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中泛控股有限公司

CHINA OCEANWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 715)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Director(s)**") of China Oceanwide Holdings Limited ("**China Oceanwide Holdings**" or the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2022 (the "**Period**").

CHAIRMAN'S STATEMENT

The operating environment of the Company continued to face challenges in the first half of 2022. The variants of the novel coronavirus ("**COVID-19**") pandemic have spread widely around the globe and are still affecting economic activities in Mainland China, Hong Kong and overseas. The fifth wave of the pandemic in Hong Kong in 2022 set back the economy and consumption activities again. In the second quarter of 2022, the Hong Kong local gross domestic product ("**GDP**") decreased by 1.3% when comparing to the same period last year, and that of the first quarter decreased by 3.9%. The United States of America (the "**U.S.**") GDP also contracted by 1.6% and 0.9% for the first and second quarters of 2022 respectively. For Mainland China, since 2021, real estate developers have been 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 difficulties when issuing bonds. There are increasing debt defaults in a number of 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. At the downturn of economy, together with lawsuits and the difficulty in financing, the sale and the development of the real estate development projects of China Oceanwide Holdings were hindered. For the Period, a number of receiverships and lawsuits have occurred due to funding issues. The companies indirectly holding the investment properties project in Shanghai (the "**Shanghai Properties**") and the real estate development project in New York (the "**New York Project**") were under receivership respectively, and the assets and liabilities of those companies under receivership were deconsolidated from the Group's consolidated financial statements (the "**Deconsolidation**"). Currently, the Group is actively negotiating with the receivers and lenders to resolve the current difficulties. The Group hopes to expedite the disposal of idle lands in order to repay the Group's debts, thereby reducing the burden on recurring financial costs and working capital.

The Group will strive to implement asset optimization and disposal, introduce strategic investors, continue to reduce leverage and liabilities, and resolve liquidity risks comprehensively, aiming to resolve key problems that restrict the development of the Group as soon as possible. The Group will also promote stable development of operations, unite all the powers, forge ahead, and move forward together towards a brighter future.

Macro-economic Environment

The major properties of China Oceanwide Holdings are located in Mainland China and the U.S.. In the first half of 2022, the pandemic continued to rebound in Mainland China and overseas, with the energy and food crises continuing to escalate. The global supply chain faced enormous challenges, resulting in slowdown of economic recovery. At present, the uncertainties in the international environment are increasing, and domestic economic growth has been slowing down. Since 2022, numerous real estate constructions across Mainland China have been suspended and could not be completed. Some of the affected property owners have stopped repaying their mortgage loans. For the period from January 2022 up to July 2022, property owners of more than 100 projects across Mainland China have announced mortgage repayment suspensions. The mortgage repayment suspension wave continues to expand, hitting the real estate market of Mainland China.

In the U.S. real estate market, the U.S. Federal Reserve decided to raise interest rates by 0.75% in June and July 2022 respectively, representing the largest increase in 28 years. The interest rates have increased by 2.25% from the beginning of 2022 to July 2022 and rose to 2.5% currently. The interest rate hike has disrupted the financial market of the U.S., and the housing mortgage interest rates also had a sharp jump. The interest rate hike has led to a sharp reversal in the housing market, causing a sharp drop in mortgage demand. According to the statistical data of National Association of Realtors, the existing-home sales, which measures the signed sales contract of completed properties, declined for six consecutive months from November 2021 to April 2022. Although the existing-home sales in May 2022 rose slightly by 0.7% compared to April 2022, it further declined in June and July 2022 and is 20.2% lower than that in July 2021. Some economists pointed out that in order to curb the highest level of inflation in 40 years, the U.S. Federal Reserve is aggressively raising interest rates, which has pushed up mortgage rates and suppressed demands in the U.S. housing market. A great recession could be triggered if the U.S. Federal Reserve bursts the bubbles of the U.S. stocks market, housing market and credit market with sharp interest rate hikes.

The above-mentioned U.S. real estate market trend did not have an immediate negative impact on the Group's operating income. If the local purchasing power in the U.S. declines, the Group's Los Angeles ("**LA**") project (the "**LA Project**") may have to bear huge pressure on the sell out rate and liquidity. There will also be negative impact on the real estate development projects in Hawaii (the "**Hawaii Projects**") and the New York Project.

Due to the shortage of fund, each of the business segment of China Oceanwide Holdings has been affected to a certain extent. The companies indirectly holding the Shanghai Properties and the New York Project have been under receivership. Since the Group has lost control over these companies, the financial results of the companies indirectly holding the Shanghai Properties and the New York Project have been deconsolidated in April and May 2022, respectively. The LA Project and the energy projects in the Republic of Indonesia ("**Indonesia**") have been suspended. The funds injected can only maintain the basic expenditure of the projects and the construction work has been put on hold.

In response to the shortage of fund and the difficulties of financing, the management will continue to actively maintain and optimize existing projects in the second half of 2022, dedicate to promoting joint venture or sale of projects, continue to manage external risks and challenges, add new business growth points at an appropriate time to improve profitability, and fully formulate strategies and plans to cope with the uncertainties related to fund.

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

FINANCIAL RESULTS

Affected by the Deconsolidation of the financial results of the company indirectly holding the Shanghai Properties in April 2022, the income and profit of the investment property segment were significantly impacted during the Period. Following the Deconsolidation, the consolidated fair value of the net assets/liabilities of the deconsolidated companies, which included the derecognized project pledged loans, that were under receivership were valuated and presented in the statement as "Interests in deconsolidated subsidiaries/obligations in respect of deconsolidated subsidiaries" which is financial assets/liabilities measured at fair value through profit or loss, and the fair value changes during the Period were presented as "fair value changes in interests and obligations in respect of deconsolidated subsidiaries". The real estate development and energy segments were in the construction period and were temporarily unable to generate income and profits. Certain expenses of the projects that did not have progress are not capitalized and the project-related expenses in the real estate development segment were included in the income statement during the Period. In the energy segment, no revenue is generated from the segment as the construction of the power supply project was suspended. In the finance investment and others segment, loss was recorded due to the decrease in dividends and interest income as well as the exchange loss of USD-denominated borrowings of the Group due to the depreciation of HKD against USD. The total income for the Period was HK$28.0 million (2021: HK$54.6 million), representing 49% decrease year-on-year. The loss before interest expense and tax for the Period ("**LBIT**") was HK$94.1 million (2021: HK$61.6 million). The LBIT during the Period excluding other net loss[1] of HK$27.7 million (2021: HK$14.2 million) was HK$66.5 million (2021: HK$47.4 million), mainly due to the fact that the financial results of the company indirectly holding the Shanghai Properties was deconsolidated in April 2022.

Consolidated loss attributable to the shareholders of the Company (the "**Shareholders**") for the Period was HK$728.8 million (2021: HK$567.9 million). The increase in consolidated loss attributable to the Shareholders was mainly due to the fair value changes in interests and obligations in respect of deconsolidated subsidiaries of which HK$118.5 million (2021: Nil) and the interest for the Period which amounted to HK$510.4 million (2021: HK$523.5 million). Basic loss per share was HK4.51 cents (2021: HK3.52 cents).

DIVIDEND

The Board does not recommend the distribution of interim dividend for the Period (2021: Nil).

REVIEW OF BUSINESS SEGMENTS

Property Investment

The company indirectly holding the Shanghai Properties was under receivership on 14 February 2022. The Company was being notified in April 2022 that the Shanghai Properties would be sold. Therefore, the Deconsolidation should be considered to have occurred in April 2022. The consolidated net liabilities of China Oceanwide Property Holdings Limited ("**COPHL**") and its subsidiaries (collectively the "**COPHL Group**"), which indirectly hold the Shanghai Properties, were presented as "Obligations in respect of deconsolidated subsidiaries".

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1 Other net loss during the Period was HK$27.7 million, comprising net foreign exchange losses of HK$27.3 million, expected credit loss provision on trade receivables of HK$1.9 million and net of reversal of expected credit loss provision on loan and interest receivables of HK$1.5 million. For the same period of 2021, the other net loss was HK$14.2 million, being the net exchange losses of HK$12.8 million and the expected credit loss provision on trade receivables of HK$1.4 million.

The deconsolidated Shanghai Properties was the only asset that generated revenue in the property investment segment. The revenue for the Period was HK$27.9 million, representing a decrease of 49% compared to HK$54.4 million for the same period in 2021. Earnings before interest expense and tax ("**EBIT**") was HK$20.1 million, compared to HK$43.4 million for the same period in 2021. Excluding other net losses[2], EBIT for the Period was HK$22.0 million (2021: HK$44.9 million). The decrease in recurring EBIT was mainly due to the Deconsolidation of the financial results of the company indirectly holding the Shanghai Properties in April 2022. The ultimate impact of the Deconsolidation has to be confirmed after the Shanghai Properties are sold and the related loans are fully repaid. Management of the Group will continue to communicate with the receivers and lenders different alternatives including but not limited to repayment of outstanding loan so that the Shanghai Properties would not be sold to satisfy the outstanding debt. The Company will make announcements when further information becomes available.

<u>Real estate development</u>

The Group maintained its focus on the development of its U.S. real estate development 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. As at 30 June 2022, the Group has a total of five real estate development projects (including the deconsolidated New York Project) as follows:

[2] Other net loss during the Period was HK$1.9 million (2021: HK$1.4 million), being the expected credit loss provision on trade receivables.

Project Name	Site area *(square meters ("sqm"))*	Funds invested as at 30 June 2022 *(US$' million)*	Current project status	Project development
LA Project	18,662	1,198.0	Construction works for all main structures were completed in 2018; curtain wall installation works for the main structures were completed; over 85% of electrical and mechanical controls and end devices of the tower building were completed; 70% of the installation of the project's overall electrical and mechanical systems were completed; and over 60% of interior drywalls in towers 2 and 3 were installed. The construction of the project has been suspended since October 2020. The construction of the LA Project is still on hold due to liquidity issues faced by the Group.	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	410.5	The company indirectly holding the project has been under receivership since May 2022, and the financial results of such company has been deconsolidated in May 2022 as the Group has lost control over the company.	A mixed use complex comprising high-end hotel and residential units
Hawaii Ko Olina No. 2 Land Project	70,000	221.2	The project is under preliminary planning stage but has been advertised for disposal. 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	307.5	The project is under preliminary planning stage but has been advertised for disposal. 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	125.6	The Group entered into a sale and purchase agreement on 16 March 2022 for the sale of a majority of the land in the Hawaii Kapolei Project (as defined below). The Company is negotiating with the buyer in order to complete the sale.	Commercial, residential properties and community facilities

LA Project

The LA Project is located in the core area of LA, near landmark buildings such as Crypto.com Arena (formerly known as Staples Center) (home to the Lakers and the Clippers), Microsoft Theater, Los Angeles Convention Center and The Ritz Carlton. With considerable flow of people and customers, it is an excellent site for the development of a commercial complex. It attracts more than 20 million tourists and spectators every year and is located in the most attractive business district in LA and the core area of the 2028 Los Angeles Olympic Games. The main target groups of condominiums of the LA Project are people aged 35 to 50 with certain social status and achievements, empty nest families, celebrities and VIP athletes, as well as international home buyers and senior executives of multinational companies. The target groups of the commercial retail, LED outdoor advertising and hotels are mainly tourists, spectators, event participants, international tourists, and approximately 70,000 residents in the region. The LA Project covers a total land area of approximately 18,662 sqm with a gross floor area of approximately 138,249 sqm which 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 top-notch hotel brand under the Hyatt Group, a shopping mall with a gross floor area of approximately 15,476 sqm, and the largest LED signage panel on the west coast of the U.S..

The construction of the project commenced in the second half of 2014. In 2018, construction works of the project for all main structures and curtain wall installation works for the main structures were completed. Over 85% of electrical and mechanical work were completed so far; and over 60% of interior drywalls in towers 2 and 3 were installed. However, the construction of this project has been suspended since October 2020 due to the significant impact of global pandemic, 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 the LA Project was still remained suspended to date. During the Period, the Company has maintained the project with minimum cost contributed. The Group is now actively negotiating with potential investors on project financing, disposal 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. During the Period, the Group had discussion on financing and cooperative development with 9 groups of investors and financing institutions to compare and negotiate various terms of the cooperation. Considering (1) the sharp rise in the operation and construction cost year by year in the U.S. real estate market due to tightened supply which resulted in surged cost since the pandemic; (2) short-term market changes such as a sharp contraction in residential sales, a decline in profits of the residential leasing market and a decrease in income from the commercial real estate due to continuous severe hyperinflation; and (3) the sharp rise in financing costs due to interest hike by the U.S. Federal Reserve since 2022, the Group plans to slow down the resumption of the construction project, and continue the selection of partners within this year. When an upward inflection arises in the U.S. real estate market in 2023, the construction is then expected to resume in order to obtain the best return on investment. According to the development plan, it will take around two years of development time to complete the project after its resumption. Construction is expected to resume with the funding available in 2023. The on-site construction requires the completion of roof works, the exterior walls and facades of all tower buildings and podium buildings, LED steel structure and equipment installation, installation of all elevators, electromechanical and wall system, interior decoration for hotels and residences, construction of sky gardens and site gardens, steel structure installation of small podium buildings on the south, the facade curtain wall installation, installation of the mechanical and electrical fire protection, safety escape system equipment and the interior decoration. Therefore, the project is scheduled to be completed and put into operation in 2025 if construction resumes in 2023.

According to the plan, the LA Project mainly consists of about 35,000 sqm/164 sets of hotel brand apartments for sale, 45,000 sqm/340 sets of high-end boutique apartments, about 15,000 sqm of commercial retail units for rental, a hotel under the "Park Hyatt" Brand with 184 rooms, about 3,700 sqm of LED outdoor advertising, and about 468 parking spaces for rental. It is expected that the net sales revenue will reach about US$1.5 billion after the completion of sales of all apartments, and the recurring revenue during the stable period after the fourth year after completion is expected to be about US$120 million per year for the remaining properties which are held for operational return.

There has been attention on the specialization of project operation management in relation to the LA Project from the beginning of its development. From the design stage, a local professional management team in the U.S. has been hired to organize external consultants to participate in the planning and design of the project. The project company currently has 13 employees with expertise covering design, engineering, cost, sales and asset operations. At the same time, in accordance with the general operation method of the local U.S. market, the Company has hired a group of consultants, agents and experts who are familiar with the target customer groups and the operation of the local market to participate in sales, leasing, operation and management. For residential sales, the Company employed one of the top five sales agents in the U.S. to take charge of residential sales. For retail leasing, the agency is a management company with the highest market share in downtown of LA. For LED outdoor business, the Company has reached a cooperation intention of lease agency with the largest advertising company in North America. For hotel assets, the Company has hired Hyatt Hotel Management Group for management and operation.

The planning and construction blueprints of the LA Project were reviewed and approved by the Los Angeles City Planning Department, Construction and Safety Administration, Department of Transportation, Bureau of Public Affairs and other departments prior to the commencement of the project. The construction permit, which is currently still valid, was obtained in accordance with the regulations. During the construction process of this project, the whole process is subject to the supervision of the Construction and Safety Administration of the Los Angeles City, and the construction plan will be revised at any time according to the adjustment of the construction and design regulations in LA to ensure that the development process is legal and compliant.

As at 30 June 2022, total funds invested in the project was approximately US$1,198.0 million (equivalent to approximately HK$9,401.7 million).

New York Project

The company indirectly holding the New York Project was under receivership since 2 May 2022. The directors of China Oceanwide Real Estate Development III Limited ("**CORED III**") and its subsidiaries under the New York Project (collectively the "**CORED III Group**") were all changed to the representatives of the receivers on the same day. The lender issued a statutory demand letter to China Oceanwide Holdings on 16 May 2022, which stated that China Oceanwide Holdings should repay the debt of US$175,368,108.86 within 21 days, otherwise the lender has the right to file a winding-up petition against China Oceanwide Holdings in Bermuda and initiate the winding-up proceedings. The lender has filed a winding-up petition in the Bermuda Court on 9 June 2022. The financial results of the company indirectly holding the New York Project were deconsolidated in May 2022 as the Company has completely lost control of the project. At the time of the Deconsolidation, the consolidated net assets of New York Project are presented as "Interests in the deconsolidated subsidiaries". There is a fair value loss of approximately HK$35.5 million upon valuation due to the need for immediate sale. On 25 August 2022 (New York time), CORED III, Oceanwide Real Estate Investment NY Corp., Oceanwide Center NY LLC and the Company (collectively the "**Borrower Parties**") and New York – 80 South Street LLC (the "**Administrative Agent**"), for itself and the other lenders, together with the Administrative Agent, the "**Lender Parties**"), have entered into a forbearance agreement (the "**Forbearance Agreement**"), which is effective as of 18 August 2022. The Forbearance Agreement provides, inter alia, that (i) the Lender Parties forbear from the exercise of the Administrative Agent's rights and remedies under the loan documents and the Administrative Agent forbears from taking enforcement actions under the loan documents including but not limited to not to proceed with the Petition during the standstill period; (ii) the Borrower Parties will make interim forbearance extension payments in exchange for a standstill period from the effective date of the Forbearance Agreement (i.e. the date on which payment of the first installment of the forbearance extension payments is made) until 31 October 2022. The said standstill period is subject to an option for extension for an additional 1-month period through 30 November 2022 for an additional forbearance extension payment by the Borrower Parties. At the Borrower Parties' election, prior to the expiry of the standstill period of 31 October 2022 or 30 November 2022 (subject to exercise of the option for extension), the Borrower Parties may pay a final lump sum amount with transfer tax as applicable to the Administrative Agent and pursuant to transfer documents relating to conveyance of pledged property (the "**Transfer Documents**"), such transfer shall be effected to the Administrative Agent in full and final settlement of all outstanding sums under the loan documents or pursuant to a parent guarantee granted on 22 May 2019 by the Company in favour of the Administrative Agent. For details of the Forbearance Agreement, please refer to the announcement of the Company dated 26 August 2022. The management will continue to communicate with the receiver and the lender and will make an announcement when further information becomes available. The ultimate impact of the Deconsolidation has to be confirmed after the New York Project is sold and the related loan is fully repaid. As at 30 June 2022, total funds invested in the project were approximately US$410.5 million (equivalent to approximately HK$3,221.5 million).

Hawaii Projects

On 27 July 2021, China Oceanwide Real Estate Development Holdings Limited, the intermediate holding company of the Hawaii Projects, was under receivership as receiver was appointed by noteholders. The Company has been in continuous negotiations with the noteholders to explore feasible ways to resolve the receivership after the receiver was appointed. Since the sale and purchase agreement regarding the majority of the land parcels in the Hawaii Kapolei Project (defined as below), which was led by the Company, has been signed, the Company expects that the debt owed to the noteholders will be repaid after the project is sold, and the receivership will be resolved in the near future. Therefore, the financial results of China Oceanwide Real Estate Development Holdings Limited, which indirectly held the Hawaii Projects, were not deconsolidated as at 31 December 2021 and 30 June 2022.

Ko Olina No. 2 Land

The Group's Ko Olina No. 2 land real estate development project is located at several parcels of land in Ko Olina District on Oahu Island in Hawaii, the U.S., one of the world's most popular tourist destinations. These land parcels are one of the scarce sites available for hotel development on Oahu Island and have rich natural resources and a beautiful coastline with a land area of approximately 70,000 sqm and an estimated gross floor area of approximately 92,292 sqm. It is planned to be developed into two luxury branded hotels and residential condominiums. The project is currently at the stage of preliminary planning. As the Group 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 the New York Project and the Hawaii Projects were 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. As at 30 June 2022, total funds invested in the project were approximately US$221.2 million (equivalent to approximately HK$1,735.9 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 in Ko Olina District on Oahu Island in Hawaii, the U.S. with an area of approximately 106,311 sqm. The Group reached an agreement with the company of the "Atlantis" brand in December 2016 to develop the land parcels into an international luxury resort under the "Atlantis" brand, which will comprise facilities including approximately 800 guestrooms, an aquarium, restaurants, bars, spas, gyms, conference facilities and 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 the New York Project and the Hawaii Projects were 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. As at 30 June 2022, total funds invested in the project were approximately US$307.5 million (equivalent to approximately HK$2,413.2 million).

Kapolei

The Group's Kapolei real estate development project (the "**Hawaii Kapolei Project**") is located at several parcels of land in Kapolei District on Oahu Island in Hawaii, the U.S. with an area of approximately 2.05 million sqm, and 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 the New York Project and the Hawaii Projects were 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 Group signed a sale and purchase agreement on 16 March 2022 for the sale of most of the land in the Hawaii Kapolei Project and is negotiating with the buyer in order to complete the sale. As at 30 June 2022, approximately US$125.6 million (equivalent to approximately HK$985.7 million) has been invested in the project.

The tourism industry in Hawaii continued to improve in 2022. The hotel occupancy rate has returned to the level of 70%, with the number of tourists and the amount of tourist spending continue to increase. As the management considered that the hotel lands of Oahu Island in Hawaii, which are located in a popular tourist area, do not have impairment during the Period, no further impairment provision was required for the Hawaii projects.

As the above projects are currently not in operation and are in the preliminary stage of development, the real estate development segment did not generate income, and LBIT during the Period was HK$56.9 million, representing a decrease of 6% from HK$60.5 million for the same period in 2021. The decrease in LBIT was mainly due to the Deconsolidation of the financial results of the company indirectly holding the New York Project in May 2022.

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 ("**PT Mabar**"), 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 is currently at the installation stage. The land leveling work of such project commenced in October 2014. With the commencement of construction work in November 2015, the overall completion rate of the Medan Project is currently over 70%, in which the design work is almost completed, and the on-site work is approximately 50% done. Under the adverse impact of the COVID-19 pandemic in Indonesia as well as the liquidity issues faced by the Company, the Medan Project is being suspended. Once construction can be resumed, the Medan Project is expected to be completed within two years. The Group is now actively approaching potential investors, with goals to resume construction, to complete financing for the project and to pay off all current debts of the project, or to provide offers for potential investors to acquire the project. During the Period, there is no significant progress in financing and sale. The Medan Project will operate for 30 years after commencement for income generation. As at 30 June 2022, the pre-tax discount rate of the project's cash flow model is 11.17% (2021: 11.17%), and the project is expected to be completed by the end of 2025 (2021: completed by the end of 2025). The management did not make any impairment provision as at 30 June 2022 based on the 30-year operating cash flow forecast after the completion of the power plant project in Indonesia as compared to the carrying amount (For the year ended 31 December 2021: impairment of US$42.67 million). As of 30 June 2022, the capital invested in the Medan Project was approximately US$366.7 million (equivalent to approximately HK$2,877.8 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 PLN and 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.

As the Medan Project is still in the construction stage, LBIT of the energy segment for the Period was HK$4.2 million, representing a decrease of 63% as compared with HK$11.3 million for the corresponding period in 2021. The decrease in LBIT was primarily attributable to a reversal of a provision of expected credit losses made for receivables from a non-controlling shareholder of HK$1.5 million and cost control during the Period.

Finance Investment and Others

The revenue of the finance investment and others segment for the Period was HK$90,000, representing a decrease of 62% as compared with HK$0.25 million in the corresponding period of 2021. LBIT for the Period was HK$53.2 million (2021: HK$33.2 million). Such increase in loss was mainly due to a decrease in revenue and net exchange losses for the Period amounting to HK$27.3 million (2021: HK$12.8 million). Excluding other net losses[3], LBIT was HK$26.0 million (2021: HK$20.4 million). The increase was mainly attributable to the increase in attorney fees accrued for litigation.

As at 30 June 2022, the Group only held shares in China Huiyuan Juice Group Limited, which was delisted in January 2021 and full provision has been made for its carrying amount.

3 Other net losses for the Period included net exchange losses of HK$27.3 million; other net losses in 2021 included net exchange losses of HK$12.8 million.

OUTLOOK

The widespread of COVID-19 along with the Group's funding issues have caused the Group to encounter immense and unprecedented difficulties. During the Period, companies indirectly holding multiple projects have been under receiverships and litigations. Amidst the unclear prospect of economic recovery and strict regulations on the 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 or of other assets under construction 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 actively negotiating with the lenders and receivers regarding how to expedite the sale of related collateral assets to repay debts, or continue to explore ways to repay debts to redeem collaterals before forced sales. The Group will also actively seek additional borrowings or loan extension from 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 and reserve resources to develop projects that are close to completion. The Group will also continue its work in streamlining its operation, fully promoting financing, introducing strategic investors, disposing assets, optimizing management and control. The Group will also continue to be firm and confident, and face difficulties and challenges proactively. With the belief that "where there is a will, there is a way", the Group will not give in, even if there are numerous difficulties ahead. The Group will keep forging ahead and continue to explore new areas of development while gradually resolving the conflicts and problems that it is facing. The Group believes that through resolving the issues that it is facing, it can overcome its current difficulties and lay a strong foundation for the future.

With courage and determination, under the leadership of the management team, 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 August 2022

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2022

		Unaudited	
		Six months ended 30 June	
		2022	2021
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**28,023**	54,628
Cost of sales		**(2,495)**	(4,889)
Gross profit		**25,528**	49,739
Other net losses	*3*	**(27,652)**	(14,192)
Administrative expenses		**(91,689)**	(96,566)
Selling and distribution costs		**(314)**	(538)
Operating loss		**(94,127)**	(61,557)
Changes in interests and obligations in respect of deconsolidated subsidiaries	*10*	**(118,492)**	–
Interest expense		**(510,354)**	(523,492)
Loss before tax	*3*	**(722,973)**	(585,049)
Income tax (expense)/credit	*4*	**(8,546)**	12,672
Loss for the Period		**(731,519)**	(572,377)
Loss attributable to:			
Shareholders of the Company		**(728,838)**	(567,918)
Non-controlling interests		**(2,681)**	(4,459)
		(731,519)	(572,377)
Basic and diluted loss per share attributable to shareholders of the Company	*6*	**HK(4.51) cent**	HK(3.52) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Loss for the Period	**(731,519)**	(572,377)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Translating financial statements of foreign operations:		
– Gains taken to reserves	**78,104**	26,556
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income:		
– Net valuation gains taken to reserves	**–**	439
Other comprehensive income for the Period, net of tax**	**78,104**	26,995
Total comprehensive expenses for the Period	**(653,415)**	(545,382)
Total comprehensive expenses attributable to:		
Shareholders of the Company	**(657,676)**	(542,575)
Non-controlling interests	**4,261**	(2,807)
	(653,415)	(545,382)

** There was no tax effect on each component of the other comprehensive income for the six months ended 30 June 2022 and 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 30 June 2022

	Note	**Unaudited 30 June 2022** *HK$'000*	Audited 31 December 2021 *HK$'000*
ASSETS			
Non-current assets			
Properties, plant and equipment		**2,531,913**	2,539,031
Investment properties		**4,241,080**	5,540,371
Right-of-use assets		**28,346**	56,077
Deposits, prepayments and other receivables		**606,712**	604,860
Deferred income tax assets		**100,003**	99,369
		7,508,054	8,839,708
Current assets			
Properties under development		**10,665,497**	12,264,978
Interests in deconsolidated subsidiaries	*10*	**116,479**	–
Trade receivables	*7*	**–**	23,885
Deposits, prepayments and other receivables		**17,586**	78,900
Restricted cash		**–**	39,828
Cash and cash equivalents		**7,442**	15,702
		10,807,004	12,423,293
Total assets		**18,315,058**	21,263,001

	Note	Unaudited 30 June 2022 HK$'000	Audited 31 December 2021 HK$'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**1,614,265**	1,614,265
Reserves		**1,586,611**	2,244,287
		3,200,876	3,858,552
Non-controlling interests		**398,755**	394,494
Total equity		**3,599,631**	4,253,046
LIABILITIES			
Non-current liabilities			
Lease liabilities		**22,234**	46,572
Amount due to an intermediate holding company		**8,783,330**	8,505,057
Deferred income tax liabilities		**3,201**	321,685
		8,808,765	8,873,314
Current liabilities			
Deposits received, other payables and accruals		**2,265,123**	2,306,267
Borrowings		**3,286,189**	5,752,539
Obligations in respect of deconsolidated subsidiaries	*10*	**273,289**	–
Lease liabilities		**37,820**	37,761
Amount due to immediate holding company		**29,706**	–
Current income tax liabilities		**14,535**	40,074
		5,906,662	8,136,641
Total liabilities		**14,715,427**	17,009,955
Total equity and liabilities		**18,315,058**	21,263,001

Notes:

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information (the "**Interim Financial Statements**") is prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

These Interim Financial Statements have been prepared under the historical cost convention except for investment properties and interests in and obligations in respect of deconsolidated subsidiaries, which are stated at fair values.

The accounting policies applied and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2021, except for the adoption of the standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for accounting periods beginning 1 January 2022. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position. The Group is in the process of assessing the potential impact of the standards and amendments which were in issue but not yet effective and have not been early adopted by the Group.

Deconsolidation of Subsidiaries

Shanghai Properties

As stated in the announcement of the Company dated 15 February 2022, (i) the lender of the Shanghai Properties mortgage loan ("**OCM**") has issued a letter dated 14 February 2022 stating that OCM has decided to enforce the security for the loan due to debt default; (ii) the Company has received a letter dated 14 February 2022 addressed to COPHL, the borrower of the loan, regarding the appointment of receivers over the issued shares in COPHL; and (iii) the Company is currently negotiating with OCM on exploring options to satisfy the OCM claims.

The Company continuously assessed the legal, financial and operational impacts of the actions taken and to be taken by the lender and the appointment of receivers over COPHL. Based on the facts and circumstances as at 14 February 2022 and till 31 March 2022, the Directors believed that the appointment of the receivers and directors of COPHL on 14 February 2022 was essentially an action taken by OCM to protect its interests in the underlying Shanghai Properties owned by COPHL Group pledged as collateral for the loan, rather than to obtain control over COPHL Group. The Group continued to exercise management control over the Shanghai Properties and was seeking refinancing for the properties to raise funding for the Group to repay the debt owed to OCM. However, after the refinancing efforts of the Group for the Shanghai Properties did not result in financing terms or structure being agreed between the parties involved, on 12 April 2022, the Company was advised by OCM that they would start inviting potential buyers to buy the Shanghai Properties and would select potential buyers to sign memorandum of understanding and commence the due diligence process for the purchase of the Shanghai Properties. Therefore, the Directors consider that the relevant facts and circumstances have changed and OCM was exercising control over COPHL Group with regard to the Shanghai Properties as their principal asset. The Group is considered to have lost control over COPHL Group with effect from April 2022 and as a result, COPHL Group were deconsolidated with effect from 1 April 2022.

New York Project

As stated in the announcement of the Company dated 6 May 2022, CORED III, the borrower of a loan secured on the New York properties owned by CORED III Group, has received a letter dated 3 May 2022 from the receivers stating that the lender of the loan has decided to enforce the security for the loan due to debt default and appointed fixed charge receivers over the shares of CORED III. The receivers have taken control on the day to day operations of CORED III Group and the Group has lost control over CORED III Group with effect from 3 May 2022. In the preparation of these Interim Financial Statements, CORED III Group were deconsolidated with effect from 1 May 2022.

Going Concern Basis

During the Period, the Group incurred a net loss attributable to the Shareholders of approximately HK$728,838,000 (For the period ended 30 June 2021: HK$567,918,000) and as of that date, the Group had properties under development of HK$10,665,497,000 (31 December 2021: HK$12,264,978,000) which were classified as current assets while expected to be completed and recovered after one year. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by HK$5,765,155,000 as at 30 June 2022 (31 December 2021: HK$7,978,326,000). 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 access to substantial capital in the foreseeable future and as at 30 June 2022, the Group had capital commitments contracted but not provided for which amounted to approximately HK$1,477,941,000 (31 December 2021: HK$1,479,501,000).

As at 30 June 2022, the Group had indebtedness, including borrowings and lease liabilities of approximately HK$3,286,189,000 and HK$37,820,000 (31 December 2021: HK$5,752,539,000 and HK$37,761,000) respectively, which will fall due within twelve months from the date of 30 June 2022. Amongst the Group's borrowings, as at the date of the approval for issuance of these Interim Financial Statements, the Group was in default in respect of borrowings with principal amount of approximately HK$3,286,189,000 due to the events of default of late or overdue payment of loan principal and interest or cross-default with other borrowings, which, as a consequence, would be immediately repayable if and when requested by the lenders.

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

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

(i) As at 30 June 2022, China Oceanwide Group Limited ("**COG**"), the intermediate holding company of the Company, has provided unsecured and interest-bearing loans amounting to an aggregate of approximately HK$8,783,330,000 to the Group with the maturity date of the loans of 31 December 2023. COG has agreed not to request for any repayment of the loans before the maturity date of 31 December 2023. Further, as at 30 June 2022, COG has also agreed to provide available undrawn facilities amounting to approximately HK$3,900,139,000 to the Group (together, the "**COG Financing Facilities**");

(ii) On 17 August 2022, the Group obtained a letter of undertaking for provision of financial support to the Company from Oceanwide Holdings, an indirect controlling Shareholder, 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**"); and

(iii) On 16 March 2022, Oceanwide Resort Community HI LLC ("**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$729.1 million) (the "**Project Disposal Plan**"). This transaction has not been completed up to the date of this announcement and the Group is still negotiating with TMF to complete the deal.

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 or other assets under construction 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 investors to provide a project financing or joint development plan so as to finance the completion and to pay off all current debts to the creditors for the LA Project (the "**LA Project Financing Plan**"); and

(iii) For the loans which had been defaulted and will be matured within twelve months after 30 June 2022, the Group is continuously and has been in active negotiations in seeking to convince the lenders for a debt restructuring of the Group's existing outstanding borrowings and interest, including to revise certain key terms and conditions of the original facility agreements, such as the extension of the principals and interest payment schedules for the Group's existing borrowings and to sell the pledged assets to the lenders in exchange for the extinguishment of debts (the "**Debt Restructuring Plan**"). Together with the COG Financing Facilities, OH Financing Support, LA Project Financing Plan and Debt Restructuring Plan, they are collectively referred to as the "**Financing Plans**".

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 30 June 2022. After taking into account the abovementioned assumptions and measures and assuming materialization of substantial amount of these assumptions, the Directors consider that 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 30 June 2022. Accordingly, the Interim Financial Statements have been prepared 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 Plan 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; and

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

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

These Interim Financial Statements are presented in HKD, unless otherwise stated. These Interim Financial Statements were approved for issue on 29 August 2022.

2 REVENUE AND SEGMENT INFORMATION

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

	Unaudited Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Rental income from investment properties *(Note)*	**27,930**	54,383
Interest income	**93**	245
	28,023	54,628

Note:

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

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

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

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

Segment information:

a. ***Condensed consolidated statement of income and other significant information***

	Unaudited				
	Six months ended 30 June 2022				
	Property investment	Real estate development	Energy	Finance investment and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	27,930	–	–	93	28,023
Segment results before other net losses	21,981	(56,853)	(5,653)	(25,950)	(66,475)
Other net (losses)/gains *(Note 3b)*	(1,861)	–	1,478	(27,269)	(27,652)
EBIT/(LBIT)	20,120	(56,853)	(4,175)	(53,219)	(94,127)
Changes in interests and obligations in respect of deconsolidated subsidiaries	(48,419)	(70,073)	–	–	(118,492)
Interest expense	–	(509,759)	(30)	(565)	(510,354)
Loss before tax	(28,299)	(636,685)	(4,205)	(53,784)	(722,973)
Income tax expense					(8,546)
Loss for the Period					(731,519)
Depreciation of properties, plant and equipment	1,066	488	433	69	2,056
Depreciation of right-of-use assets	595	2,922	702	3,499	7,718
Additions to non-current segment assets *(Note)*	–	–	–	40	40

Note:

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

	Unaudited				
	Six months ended 30 June 2021				
	Property investment *HK$'000*	Real estate development *HK$'000*	Energy *HK$'000*	Finance investment and others *HK$'000*	Total *HK$'000*
Segment revenue	54,383	–	–	245	54,628
Segment results before other net losses	44,852	(60,516)	(11,311)	(20,390)	(47,365)
Other net losses *(Note 3b)*	(1,429)	–	–	(12,763)	(14,192)
EBIT/(LBIT)	43,423	(60,516)	(11,311)	(33,153)	(61,557)
Interest expense	–	(522,958)	(129)	(405)	(523,492)
Profit/(loss) before tax	43,423	(583,474)	(11,440)	(33,558)	(585,049)
Income tax credit					12,672
Loss for the Period					(572,377)
Depreciation of properties, plant and equipment	1,977	939	471	90	3,477
Depreciation of right-of-use assets	1,193	3,622	1,400	3,752	9,967
Additions to non-current segment assets *(Note)*	–	–	236	139	375

Note:

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

b. Condensed consolidated statement of financial position

	Unaudited As at 30 June 2022				
	Property investment *HK$'000*	**Real estate development** *HK$'000*	**Energy** *HK$'000*	**Finance investment and others** *HK$'000*	**Total** *HK$'000*
Segment assets	**–**	**14,929,879**	**3,148,159**	**20,538**	**18,098,576**
Interests in deconsolidated subsidiaries	**–**	**116,479**	**–**	**–**	**116,479**
Deferred income tax assets	**–**	**100,003**	**–**	**–**	**100,003**
Total assets					**18,315,058**
Segment liabilities	**–**	**1,942,679**	**216,271**	**166,227**	**2,325,177**
Borrowings	**–**	**2,242,349**	**–**	**1,043,840**	**3,286,189**
Obligations in respect of deconsolidated subsidiaries	**273,289**	**–**	**–**	**–**	**273,289**
Amount due to an intermediate holding company	**393,716**	**5,159,553**	**–**	**3,230,061**	**8,783,330**
Amount due to the immediate holding company	**–**	**–**	**–**	**29,706**	**29,706**
Current income tax liabilities	**–**	**14,535**	**–**	**–**	**14,535**
Deferred income tax liabilities	**–**	**3,201**	**–**	**–**	**3,201**
Total liabilities					**14,715,427**

	Audited As at 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 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

Geographical information:

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

Revenue and total 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					
30 June 2022 (Unaudited)	**–**	**1**	**28,020**	**2**	**28,023**
30 June 2021 (Unaudited)	23	5	54,598	2	54,628
Total assets					
30 June 2022 (Unaudited)	**15,146,351**	**3,147,464**	**-**	**21,243**	**18,315,058**
31 December 2021 (Audited)	16,614,553	3,126,610	1,492,536	29,302	21,263,001

3 LOSS BEFORE TAX

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

	Unaudited Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Crediting		
Rental income from investment properties *(Note a)*	**27,930**	54,383
Reversal of expected credit losses ("**ECL(s)**") on loan and interest receivables *(Note b)*	**1,478**	–
Charging		
ECLs on trade receivables *(Note b)*	**1,861**	1,429
Staff costs (including Directors' emoluments) *(Note c)*	**30,441**	35,041
Depreciation of properties, plant and equipment	**2,056**	3,477
Depreciation of right-of-use assets	**7,718**	9,967
Operating lease charges in respect of properties not included in the measurement of lease liabilities	**1,804**	1,523
Net foreign exchange losses *(Note b)*	**27,269**	12,763
Changes in interests and obligations in respect of deconsolidated subsidiaries *(Note 10)*	**118,492**	–

Notes:

a. *Investment properties that generated rental income relate to the subsidiaries of COPHL which have been deconsolidated during the current Period with effect from 1 April 2022.*

b. *Other net losses of HK$27,652,000 for the Period represented (i) ECLs on trade receivables of HK$1,861,000; (ii) the net foreign exchange losses of HK$27,269,000; and (iii) net of reversal of ECLs on loan and interest receivables of HK$1,478,000.*

Other net losses of HK$14,192,000 for the six months ended 30 June 2021 represented (i) ECLs on trade receivables of HK$1,429,000; and (ii) the net foreign exchange losses of HK$12,763,000.

c. *A government subsidiary of HK$184,000 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 Period (2021:nil).*

4 INCOME TAX EXPENSE/(CREDIT)

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
Current income tax		
– Charge for the Period	**6,665**	11,799
Deferred income tax		
– Charge/(credit) for the Period	**1,881**	(24,471)
	8,546	(12,672)

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

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

For the six months ended 30 June 2022 and 2021, no U.S. Federal or State Income Tax was provided as the Group had no estimated assessable profits.

For the six months ended 30 June 2022 and 2021, no Hong Kong profits tax was provided as the Group had no estimated assessable profits.

5 INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend in respect of the Period (2021: Nil).

6 BASIC AND DILUTED LOSS PER SHARE

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

	Unaudited Six months ended 30 June	
	2022	2021
Weighted average number of ordinary shares in issue	**16,142,653,060**	16,142,653,060
Loss attributable to Shareholders *(HK$'000)*	**(728,838)**	(567,918)
Basic loss per share attributable to Shareholders *(HK cent per share)*	**(4.51)**	(3.52)

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 potential ordinary shares are only derived from the convertible notes. In calculating the dilutive loss per share, the convertible notes are assumed to have been converted into ordinary shares, and the net loss is adjusted to eliminate the interest expense, exchange gains on debt component and the fair value gains on embedded financial derivatives less the tax effect, if applicable.

No adjustment has been made to basic loss per share presented for the six months ended 30 June 2022 and 2021 in arriving at diluted loss per share for these periods as the impact of convertible notes outstanding had an anti-dilutive effect on the basic loss per share.

7 TRADE RECEIVABLES

	Unaudited 30 June 2022 *HK$'000*	Audited 31 December 2021 *HK$'000*
Gross amount	**–**	30,368
Less: provision for ECLs	**–**	(6,483)
	–	23,885

Movement of the ECL provision is set out below:

	HK$'000
Six months ended 30 June 2022	
At 1 January 2022 (Audited)	**6,483**
Additions	**1,861**
Deconsolidation of subsidiaries	**(8,382)**
Exchange translation differences	**38**
At 30 June 2022 (Unaudited)	**–**
Six months ended 30 June 2021	
At 1 January 2021 (Audited)	1,301
Additions	1,429
Exchange translation differences	14
At 30 June 2021 (Unaudited)	2,744

As at 30 June 2022, the Group's trade receivables were deconsolidated through the Deconsolidation of subsidiaries. As at 31 December 2021, the Group's trade receivables represented rental receivables for which no credit terms have been granted. The aging analysis of trade receivables, net of provision, based on the date of invoices was as follows:

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

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

The Group applies the Hong Kong Financial Reporting Standards 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 were assessed for impairment individually and HK$6,483,000 ECL provision was made, the management of the Group has assessed the ECL of the remaining trade receivables as insignificant and therefore it did not result in an impairment allowance.

8 PLEDGE OF ASSETS

As at 30 June 2022 and 31 December 2021, certain assets of the Group were pledged to secure borrowings of the Group as follows:

	Unaudited 30 June 2022	Audited 31 December 2021
	HK$'000	*HK$'000*
Pledged bank deposits	**–**	39,745
Properties under development	**10,665,497**	12,264,978
Properties, plant and equipment	**619**	13,579
Right-of-use assets	**–**	5,338
Investment properties	**4,241,080**	5,540,371
	14,907,196	17,864,011

Save as the pledged assets disclosed above, the issued shares of 10 (31 December 2021: 20) subsidiaries of the Company were also pledged to secure borrowings of the Group as at 30 June 2022.

9 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES

Litigations of LA Project

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

On 31 January 2019 (LA time), a subcontractor (the "**Subcontractor**") of the LA Project, sued Oceanwide Plaza LLC ("**Oceanwide Plaza**"), the LA Project subsidiary of the Company, the general contractor (the "**General Contractor**") of the LA Project and a lender of Oceanwide Plaza in LA County Superior Court (the "**LA Court**") to foreclose on a mechanic's lien (the "**First Lien**") for approximately US$52.9 million (equivalent to approximately HK$415.1 million) recorded on the LA Project's title.

On 19 February 2019 (LA time), the Subcontractor recorded an amended lien, the second lien, for approximately US$49.4 million (equivalent to approximately HK$387.7 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$473.2 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 LA Court denied. Oceanwide Plaza and the General Contractor appealed and lost on 25 March 2021.

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

Apart from the aforesaid case, as of 30 June 2022, 37 contractors had recorded mechanic's liens for approximately US$390.0 million (equivalent to approximately HK$3,060.6 million) in total. 32 of these contractors were suing Oceanwide Plaza to foreclose on their mechanic's liens for an aggregate claim amount of approximately US$367.5 million (equivalent to approximately HK$2,884.1 million). Both of these amount included the General Contractor's lien of approximately US$218.8 million (equivalent to approximately HK$1,717.1 million).

Of the 32 contractors suing Oceanwide Plaza:

(i) Three had not served their lawsuits on Oceanwide Plaza;

(ii) Two had lawsuits, with total of US$1.7 million (equivalent to approximately HK$13.3 million), that were pending dismissal;

(iii) One subcontractor, a subcontractor of the Subcontractor, claimed approximately US$8.3 million (equivalent to approximately HK$65.1 million) for work done, and its lawsuit, to which Oceanwide Plaza had not had to respond, is largely controlled by the Subcontractor's lawsuit; and

(iv) Other than the General Contractor and the contractors discussed in items (i), (ii) and (iii) above, the other contractors had indicated they would consider settling their outstanding payments and continuing with the LA Project if Oceanwide Plaza could pay their settlement amounts, representing an aggregate claim amount of approximately US$134.4 million (equivalent to approximately HK$1,054.7 million).

Of the 5 contractors not suing Oceanwide Plaza, as of 30 June 2022, 4 had not sued to foreclose on their liens, and one other contractor had prevailed at arbitration, been paid, and dismissed its lawsuit, but a release had not yet been recorded.

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 defenses; and (iii) the arbitrator will issue an award on only the issue of if Oceanwide Plaza has met this obligation. Oceanwide Plaza did not fully meet this obligation, leaving a balance owed of US$38,440,000 (equivalent to approximately HK$301.7 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$301.7 million) plus attorneys' fees, costs, and interest. California law requires a contractor to prove that it has always been licensed when attempting to collect payment. The Company attempted to present evidence that the General Contractor was not licensed, but the arbitrator refused to consider this issue and awarded the General Contractor US$38,440,000 (equivalent to approximately HK$301.7 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 24 June 2021 (LA time), the Company received a judgment (the "**U.S. District Court Judgment**") by the United States District Court of Central District of California (the "**U.S. District Court**") confirming the arbitral award in favor of the General Contractor and against the Company in the aggregate amount of approximately US$42.7 million (equivalent to HK$335.1 million), inclusive of pre-judgment interests and arbitration costs (the "**Arbitral Award**"). The Company has been advised by its U.S. attorney that it may appeal to the United States Court of Appeals for the Ninth Circuit within 30 days after the date of the U.S. District Court Judgment.

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

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

On 1 September 2021 (LA time), the Company and the General Contractor entered into a forbearance agreement in relation to the U.S. District Court Judgment, the Arbitral Award, as well as the High Court order entered thereupon. Under the forbearance agreement, it is agreed that (i) the General Contractor forbears from further enforcing the Arbitral Award, the U.S. District Court Judgment or any judgment entered thereupon; and that (ii) the Company repays the Arbitral Award to the General Contractor in five instalments in consideration of the General Contractor's foregoing forbearance. The Company did not comply with the forbearance agreement and the Company repaid US$21.0 million (equivalent to approximately HK$164.8 million) for the Arbitral Award aforesaid as at 30 June 2022.

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

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

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 HK$335.1 million) is payment for amounts included in the General Contractor's lien, so this does not represent an increase in Oceanwide Plaza's aggregate liability.

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

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

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

Provisions represent the management's best estimate of the consideration required to settle the obligations, after consultation with the technical experts, internal and external legal counsels on the possible outcome and liability of the Group would then be recognised, if appropriate. It is estimated that the likely maximum lawsuit liability would be approximately US$219.6 million (equivalent to approximately HK$1,723.4 million). The Directors are of the view that the claims made by the counterparties are over-assessed and, as at 30 June 2022, based on the best estimate, an aggregate amount of approximately HK$1,263,307,000 (2021: HK$1,274,199,000) has been accrued for the expenditures and liens matters in respect of the LA Project.

Winding up petition against the Company

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

In connection with the Facility Agreement, the Initial Lender was provided with an equitable share mortgage over the secured shares, which in turn own the New York Project property with carrying value of US$220.0 million (equivalent to approximately HK$1,726.5 million) as at 31 December 2021.

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

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

10 DECONSOLIDATION OF SUBSIDIARIES

As disclosed in Note 1, (i) the Group has lost control over COPHL Group in April 2022. Accordingly, the COPHL Group, whose results and assets and liabilities were reflected under property investment segment, has been deconsolidated with effect from 1 April 2022; and (ii) the Group has lost control over CORED III Group in May 2022. Accordingly, the CORED III Group, which owned the New York project and was included under real estate development segment has been deconsolidated with effect from 1 May 2022. The assets and liabilities of the COPHL Group and the CORED III Group (excluding inter-company loans and amounts due from/to the Group's companies which were eliminated on consolidation) as at the respective Deconsolidation dates are as follows:

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

	COPHL Group HK$'000	CORED III Group HK$'000
Assets/(liabilities)		
Properties, plant and equipment	**21,487**	**20**
Investment properties	**1,346,448**	**–**
Right-of-use assets	**13,235**	**–**
Deposits and other receivables	**51,954**	**6,120**
Trade receivables	**29,007**	**–**
Cash and cash equivalents	**56,471**	**3,211**
Properties under development	**–**	**1,735,864**
Lease liabilities	**(8,701)**	**–**
Current income tax liabilities	**(26,130)**	**–**
Deposits received, other payables and accruals	**(82,392)**	**(188,118)**
Deferred income tax liabilities	**(322,997)**	**–**
Net assets, excluding the subject loans, derecognised	**1,078,382**	**1,557,097**
Interest payables	**(120,875)**	**(79,397)**
Borrowings	**(1,182,377)**	**(1,291,148)**
Loan balances derecognised	**(1,303,252)**	**(1,370,545)**
Assets less liabilities (including the loans) of deconsolidated subsidiaries as at the date of Deconsolidation	**(224,870)**	**186,552**
Fair value changes in respect of deconsolidated subsidiaries during the Period	**(48,419)**	**(70,073)**
Carrying amounts of (obligations in respect of deconsolidated subsidiaries)/interests in deconsolidated subsidiaries as at 30 June 2022	**(273,289)**	**116,479**

11 EVENTS AFTER REPORTING PERIOD

Saved as disclosed elsewhere in this announcement, the Group had no other significant events after the reporting period.

FINANCIAL OVERVIEW

CAPITAL RESOURCES AND OTHER INFORMATION

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, issuance of debts, convertible notes 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 Period, the Group did not enter into any interest or currency swaps or other financial derivative transactions.

Interest rate risk

The Group has no significant interest-bearing assets and liabilities except for cash and bank deposits, loans receivables, lease liabilities, other loans, amount due to an intermediate holding company, amount due to a fellow subsidiary and convertible notes. The interest rates for the loans receivables, amount due to an intermediate holding company, amount due to a fellow subsidiary, certain other loans as well as convertible notes are fixed. The interest rate risk of the Group mainly arises from floating-rate borrowings. The management of the Group mitigates the 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 HKD, USD and renminbi ("**RMB**") as the Group's revenue and the operating costs are denominated in these currencies. The Group is also exposed to other currency movements, primarily in terms of (i) investments in the U.S., Indonesia and the PRC; and (ii) bank deposits, loans and interest receivables, certain other loans and amount due to an intermediate holding company denominated in USD or RMB. Foreign exchange risk arises from future commercial 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 interests and obligations in respect of deconsolidated subsidiaries. The fair values of the deconsolidated subsidiaries were valuated by professional valuers based on fair value of the respective assets and liabilities of the deconsolidated subsidiaries as at 30 June 2022.

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 credit ratings of the financial institutions and its counterparties and sets limits for the total amount of credit for each of its counterparties, in order to manage and control default and credit risks. The maximum exposure to credit risk for the Group at the reporting date is the carrying amount of each class of financial assets.

The trade receivables of the Group primarily represent rental receivables. Rental deposits are required from tenants prior to the commencement of leases. The Group performs periodic credit evaluations of these debtors to manage the risk.

The non-current other receivables of the Group mainly represent the non-current loan and interest receivables from two non-controlling shareholders of PT Mabar, an indirect non-wholly owned subsidiary of the Company.

Pursuant to the loan agreement dated 14 May 2014 and the supplemental agreements entered into between China Oceanwide Power Co., Ltd. ("**COP**") and PT. Garda Sayap Garuda ("**GSG**", being one of the non-controlling shareholders of PT Mabar) ("**GSG Loan Agreement**"), the loan and interest receivables shall be repaid by GSG to COP with 70% of each dividend distribution (set and declared by the resolution of shareholders meeting of PT Mabar) that GSG receives from PT Mabar. The GSG Loan Agreement was expired on 31 December 2019. The Group is currently negotiating with GSG to further renew the GSG Loan Agreement and GSG wishes to execute the supplemental loan agreement upon agreeing with the management of PT Mabar the timetable of (i) construction of Medan Project; and (ii) fund injections to the Medan Project in the remaining construction period. It is expected that GSG would be willing to enter into the supplemental loan agreement when the Medan Project is reactivated.

Meanwhile, based on the cash flow forecast model of the Medan Project, PT Mabar would be able to generate net profit and distribute dividend in the future. Therefore, the management of the Company considered, upon execution of the abovementioned supplemental loan agreement, there would not be any significant recoverability issue of the non-current loan and interest receivables.

LIQUIDITY AND WORKING CAPITAL

As at 30 June 2022, the Group's total unsecured and unrestricted cash amounted to HK$7.4 million (31 December 2021: HK$15.7 million), 29.6%, 62.2% and 7.6% (31 December 2021: 29.3%, 42.7% and 26.9%) of which were denominated in USD, HKD and RMB respectively, and the remainder were denominated in various other currencies.

As at 30 June 2022, the Group had other loans (including convertible notes) of HK$3,286.2 million (31 December 2021: HK$5,752.5 million), which were fixed-rate borrowings repayable within one year (31 December 2021: HK$4,489.4 million) and nil (31 December 2021: HK$1,263.1 million) was floating-rate borrowings repayable in one year.

As at 30 June 2022, the Group also had an amount due to an intermediate holding company of HK$8,783.3 million (31 December 2021: HK$8,505.1 million) which was fixed rate borrowings repayable after one year but not exceeding two years, and an amount due to immediate holding company of HK$29.7 million (31 December 2021: nil), which was interest-free borrowings repayable in one year. The Group's gearing ratio (being calculated as total external borrowings and derecognized borrowings in deconsolidation subsidiaries divided by total equity) as at 30 June 2022 was 168.5% (31 December 2021: 135.3%).

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

CASH FLOWS

During the Period, net cash used in operating activities and investing activities amounted to HK$70.0 million (2021: HK$67.1 million) and HK$59.6 million (2021: net cash generated from investing activities of HK$2.7 million), respectively. The decrease in net cash generated from investing activities was mainly attributable to cash outflow upon Deconsolidation of subsidiaries during the Period. Net cash generated from financing activities during the Period amounted to HK$121.4 million (2021: HK$50.3 million) which mainly included borrowings from an intermediate holding company.

CHARGES AND CONTINGENT LIABILITIES

The detailed information of the pledged assets and contingent liabilities of the Group as at 30 June 2022 are set out in Notes 8 and 9 to this announcement respectively.

Apart from Notes 8 and 9, the Group had not created any other guarantee or other contingent liabilities during the Period and the year ended 31 December 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group did not have any future plans for material investments and capital assets.

HUMAN RESOURCES

As at 30 June 2022, the Group employed 56 employees (30 June 2021: 72). Total employee costs (including the Directors' emoluments) during the Period amounted to HK$30.4 million (Period ended 30 June 2021: HK$62.9 million). The Group's remuneration policy remains the same as those described in the 2021 annual report of the Company.

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 2021 annual report of the Company for further details of the Share Option Scheme.

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

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the Period, the Company had no material acquisition or disposal of subsidiaries and associates.

SIGNIFICANT INVESTMENTS HELD

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

During the Period, Mr. HAN Xiaosheng performed the two roles of the Company's chief executive officer ("**CEO**") and chairman of the Board (the "**Chairman**"). The Board believes that having the same individual in both roles as the Chairman and CEO ensures that the Group has consistent leadership and could make and implement the overall strategy of the Group more effectively. The Board believes that this structure does not compromise the balance of power and authority. The Board will regularly review the effectiveness of this structure to ensure that it is appropriate to the Group's circumstances.

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 securities of the Company, 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 Period.

REVIEW OF FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information of the Group for the Period have been reviewed by the audit committee under the Board.

CORPORATE STRATEGY

The primary objective of the Group is to generate long-term returns for the Shareholders. To achieve this objective, the strategy of the Group is to maintain sufficient liquidity through diversified funding strategy so as to sustain the business growth and development of the Group. The Chairman's Statement contains discussions and analysis of the performance of the Group, the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objective of the Group.

PUBLICATION OF 2022 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchange and Clearing Limited at http://www.hkexnews.hk and the website of the Company at http://www.oceanwide.hk. The 2022 interim report of the Company will be available on the above websites and despatched to the Shareholders in due course.

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, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from the expectations discussed in such forward-looking statements and opinions. The Group, the Directors, and the employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

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

Hong Kong, 29 August 2022

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

Non-executive Director:
Mr. ZHAO Yingwei

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

Unless otherwise specified, in this announcement, conversions of US$ into HK$ are based on the exchange rate of US$1.00 = HK$7.8478 for illustration purpose only. No representation is made that any amounts in US$ 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*