prevailed due to the mutation of the virus, and the pandemic situation in Hong Kong and overseas continues to rebound with the wide spread of the highly transmissible variant Omicron, which all these have been acting to dampen the economic recovery. In China, since 2021, real estate developers in China are under strict supervision based on the Central Government’s guiding principle of “housing estates are built for accommodation and not for investment or speculation”. While real estate related bonds have been under pressure, Oceanwide Holdings, the intermediate holding company of the Group, and the Group itself also face liquidity pressure. All business segments of the Group were affected to different extent. For property investment, due to the default of debts in respect of the two properties in Shanghai, the Group has received a letter accelerating repayment from the lenders and receivers have been appointed by the lenders in relation to the shares of COPHL which is the holding company which indirectly hold the Shanghai properties in February 2022. For details, please refer to the announcement of the Company dated 15 February 2022. In respect of real estate development, COREDHL which indirectly hold the Hawaii projects have been under receivership in July 2021. For details, please refer to the announcement of the Company dated 17 December 2021. The LA Project has been suspended. The fund invested are barely adequate for the underlying expenses of the projects without further construction. The projects were not completed as scheduled, resulting in a decrease in the expected recoverable amount, and some projects were also planned to be disposed due to the funding issue with an aim to reduce liabilities. The Company has made impairment provision for some real estate development projects in the U.S. according to the principle of prudence. In respect of the energy segment, the Medan Project is still in suspension. The cash flow model of the projects increased the pre-tax discount rate from 11.04% in 2020 to 11.17% in 2021 due to the expected impact of carbon-reduction targets on the financing and price of coal-fired power plant project. Together with the impact of the delay in the completion of construction for the project due to the funding, the cash collection cycle has been extended (the project originally expected to be completed by 2023 in 2020 and was delayed to be completed in 2025), resulting in a decrease in the discounted present value of the project’s cash flow forecast model, and impairment provision has to be made after comparing with the carrying amount. In respect of financial investment segment, due to the financial pressure and the continuous volatility of the stock market, most of the bonds and other investments were disposed by the Group during previous years with no additional funding in new financial investment projects, resulting in a decrease in income. Exchange losses of approximately HK$32.0 million were mainly incurred from exchange losses on borrowings denominated in USD due to the USD appreciation. The Group will continue to dispose of assets which will not generate immediate revenue or are in the preliminary planning stage to reduce the Group’s overall liabilities, thereby reducing the Group's recurring financial costs and working capital burden. Meanwhile, the Group will endeavour to maintain the existing business not being disposed or under receivership and reserve resources to develop projects that are near to completion, striving for optimisation of its asset allocation, so as to enhance profitability and increase shareholders' return.

Property Investment

In 2021, revenue generated from the two office and commercial properties in Shanghai under the property investment segment amounted to HK$110.9 million (2020: HK$93.7 million). Earnings before interest expense and tax ("**EBIT**") was HK$85.3 million, representing an increase of 17% from HK$73.0 million for the corresponding period of 2020. The increase in both revenue and EBIT was mainly attributable to the increase in occupancy rates. As at 31 December 2021, the average occupancy rate of these two properties was approximately 97%. In view of the continual influx of new supplies in the central business district of Puxi, Shanghai, although the economy in China is expected to continue to recover, it is still subject to the pandemic and the progress of vaccine development. As the overall economy has not fully recovered, it is expected that the performance of the property investment segment will 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. However, in February 2022, the lender of the Shanghai properties mortgage loan has issued a letter enforcing the security due to debt default and COPHL has been under receivership. The Group has been actively discussing with the lender for an updated repayment plan and seeking financing companies to re-finance the existing loan so as to continue the property investment business.

Real estate development

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 for development. The total asset value of the Group's projects in the U.S. has reached HK$16,614.6 million with a total investment of US$2,253.6 million (equivalent to HK$17,573.8 million). A brief description of each project is set out in the following table:

Project name	Site area *(sqm)*	Fund invested as at 31 December 2021 *(US$' million)*	Current project status	Project development
LA Project	18,662	1,190.5	Construction works for all main structures were completed in 2018; curtain wall installation works for the main structures were completed; over 85% of electrical and mechanical controls and end devices of the tower building were completed; 70% of the installation of the project's overall electrical and mechanical systems were completed; and over 60% of interior drywalls in buildings 2 and 3 were installed. The construction of the project has been suspended since October 2020. The construction of the LA Project is still on hold due to liquidity issues faced by the Group.	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	409.9	The project has been advertised. The disposal is intended to be completed in 2022.	A mixed use complex comprising high-end hotel and residential units
Hawaii Ko Olina No. 2 Land Project	70,000	220.5	The project has been advertised. The disposal is intended to be completed in 2022.	Two luxury branded hotels and residential condominiums
Hawaii Ko Olina No. 1 Land Project	106,311	307.4	The project has been advertised. The disposal is intended to be completed in 2022.	An international luxury resort under the "Atlantis" brand with luxury residences and a hotel
Hawaii Kapolei Project	2,045,481	125.3	In view of the management's intention to sell the land, it has entered into a purchase and sale agreement with an independent third party on 22 December 2021 to sell partial land in Kapolei, Hawaii for US$23.3 million (equivalent to approximately HK$181.7 million). On 16 March 2022, the Group entered into a purchase and sale agreement for the disposal of the remaining portion of the land in Kapolei, Hawaii with another buyer (an independent third party) at a total consideration of US$92.9 million (equivalent to approximately HK$724.4 million).	Commercial, residential properties and community facilities

As the above projects are currently not in operation and are still in the preliminary stage of development, the LBIT of the real estate development segment amounted to HK$3,974.5 million (2020: HK$706.3 million). The increase in losses was mainly due to the provision for impairment of HK$3,765.7 million (2020: HK$617.8 million) incurred by the projects. In the impairment testing at the end of 2021, 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 LA Project had been suspended in October 2020 due to its funding issue. Though it was originally planned to restart constructions during the first half of 2021, the relevant work progress did not reach the expected schedule, thus the project's cash collection cycle has been extended (the project originally expected to be completed by 2023 in 2020 and was delayed to be completed in 2025), resulting in a decrease in the discounted present value of the project's cashflow forecast model, thereby incurring an impairment of US$177.5 million (equivalent to HK$1,384.2 million) (2020: HK$280.5 million); the impairment of US$214.9 million (equivalent to HK$1,675.8 million) (2020: nil) for the New York Project was based on the appraiser's valuation with the management's estimation on the discount of selling price; Hawaii Ko Olina No. 2 Land Project and Hawaii Ko Olina No. 1 Land Project referred to the estimated future recoverable amounts and transactions of surrounding areas, and the market transaction prices in 2021 were lower than that of 2020, which resulted in the provision for impairment of US$76.1 million (equivalent to HK$593.4 million) (2020: the impairment of HK$337.3 million of Hawaii Ko Olina No. 1 Land Project); and the impairment of US$14.4 million (equivalent to HK$112.3 million) for the land parcel of Kapolei Project of Hawaii was based on the appraiser's valuation with the management's estimation on the discount of selling price. Interest amounted to HK$1,075.3 million (2020: HK$184.4 million) cannot be capitalised due to the suspension of project construction of the LA Project since October 2020. Excluding the impairment losses of the LA Project and provision for litigation related to the LA Project of HK$71.6 million, the LBIT increased to HK$137.2 million in 2021 as compared with HK$88.5 million in the corresponding period of 2020. The increase in losses was mainly due to the increase in expenses related to the LA Project which could not be capitalized due to project suspension.

Energy

In 2015, the Group acquired the Medan Project to develop two coal-fired steam power plants (each with a net capacity of 150 megawatts) in the Medan industrial zone of Indonesia. The project company for the Medan Project has entered into the Power Purchase Agreement with PLN, a local state-owned power grid company. With the commencement of construction work in 2015, the overall completion rate of the Medan Project is currently over 70%, in which the design work has almost completed, and the on-site work is approximately 50% done. Under the adverse impact of the pandemic in Indonesia as well as the liquidity issues faced by the Company, the Medan Project has still been suspended to date. Once construction can be resumed, the Medan Project is expected to be completed within two years. The Group is now actively approaching potential investors, with goals to resume construction, to complete financing for the project and to pay off all current debts to the creditors for the project, or to provide offers for potential investors to acquire the project. The Medan Project will operate for 30 years after commencement to generate income. It is expected to bring a stable source of income to the Group after putting into operation. As at 31 December 2021, as the expected impact of carbon-reduction targets on the financing and pricing of coal-fired power plants have caused the project's cashflow model to increase the pre-discount rate (increased from 11.04% in 2020 to 11.17% in 2021), along with delays of project schedule due to the funding, the cash collection cycle has been extended (the project originally expected to be completed by 2023 in 2020 and was delayed to be completed in 2025), resulting in a decrease in the discounted present value of the project's cashflow forecast model, and impairment provision of US$42.67 million (equivalent to HK$332.7 million) (2020: nil) has to be made after comparing with the carrying amount. As at 31 December 2021, total funds invested in the Medan Project were approximately US$366.1 million (equivalent to approximately HK$2,854.9 million).

As the Medan Project is currently at the stage of installation works, the LBIT of the energy segment for the Year was HK$364.2 million (2020: HK$42.4 million). The increase in LBIT was mainly attributable to the increase in provision for impairment of the Medan Project amounting to HK$332.7 million and provision for expected credit losses on amounts due from non-controlling shareholders of approximately HK$3.4 million (2020: HK$9.8 million) due to the increase in forward looking rate and the expected delay in loan repayment. Excluding the above other losses of HK$336.1 million (2020: HK$9.8 million), the LBIT of the energy segment for the Year was HK$28.1 million (2020: HK$32.6 million). The decrease in the losses was mainly attributable to the cost control.

Financial investments and others

In 2021, revenue from the finance investment and others segment was HK$0.4 million, representing a decrease of 93% as compared to HK$6.3 million in 2020. The LBIT for the Year was HK$68.4 million (2020: HK$68.6 million). The decrease in losses was mainly due to the exchange losses of approximately HK$32.0 million arising from USD-denominated loans as a result of USD appreciation (2020: mainly due to the exchange losses of HK$43.0 million arising from RMB-denominated loans as a result of RMB appreciation); partially offset by the decrease in dividend and interest income. Excluding other net losses of HK$32.0 million (2020: HK$41.5 million), the LBIT for the Year was HK$36.5 milion (2020: HK$27.1 million). The increase in losses was mainly due to the decrease in dividend and interest income.

As at 31 December 2021, there is no listed equity securities held by the Group while as at 31 December 2020, the fair value of the Group's listed and non-listed equity securities was HK$2.4 million. The decrease was mainly due to the disposal of all listed equity securities by the Group during the Year.

FUTURE DEVELOPMENT STRATEGY OF THE GROUP

Looking forward, the Group will continue to dispose of assets which will not generate immediate revenue or are in the preliminary planning stage to reduce the Group's overall liabilities, thereby reducing the Group's recurring financial costs and working capital burden, maintaining existing businesses not being disposed of or under receivership and reserving resources to develop the LA project. In addition, for the existing outstanding borrowings, the Group has been convincing the lenders on debt restructuring including the amendment to certain key terms and conditions of the original financing agreement by entering into supplemental agreement, such as extending the principal and interest payment schedule. The Group will also actively seek additional bank and other borrowings from 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 flow for the Group. The Group is looking forward to a new start and favourable results after the debt repayment pressure is relieved.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Revenue	3	**111,304**	99,996
Cost of sales		**(9,957)**	(9,437)
Gross profit		**101,347**	90,559
Other net losses	4(a)	**(4,210,555)**	(670,390)
Selling and distribution costs		**(1,474)**	(2,744)
Administrative expenses		**(211,153)**	(161,744)
Operating loss		**(4,321,835)**	(744,319)
Interest expense		**(1,079,144)**	(188,496)
Loss before tax	4	**(5,400,979)**	(932,815)
Income tax credit/(expense)	5	**29,736**	(4,919)
Loss for the year		**(5,371,243)**	(937,734)
Loss attributable to:			
— Shareholders of the Company		**(5,359,792)**	(926,596)
— Non-controlling interests		**(11,451)**	(11,138)
		(5,371,243)	(937,734)
Basic and diluted loss per share attributable to shareholders of the Company	7	**HK(33.20) cent**	HK(5.74) cent

Details of final dividend are set out in Note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 HK$'000	2020 HK$'000
Loss for the year	**(5,371,243)**	(937,734)
Other comprehensive income/(expenses):		
Items that may be reclassified subsequently to profit or loss:		
Translating financial statements of foreign operations:		
— Gains taken to reserves	**94,794**	8,497
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income:		
— Net valuation gains/(losses) taken to reserves	**439**	(97,092)
Other comprehensive income/(expenses) for the year, net of tax*	**95,233**	(88,595)
Total comprehensive expenses for the year	**(5,276,010)**	(1,026,329)
Total comprehensive expenses attributable to:		
— Shareholders of the Company	**(5,270,703)**	(1,006,708)
— Non-controlling interests	**(5,307)**	(19,621)
	(5,276,010)	(1,026,329)

* There was no tax effect on each component of the other comprehensive income/(expenses) for the years ended 31 December 2021 and 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Properties, plant and equipment		**2,539,031**	2,857,400
Investment properties		**5,540,371**	5,508,739
Right-of-use assets		**56,077**	47,885
Financial assets at fair value through other comprehensive income		**–**	2,409
Deposits, prepayments and other receivables		**604,860**	610,241
Deferred income tax assets		**99,369**	32,156
		8,839,708	9,058,830
Current assets			
Properties under development		**12,264,978**	15,829,178
Trade receivables	8	**23,885**	5,247
Deposits, prepayments and other receivables		**78,900**	82,386
Restricted cash		**39,828**	118,354
Cash and cash equivalents		**15,702**	35,235
		12,423,293	16,070,400
Total assets		**21,263,001**	25,129,230
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**1,614,265**	1,614,265
Reserves		**2,244,287**	7,514,990
		3,858,552	9,129,255
Non-controlling interests		**394,494**	399,801
Total equity		**4,253,046**	9,529,056

	Note	2021 HK$'000	2020 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**–**	1,015,271
Lease liabilities		**46,572**	41,464
Amount due to an intermediate holding company		**8,505,057**	6,579,626
Deferred income tax liabilities		**321,685**	302,601
		8,873,314	7,938,962
Current liabilities			
Deposits received, other payables and accruals		**2,306,267**	2,022,712
Borrowings		**5,752,539**	5,575,632
Lease liabilities		**37,761**	30,937
Current income tax liabilities		**40,074**	31,931
		8,136,641	7,661,212
Total liabilities		**17,009,955**	15,600,174
Total equity and liabilities		**21,263,001**	25,129,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform — Phase 2

Except as described below, the application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("**HKFRS 7**").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the Year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost.

1 APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(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:

HKFRS 17	Insurance Contracts and related Amendments [3]
Amendments to HKFRS 3	Reference to Conceptual Framework [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause [3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies [3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [3]
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]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 [1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 — 2020 cycle [2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

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

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 HKFRSs, including Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by 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 "**Listing Rules**"). 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.

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

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

For the Year, the Group incurred a net loss attributable to the shareholders of the Company of approximately HK$5,359,792,000 (2020: HK$926,596,000) and a net operating cash outflow of approximately HK$230,971,000 (2020: HK$311,009,000) and as of that date, the Group had properties under development of approximately HK$12,264,978,000 (2020: HK$15,829,178,000) which were classified as current assets while expected to be completed and recovered after one year. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by approximately HK$7,978,326,000 (2020: 7,419,990,000) as at 31 December 2021. In addition, the Group's businesses in real estate development in the U.S. and energy segment in Indonesia are capital intensive in nature and funding the continuous development of these businesses would require substantial capital in the foreseeable future. As at 31 December 2021, the Group's contracted but not provided for capital commitments were of approximately HK$1,479,501,000 (2020: HK$1,460,539,000).

2 BASIS OF PREPARATION (CONTINUED)

(b) Going concern (Continued)

As at 31 December 2021, the Group had indebtedness, including borrowings and lease liabilities of approximately HK$5,752,539,000 and HK$37,761,000 (2020: HK$5,575,632,000 and HK$30,937,000), respectively which will fall due within twelve months from the date of 31 December 2021. Amongst the Group's borrowings, as at the date of this announcement, the Group was in default in respect of borrowings with principal amount of approximately HK$4,706,734,000 due to the events of default of late or overdue payment of loan principal and interest or cross-default with other borrowings, which, as a consequence, would be immediately repayable and when requested by the lender.

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

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

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

(ii) On 22 March 2022, the Group obtained a letter of undertaking for provision of financial support to the Company from Oceanwide Holdings, an indirect controlling shareholders of the Company, whereby Oceanwide Holdings agrees to provide sufficient funds to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months from the date of the consolidated financial statements (the "**OH Financing Support**");

2 BASIS OF PREPARATION (CONTINUED)

(b) Going concern (Continued)

(iii) On 22 December 2021, Oceanwide Resort Community HI LLC ("**ORCH**", an indirect wholly-owned subsidiary of the Company), entered into a purchase and sale agreement with Alaka'i Apartments II LP ("**Alaka'i**"), an independent third party of the Group, pursuant to which ORCH has conditionally agreed to sell, and Alaka'i has conditionally agreed to purchase, a parcel of land located in the area of Kapolei, the State of Hawaii, the U.S., and the Traffic Impact Fee Credits for the aggregate consideration of approximately US$23.3 million (equivalent to approximately HK$181.7 million) (the "**First Disposal**"); and

(iv) On 16 March 2022, ORCH entered into a purchase and sale agreement with Tower Kapolei MF Holdings, LLC ("**TMF**"), an independent third party of the Group, pursuant to which ORCH has conditionally agreed to sell, and TMF conditionally agreed to purchase, remaining portion of land located in the area of Kapolei, the State of Hawaii, the U.S. for the aggregate consideration of approximately US$92.9 million (equivalent to approximately HK$724.4 million) (the "**Second Disposal**") (together with the First Disposal, the "**Project Disposal Plans**").

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

(i) The Group is currently considering to have other disposals on certain of the assets not generating immediate revenue or at its preliminary planning stage to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group (the "**Other Disposal Plans**");

(ii) The Group is continuously and currently approaching several financial institutions to provide a project financing or joint development plan so as to finance the completion of the Group's real estate development project in Los Angeles, the U.S. and to pay off all current debts to the creditors for the LA Project (the "**LA Project Financing Plan**");

(iii) For the loans which had been defaulted and will be matured within twelve months after 31 December 2021, the Group is continuously and has been in active convincing lenders for a debt restructuring of the Group's existing outstanding borrowings and interest, including revising 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

2 BASIS OF PREPARATION (CONTINUED)

(b) Going concern (Continued)

(iv) Together with the COG Financing Facilities, OH Financing Support, LA Project Financing Plan and Debt Restructuring 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, referred to as the "**Financing Plans**").

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 31 December 2021. The Directors are of the opinion that, taking into account the abovementioned actions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations and commitments as and when they fall due within twelve months from 31 December 2021. Accordingly, the Directors 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 completion of the Project Disposal Plans in accordance with the terms and conditions, amounts and timing anticipated by the Group;

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

(iii) Successful execution and completion of the Financing Plans in refinancing and/or renewing existing borrowings, and/or obtaining of new and additional sources of funding as and when needed; and

(iv) 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.

2 BASIS OF PREPARATION (CONTINUED)

(b) Going concern (Continued)

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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:

	2021	2020
	HK$'000	*HK$'000*
Rental income from investment properties	**110,859**	93,686
Interest income	**445**	6,139
Dividend income received from financial assets at fair value through profit or loss and other comprehensive income	**–**	171
	111,304	99,996

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.

Earnings/(losses) before interest expense and tax ("**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.

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information:

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

Note:

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

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	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)
Profit/(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.

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information:

The Group operates primarily in Hong Kong, the People's Republic of China ("**PRC**"), the U.S. and Indonesia. The geographical segment revenue is presented based on the geographical location of the rental, 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 2021	**24**	**6**	**111,269**	**5**	**111,304**
31 December 2020	45	17	94,108	5,826	99,996
Total assets					
31 December 2021	**16,614,553**	**3,126,610**	**1,492,536**	**29,302**	**21,263,001**
31 December 2020	20,193,882	3,452,648	1,453,159	29,541	25,129,230

Information about major customers:

Revenue of approximately HK$41.7 million (2020: approximately HK$34.3 million) is derived from two external customers, 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:

	2021	2020
	HK$'000	*HK$'000*
Crediting		
Net gains on repurchase and cancellation of convertible notes *(Note (a))*	**–**	775
Reversal of expected credit losses ("**ECLs**") on notes receivable *(Note (a))*	**–**	431
Rental income from investment properties	**110,859**	93,686
Charging		
Impairment losses on properties under development *(Note (a))*	**3,723,975**	617,779
Impairment losses on property, plant and equipment – construction in progress *(Note (a))*	**332,743**	–
Impairment losses on investment properties *(Note (a))*	**41,721**	–
Litigation provision *(Note (a))*	**71,584**	–
ECLs on trade receivables *(Note (a))*	**5,182**	1,301
ECLs on loan and interest receivables *(Note (a))*	**3,378**	9,839
Staff costs (including Directors' emoluments) *(Note (b))*	**62,859**	63,315
Depreciation of properties, plant and equipment *(Note (c))*	**6,900**	5,946
Depreciation of right-of-use assets *(Note (d))*	**19,745**	22,475
Operating lease charges in respect of properties not included in the measurement of lease liabilities *(Note (e))*	**3,586**	2,541
Auditor's remuneration		
Audit and audit related services	**3,060**	3,504
Non-audit services	**16**	90
Net foreign exchange losses *(Note (a))*	**31,972**	42,677
Direct operating expenses arising from investment properties that generated rental income	**7,821**	7,476

4 LOSS BEFORE TAX (CONTINUED)

Notes:

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

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; (v) net of 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.

(b) For the Year, no staff costs were capitalised in respect of properties under development and investment properties. For the year ended 31 December 2020, HK$3,486,000 and HK$2,006,000 were capitalised in respect of properties under development and investment properties respectively. A government subsidy 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, no depreciation charges were capitalised into properties under development and investment properties due to the construction for the Group's real estate projects were suspended during the year. For the year ended 31 December 2020, HK$287,000 and HK$165,000 were capitalised into properties under development and investment properties respectively.

(d) For the Year, no depreciation of right-of-use assets were capitalised into properties under development and investment properties due to the construction for the Group's real estate projects were suspended during the year. For the year ended 31 December 2020, HK$2,416,000 and HK$1,376,000 were capitalised into properties under development and investment properties respectively.

(e) For the Year, no operating lease charges were capitalised into properties under development and investment properties (for the year ended 31 December 2020: HK$423,000 and HK$243,000 were capitalised into properties under development and investment properties respectively).

5 INCOME TAX (CREDIT)/EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Current income tax		
— Charge for the year	**27,456**	16,393
Deferred income tax charge		
— Credit for the year	**(57,192)**	(11,474)
	(29,736)	4,919

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

The Group's subsidiaries in the Hungary are subject to Corporate Income Tax at a standard rate of 9% for the Year (2020: 9%).

No U.S. Federal or State Income Tax was provided for the years ended 31 December 2021 and 2020 as the Group had no estimated assessable profits.

For the years ended 31 December 2021 and 2020, no Hong Kong profits tax was provided as the Group had no estimated assessable profits.

6 DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the Year (2020: 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.

	2021	2020
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)*	**(5,359,792)**	(926,596)
Basic loss per share attributable to shareholders of the Company *(HK cent per share)*	**(33.20)**	(5.74)

7 BASIC AND DILUTED LOSS PER SHARE (CONTINUED)

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.

	2021	2020
Loss attributable to shareholders of the Company *(HK$'000)*	**(5,359,792)**	(926,596)
Weighted average number of ordinary shares in issue	**16,142,653,060**	16,142,653,060
Effect of dilutive potential ordinary shares — convertible notes	**807,598,301**	836,912,183
Weighted average number of ordinary shares for diluted loss per share	**16,950,251,361**	16,979,565,243

No adjustment has been made to basic loss per share presented for the years ended 31 December 2021 and 2020 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

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**30,368**	6,548
Less: allowance for credit losses	**(6,483)**	(1,301)
	23,885	5,247

8 TRADE RECEIVABLES (CONTINUED)

At 31 December 2021 and 2020, 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 2021 and 2020 is as follows:

	2021	2020
	HK$'000	*HK$'000*
0-30 days	**3,583**	2,231
31-60 days	**3,536**	2,216
61-90 days	**3,037**	467
Over 90 days	**13,729**	333
	23,885	5,247

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

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

As at 31 December 2021, except for debtors with significant outstanding balances, which are assessed for impairment individually and HK$6,483,000 (2020: HK$1,301,000) was provided, the management of the Group have assessed the ECL of the remaining trade receivables as insignificant and therefore it did not result in an impairment allowance for the remaining trade receivables.

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

The Group does not hold any collateral securities.

9 PLEDGE OF ASSETS

As at 31 December 2021 and 2020, certain assets of the Group were pledged to secure borrowings of the Group as follows:

	2021	2020
	HK$'000	*HK$'000*
Pledged bank deposits	**39,745**	118,272
Properties under development	**12,264,978**	15,829,178
Properties, plant and equipment	**13,579**	14,449
Right-of-use assets	**5,338**	5,427
Investment properties	**5,540,371**	5,508,739
	17,864,011	21,476,065

Save as the pledged assets disclosed above, the issued shares of 20 (2020: 20) subsidiaries of the Company were also pledged to secure borrowings of the Group as at 31 December 2021.

10 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES

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

On 31 January 2019 (Los Angeles ("**LA**"), the U.S. time), a subcontractor (the "**Subcontractor**") of the LA Project, sued Oceanwide Plaza LLC ("**Oceanwide Plaza**"), the LA Project subsidiary of the Company, the general contractor (the "**General Contractor**") of the LA Project and a lender of Oceanwide Plaza in LA County Superior Court (the "**Court**") to foreclose on a mechanic's lien (the "**First Lien**") for approximately US$52.9 million (equivalent to approximately HK$412.5 million) recorded on the LA Project's title.

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

On 26 March 2019 (LA time), the Subcontractor recorded a new lien (the "**Third Lien**") for approximately US$60.3 million (equivalent to approximately HK$470.2 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. Oceanwide Plaza and the General Contractor appealed and lost on 25 March 2021.

10 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

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

Apart from the aforesaid case, as of 31 December 2021, 38 contractors had recorded mechanic's liens for approximately US$363.9 million (equivalent to approximately HK$2,837.7 million) in total. 33 of the foregoing 38 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$363.7 million (equivalent to approximately HK$2,836.2 million). Both of these amounts, however, include the General Contractor's lien of approximately $218.8 million (equivalent to approximately HK$1,706.2 million).

Of the 34 contractors suing Oceanwide Plaza:

(i) 32 have indicated that they prefer to settle their outstanding payments and continue with the LA Project rather than litigate, representing an aggregate claim amount of approximately US$355.3 million (equivalent to approximately HK$2,770.7 million);

(ii) 1 is a subcontractor of the Subcontractor, claiming approximately US$8.3 million (equivalent to approximately HK$64.7 million) for work done, and its lawsuit, to which Oceanwide Plaza had not had to respond, is largely controlled by 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 2021, of the 38 contractors that had recorded mechanic's liens, 5 had not sued to foreclose on their liens.

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$1,706.2 million), and (ii) a lien foreclosure lawsuit by a potential direct contractor (contract still under negotiation) for approximately US$0.5 million (equivalent to approximately HK$3.9 million), totalling approximately US$219.3 million (equivalent to approximately HK$1,710.1 million).

10 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

On 5 March 2020 (LA time), the Company and the General Contractor entered into a parent company guarantee (the "**Parent Guarantee**") to, among other things, guarantee a payment obligation owed to the General Contractor by Oceanwide Plaza. The Parent Guarantee provides if Oceanwide Plaza does not meet this obligation: (i) the General Contractor can force the Company to arbitrate this issue in LA under the Fast Track Rules of the American Arbitration Association (the "**AAA**"), (ii) the Company waives all defences, and (iii) the arbitrator will issue an award on only the issue of if Oceanwide Plaza has met this obligation. Oceanwide Plaza did not fully meet this obligation, leaving a balance owed of US$38,440,000 (equivalent to approximately HK$299.8 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$299.8 million) plus attorneys' fees, costs, and interest. California law requires a contractor to 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$299.8 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 LA to confirm the award, and on 10 December 2020 (LA time), the Company filed a motion to vacate the award.

On 9 February 2021, the General Contractor applied to the High Court of Hong Kong (the "**High Court**") for, inter alia, an order to enforce the Arbitral Award in Hong Kong or alternatively, an order for payment into the High Court by the Company in the amount equivalent to the Arbitral Award as security in the event that the High Court grants an adjournment over the enforcement of the Arbitral Award.

On 24 June 2021 (LA time), the Company received a judgment (the "**U.S. District Court Judgment**") by the United States District Court of Central District of California ("**U. S. District Court**") confirming the arbitral award in favour of the General Contractor and against the Company in the aggregate amount of approximately US$42.7 million (equivalent to HK$333.0 million) ("**Arbitral Award**"), inclusive of pre-judgment interests and arbitration costs.

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

10 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

On 1 September 2021 (LA time), the Company and the General Contractor entered into a forbearance agreement in relation to the U.S. District Court Judgment, the Arbitral Award, as well as the High Court order entered thereupon. Under the forbearance agreement, it is agreed that (i) the General Contractor forbears from further enforcing the Arbitration Award, the U.S. District Court Judgment or any judgment entered thereupon and that (ii) the Company repays the Arbitral Award to the General Contractor in five instalments in consideration of the General Contractor's foregoing forbearance. As at the date of this report, the Company had repaid US$20 million (equivalent to approximately HK$156.0 million) in total for the Arbitral Award.

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

The Directors are of the view that the US$42.7 million (equivalent to approximately 333.0 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.

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

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

Since the outcome of legal proceedings is inherently uncertain, contingent liabilities have therefore been disclosed for those litigation and claims that can be assessed and for which the chance of success was deemed not implausible. It is too early to estimate how likely their prospects of success will be. As stipulated in HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, in order not to prejudice the outcomes of the proceedings and the interests of the Group, 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.

10 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES (CONTINUED)

Provisions represent the management's best estimate of the consideration required to settle the obligations, after consultation with the technical experts, internal and external legal counsels on the possible outcome and liability of the Group would then be recognised, if appropriate. The Directors are of the view that the claims made by the counterparties are over-assessed and, as at 31 December 2021, based on the best estimate, an aggregate amount of approximately HK$1,274,199,000 (2020: HK$1,239,014,000) has been accrued for the expenditures and liens matters in respect of the LA Project. In view of the U.S. District Court Judgment made by the U.S. District Court on 24 June 2021 (LA time) confirming the award in favour of the General Contractor and against the Company in the aggregate amount of approximately US$42.7 million (equivalent to HK$333.0 million) and the other matters and legal proceedings mentioned above during the Year, taking into account the risks and uncertainty surrounding the expenditures and liens, the management reassessed the probability of final damages and claims payment for each lien and the possible expenditures, if any (Note 4) and based on the best estimate and available information to the management of the Company, a further provision of HK$71,584,000 has been accrued for the expenditures, liens, litigations and claims in respect of the Group's real estate development project in LA for the Year which was included in the Group's deposits received, other payables and accruals.

11 RECEIVERSHIP

(a) Receivership during the Year

On 15 July 2021, COREDHL, a direct wholly-owned subsidiary of the Company received a repayment notice from the holder of all of the notes, specifying that an event of default has occurred as a result of non-payment of interest under the notes ("**Notes**") and demanding that the principal amount and all outstanding interest under the Notes would be immediately repayable.

On 20 July 2021, COREDHL received a further repayment notice from Haitong International Securities Company Limited ("**Haitong**"), specifying that the abovementioned event of default is continuing and demanding that the principal amount, the accrued interest, default interest and all other amounts accrued or outstanding under the Notes be immediately repaid in full. Haitong also declared in the repayment notice that the share charge relating to the subscription agreement has become enforceable.

11 RECEIVERSHIP (CONTINUED)

(a) Receivership during the Year (Continued)

On 30 July 2021, the Company was informed by Vistra (BVI) Limited (the "**Registered Agent**"), who was acting in the capacity as the registered agent of COREDHL, that the Registered Agent received letters from FTI Consulting (BVI) Limited on 28 July 2021, informing the Registered Agent that (among other things):

(1) John David Ayres of FTI Consulting (BVI) Limited and Chow Wai Shing Daniel and Kenneth Fung of FTI Consulting (Hong Kong) Limited (together, the "**CO Receivers**" and each a "**CO Receiver**") had been appointed by Haitong as receivers over all of the issued shares of COREDHL, and the CO Receivers (acting jointly and severally) shall have all and may exercise all powers and authorities conferred (i) by the subscription agreement, (ii) by the share charge and (iii) by statue and otherwise; and

(2) Pursuant to the share charges, a new director, FTI Director Services Limited, was appointed by the CO Receivers to replace the existing directors in each of COREDHL, China Oceanwide Real Estate Development II Limited, China Oceanwide Real Estate Development IV Limited and China Oceanwide Real Estate Development V Limited.

Details of the above are set out in the Company's announcement dated 17 December 2021.

Nevertheless the appointment of the CO Receivers, the management of the Company is continuously and has been actively negotiating with the Notes agent to restructure the debts. As described in Note 2, as at the date of this announcement, the Company entered into conditional sales and purchase agreements with two independent third party purchasers to disposal of the entire Kapolei project. Further, the management of the Company is continuously and has been actively implementing and executing the Other Disposal Plans, such as to dispose of the remaining Hawaii properties and also the New York projects in the U.S. belong to the Group and it is expected that the Group will have sufficient funds to settle the debts owed to the noteholders and the receivership will be resolved accordingly.

11 RECEIVERSHIP (CONTINUED)

(b) Receivership after the end of the reporting period

On 14 February 2022, the Company received a notice (the "**COPHL Notice**") from the lender of COPHL (the "**COPHL Lender**") that:

- certain events of defaults have occurred and are continuing under the facility agreement between the COPHL Lender, the Company and COPHL rendering the share charge dated 6 November 2019 entered into between the Company and the COPHL Lender (the "**COPHL Share Charge**") enforceable; and

- COPHL has failed to pay all amounts demanded under the acceleration notice issued to the Company and COPHL on 16 October 2021.

COPHL, a limited liability company incorporated under the laws of the British Virgin Islands, being a direct wholly-owned subsidiary of the Company, which is an intermediate holding company that holds the Group's Harbour Ring Plaza and Harbour Ring Huangpu Centre property interests which are located in Shanghai, the PRC.

According to the COPHL Notice, the COPHL Lender decided to, acting as the security agent, exercise any and all rights, including enforcing any security created by the COPHL Share Charge at any time without further notice, including, without limitation:

- selling any shares of COPHL owned by the Company immediately or at a later time;

- appointing receivers over the shares of COPHL pursuant to the COPHL Share Charge; and/or

- dating any notices or other documents under the COPHL Share Charge for the purpose of facilitating the realisation of any security.

11 RECEIVERSHIP (CONTINUED)

(b) Receivership after the end of the reporting period (Continued)

On 15 February 2022, the Company received a letter dated 14 February 2022 and addressed to COPHL from Mr. Cosimo Borrelli of D&P China (HK) Limited (trading as Kroll) regarding the appointment of Mr. Kent McParland of Kroll Advisory (BVI) Limited and him as joint and several receivers (the "**COPHL Receivers**") pursuant to the COPHL Share Charge over the security assets, namely (i) the issued shares in COPHL legally and beneficially owned by the Company, including all proceeds of sale derived from them (the "**COPHL Shares**"); (ii) the COPHL Shares and all other shares, equity stock and equity securities in COPHL owned by the Company or in which the Company has any interest (legal or equitable), including all proceeds of sale derived from them; and (iii) all derivative assets of a capital nature or an income nature accruing to the Company (whether at law or in equity) or offered to the Company at any time. Further, shareholder resolutions of COPHL were passed on 14 February 2022, pursuant to which, the resignations of all existing directors of COPHL were accepted and the COPHL Receivers were appointed as directors of COPHL.

Details of the above are set out in the Company's announcement dated 15 February 2022.

12 EVENTS AFTER REPORTING PERIOD

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

On 11 January 2022 (Hong Kong time), the Company received a copy of notice of default dated 10 January 2022 from DW 80 South, LLC (a limited liability company incorporated in the State of Delaware, the U.S., the "**Initial Lender**"), stating that an event of default has occurred under the facility agreement as a result of China Oceanwide Real Estate Development III Limited (a limited liability company incorporated under the laws of the British Virgin Islands, being an indirect wholly-owned subsidiary of the Company) was failed to pay accrued interest and servicing fee on the loan provided by the Initial Lender as it fell due in January 2022 and details of which are set out in the Company's announcement dated 11 January 2022. As at 31 December 2021, the outstanding loan balance was approximately HK$1,263,056,000.

As at 31 December 2021, the remaining outstanding principal amount of the Notes is HK$563,900,000. Pursuant to the Company's announcement dated 26 January 2022, the Company did not make payment of the interest of the convertible notes payable by 27 December 2021 and did not pay the amount within 30 days' grace period of payment of interests granted under the convertible notes. In view of default payment on the interest, the principal with carrying value of HK$563,900,000 and the outstanding interest of the convertible notes would become repayable on demand.

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

Interest rate risk

The Group has no significant interest-bearing assets and liabilities except for cash and bank deposits, loans receivables, lease liabilities, 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, 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 USD, HKD 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 and interest receivables, certain other loan and amount due to an intermediate holding company denominated in USD. Foreign exchange risk arises from currency exchange transactions, recognized assets and liabilities and net investments in foreign operations. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures. The Group's management manages this risk by closely monitoring the exchange rate movement and changes in market conditions that may have a significant impact on the operations and financial performance.

Market price risk

The Group's main market price risk exposures relate to its financial assets at fair value 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. During the Year, the financial assets held by the Group has zero value.

Credit risk

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

As at 31 December 2021, the other receivables of the Group were mainly loans and interest receivables made to the non-controlling shareholders of the energy project to develop two coalfired 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 2021, the Group's total unsecured and unrestricted cash, liquid funds and listed investments amounted to HK$15.7 million (2020: HK$35.2 million), 29.3%, 42.7% and 26.9% (2020: 38.4%, 35.2% and 25.7%) of which were denominated in USD, HKD and RMB respectively, and the remainder were denominated in various other currencies.

As at 31 December 2021, the Group had bank and other loans (including convertible notes) of HK$5,752.5 million (2020: HK$6,590.9 million), of which HK$4,489.4 million (2020: HK$4,005.5 million) were fixed-rate borrowings repayable within one year; HK$1,263.1 million (2020: HK$1,570.1 million) were floating-rate borrowings repayable in one year, nil (2020: HK$302.4 million) were fixed-rate borrowings repayable in one to two years, nil (2020: HK$712.9 million) was fixed-rate borrowings repayable after two years but not exceeding five years. As at 31 December 2021, the Group also had an amount due to an intermediate holding company of HK$8,505.1 million (2020: HK$6,579.6 million) which was fixed-rate borrowings repayable after one year but not exceeding two years. The Group's gearing ratio (being calculated as total borrowings divided by total equity) as at 31 December 2021 was 135.3% (2020: 69.2%).

For existing outstanding borrowings, the Group has been actively disposing non-revenue generating assets, convincing the lenders on debt restructuring including the amendment to certain key terms and conditions of the original financing agreement by entering into supplemental agreement, such as extending the principal and interest payment schedule. The Group will also actively seek additional bank and other borrowings from 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 flow for the Group.

Cash Flows

For the Year, net cash used in operating activities amounted to HK$231.0 million (2020: HK$311.0 million) and net cash used in investing activities amounted to HK$10.5 million (2020: net cash generated of HK$73.7 million). Net cash generated from financing activities during the Year amounted to HK$221.4 million (2020: HK$201.5 million), which mainly included borrowing from an intermediate holding company amounted to HK$1,897.4 million.

Charges and contingent liabilities

The details of the pledged assets and contingent liabilities of the Group as at 31 December 2021 are set out in Notes 9 and 10 to 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 2021 and 2020.

Future Plans for Material Investments and Capital Assets

As at 31 December 2021, the Group did not have any future plans for material investments and capital assets.

Acquisition and Disposal of Material Subsidiaries and Associates

The Group did not acquire or dispose of any material subsidiaries and associates during the Year.

Significant Investments Held

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

HUMAN RESOURCES

As at 31 December 2021, the Group employed 72 employees (2020: 83). Total staff remuneration costs (including the Directors’ emoluments) for the Year amounted to HK$62.9 million (2020: HK$68.8 million).

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

SHARE OPTION SCHEME

The Company's existing share option scheme (the "**Share Option Scheme**") was conditionally adopted on 19 May 2015, under which the Directors may grant options to eligible persons to subscribe for the shares of the Company, subject to the terms and conditions as stipulated therein. No option had been granted by the Company under the Share Option Scheme since its date of adoption. Please refer to the annual report for further details of the Share Option Scheme.

OTHER CORPORATE INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "**AGM**") of the Company will be held on Thursday, 26 May 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 20 May 2022 to Thursday, 26 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, at Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 19 May 2022.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

According to code provision A.2.1 of the CG Code (which has been re-arranged as code provision C.2.1 since 1 January 2022), the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Han Xiaosheng currently performs the two roles of the Company's chief executive officer ("**CEO**") and 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.

According to code provision E.1.2 of the CG Code (which has been re-arranged as code provision F.2.2 since 1 January 2022), the chairman of the board should attend 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. LIU Jipeng, the independent non-executive Director and the chairman of the audit committee under the Board (the "**Audit Committee**"), did not attend the annual general meeting of the Company held on 20 May 2021 (the "**2021 AGM**"). Other independent non-executive Directors were present at the 2021 AGM to enable the Board to develop a balance understanding of the views of the Company's 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.

PROPOSED AMENDMENTS TO EXISTING BYE-LAWS AND ADOPTION OF NEW BYE-LAWS

The Board proposes to amend the existing bye-laws of the Company (the "**Existing Bye-laws**") for, among others, conforming with the latest amendments to the Listing Rules. The Board proposes to seek the approval of the shareholders of the Company by way of special resolution at the AGM to adopt the amended and restated bye-laws (the "**New Bye-laws**") in substitution for, and to the exclusion of the Existing Bye-laws.

A circular containing, inter alia, details of the proposed amendments to the Existing Bye-laws and the adoption of the New Bye-laws, together with the notice of the AGM and the related proxy form, will be despatched to shareholders of the Company in due course.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

DISCLAIMER OF OPINION

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

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As described in Note 2(b) to the consolidated financial statements, during the year ended 31 December 2021, the Group incurred a net loss attributable to the shareholders of the Company of approximately HK$5,359,792,000 and a net operating cash outflow of approximately HK$230,971,000 and, as of that date, the Group had properties under development of approximately HK$12,264,978,000 which were classified as current assets while expected to be completed and recovered after one year. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by approximately HK$7,978,326,000 as at 31 December 2021. In addition, the Group's businesses in real estate development in the U.S. and energy sector in Indonesia are capital intensive in nature and funding the continuous development of these businesses would require substantial capital in the foreseeable future. As at 31 December 2021, the Group's contracted but not provided for capital commitments were of approximately HK$1,479,501,000.

As at 31 December 2021, the Group had indebtedness, including borrowings and lease liabilities of approximately HK$5,752,539,000 and HK$37,761,000, respectively which will fall due within twelve months from the date of 31 December 2021. Amongst the Group's borrowings, as at the date of this announcement, the Group was in default in respect of borrowings with principal amount of approximately HK$4,706,734,000 due to the events of default of late or overdue payment of loan principal and interest or cross-default with other borrowing, which, as a consequence, would be immediately repayable if and when requested by the lender.

These conditions, together with other matters described in Note 2(b) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position, and to meet its liabilities as and when they fall due, which are set out in Note 2(b) to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the following measures to generate adequate financing and operating cash flows for the Group, which are subject to multiple uncertainties, including:

(i) successful completion of the Project Disposal Plans (as defined in Note 2(b) to the consolidated financial statements) in accordance with the terms and conditions, amounts and timing anticipated by the Group;

(ii) successful execution and completion of the Other Disposal Plans (as defined in Note 2(b) to the consolidated financial statements) to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group;

(iii) successful execution and completion of the Financing Plans (as defined in Note 2(b) to the consolidated financial statements) in refinancing and/or renewing existing borrowings, and/or obtaining of new and additional sources of funding as and when needs; and

(iv) 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 to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT VIEW ON GOING CONCERN

The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2021 after taking into consideration of the followings:

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

(ii) on 22 March 2022, the Group obtained a letter of undertaking for provision of financial support to the Company from Oceanwide Holdings, a controlling shareholder of the Company, whereby Oceanwide Holdings agrees to provide sufficient funds to the Group so that the Group will be able to meet all financial obligations as they fall due in the coming twelve months from the date of the consolidated financial statements (the "**Financing Support**");

(iii) on 22 December 2021, Oceanwide Resort Community HI LLC ("**ORCH**", an indirect wholly-owned subsidiary of the Company), entered into a purchase and sale agreement with Alaka'i Apartments II LP ("**Alaka'i**"), an independent third party of the Group, pursuant to which ORCH has conditionally agreed to sell, and Alaka'i has conditionally agreed to purchase, a parcel of land located in the area of Kapolei, the State of Hawaii, the U.S., and the traffic impact fee credits for the aggregate consideration of approximately US$23.3 million (equivalent to approximately HK$181.7 million) (the "**First Disposal**"). For details, please refer to the announcement of the Company dated 22 December 2021; and

(iv) on 16 March 2022, ORCH entered into a purchase and sale agreement with Tower Kapolei MF Holdings, LLC ("**TMF**"), an independent third party of the Group, pursuant to which ORCH has conditionally agreed to sell, and TMF conditionally agreed to purchase, remaining of land located in the area of Kapolei, the State of Hawaii, the U.S. for the consideration of approximately US$92.9 million (equivalent to approximately HK$724.4 million) (the "**Second Disposal**") (together with the First Disposal, the "**Project Disposal Plans**"). For details, please refer to the announcement of the Company dated 16 March 2022.

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

(i) the Group is currently considering to have other disposals on certain of the assets not generating immediate revenue or at its preliminary planning stage to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group (the "**Other Disposal Plans**");

(ii) the Group is continuously and currently approaching several financial institutions to provide a project financing or joint development plan (the "**LA Project Financing Plan**") so as to finance the completion of the Group's real estate development project in Los Angeles, the U.S. and to pay off all current debts to the creditors for the LA Project;

(iii) for the loans which had been defaulted and/or will be matured within twelve months after 31 December 2021, the Group is continuously and has been actively convincing lenders for a debt restructuring of the Group's existing outstanding borrowings and interest, including revising certain key terms and conditions of the original facility agreements by entering into supplemental agreements, such as the extension of the principals and interest payment schedules for the Group's existing borrowings (the "**Debt Restructuring Plan**"); and

(iv) together with the COG Financing Facilities, Financing Support, LA Project Financing Plan and Debt Restructuring 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 aiming to maintain sufficient cash flows for the Group's operations (collectively, the "**Financing Plans**").

Accordingly, the Directors are of the opinion 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 Group will be able to continue as a going concern, which will depend upon the Group's ability to generate adequate investing and financial cash flows through the following:

(i) Successful completion of the Project Disposal Plans in accordance with the terms and conditions, amounts and timing anticipated by the Group;

(ii) successful execution and completion of the Other Disposal Plans to reduce the overall indebtedness of the Group, thereby to reduce the recurring finance cost and working capital burden of the Group;

(iii) successful execution and completion of the Financing Plans in refinancing and/or renewing existing borrowings, and/or obtaining of new and additional sources of funding as and when needed; and

(iv) 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.

Up to the date of this announcement, the Group has signed the purchase and sale agreements for the disposal of Hawaii Kapolei land and is still actively seeking opportunity to dispose of other assets which will not generate immediate revenue or are in the preliminary planning stage to reduce the Group's overall liabilities, thereby reducing the Group's recurring financial costs and working capital burden. In addition, for the existing outstanding borrowings or assets under receivership, the Group has been convincing the lenders on debt restructuring, including the amendment to certain key terms and conditions of the original financing agreement by entering into supplemental agreement, such as extending the principal and interest payment schedule. The Group will also actively seek additional bank and other borrowings from 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 aiming to maintain sufficient cash flow for the Group.

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

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

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee and audited by Yongtuo Fuson.

CORPORATE STRATEGY

The primary objective of the Group is to enhance long-term total returns for the shareholders of the Company. 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 which may be contained in this announcement are based on current plans, estimations and projections, and therefore involve risks and uncertainties. Actual results may differ materially from the expectations discussed in such forward-looking statements and opinions. The Group, the Directors, and the employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

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

Hong Kong, 29 March 2022

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. 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$7.7981 and conversions of RMB into HK$ are based on the exchange rate of RMB1.00 = HK$1.2231 for illustration purpose only. No representation is made that any amounts in US$, 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*