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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 2023

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**") announces the unaudited interim results of the Group for the six months ended 30 June 2023 (the "**Period**").

CHAIRMAN'S STATEMENT

The operating environment of the Company continued to face challenges in the first half of 2023. Despite the comprehensive relaxation of pandemic policies and China's implementation of measures to expand consumption, support the rigid and upgraders' housing needs, and increase policy support for the private economy, the situation of the real estate industry remained grim under the complex environment fraught with multifaceted challenges. The recovery of the domestic economy was still unsteady and unbalanced, which had a material impact on 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 Group. Oceanwide Holdings received a decision from the Beijing No. 1 Intermediate People's Court (the "**PRC Court**") on 29 May 2023 to enter into pre-restructuring process, and the PRC Court appointed a provisional administrator for Oceanwide Holdings. As long as Oceanwide Holdings makes the necessary disclosure to the provisional administrator and agrees to be subject to the supervision of the provisional administrator, Oceanwide Holdings can continue to operate, make decisions on business matters and provide financial support to the Group, and the Group can continue to operate and dispose of the project assets insofar as the pre-restructuring process is concerned (unless the provisional administrator is of the opinion that the remittance or the disposal of the project assets will have a negative impact on the overall financial value of Oceanwide Holdings). As at 30 June 2023, a total of 13 prospective investors were willing to be the restructuring investors of Oceanwide Holdings. The provisional administrator is currently conducting a pre-restructuring audit and assessment of Oceanwide Holdings. However, as at the date of this announcement, Oceanwide Holdings has not received any decision from the PRC Court in relation to formal restructuring. While the Group continues to receive financial support from the parent company, the progress of asset optimization has been slower than anticipated, and the Group is still facing capital and liquidity issues brought by lawsuits and difficulty in financing. In December 2022, the receivers successfully completed the disposal of the real estate development project in the Kapolei West of Hawaii (the "**Kapolei West Project**") and repaid part of the Hawaii land parcels's pledged loan. During the Period the receivers signed the sale and purchase agreement for the disposal of the Ko Olina no. 2 land real estate development project in Hawaii (the "**Ko Olina No. 2 Land Project**"), with the transaction expected to be completed in September 2023. However, the Group's issues such as debt default and funding shortage have not been fully resolved. As at 30 June 2023, the investment properties in Shanghai (the "**Shanghai Properties**"), the real estate development project in New York (the "**New York Project**") and the Hawaii No. 2 Land Project, which originally belonged to the Group, were still under receivership due to debt defaults. Furthermore, on 21 August 2023, a winding-up petition was filed by Lendlease (US) Construction Inc. (the "**Petitioner**"), the general contractor for the Los Angeles ("**LA**") real estate development project (the "**LA Project**") of the Group, with the Court of First Instance of the High Court of The Hong Kong Special Administrative Region (the "**High Court**") for the winding up of the Company (the ''**Petition**'') and the Company was served with the Petition on 25 August 2023. The Petition was filed on the principal ground that the Company has failed to pay the amount of US$28,353,811.69, being the total sum due and owing to the Petitioner inclusive of interest under the statutory demand issued to the Company dated 10 July 2023 (the "**HK Statutory Demand**") within 3 weeks from the date of service of the Hong Kong Statutory Demand. Pursuant to Section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong), any disposition of the property of the Company, including things in action, made after the commencement of the winding up, shall, unless the court otherwise orders (the "**Validation Orders**"), be void. As a result of the filing of the Petition, the Company is in the process of seeking legal advice on the impact of the Petition on the corporate actions mentioned hereinbelow including but not limited to the disposal of assets, including Ko Olina No. 2 Land Project, the Ko Olina no. 1 land real estate development project in Hawaii (the "**Ko Olina No. 1 Land Project**"), the LA Project, the New York Project and the Shanghai Properties, the use of proceeds from these disposals, the entering into of any settlement/forbearance agreement and establishment of any new joint venture or pursuing of investment opportunity. The Company is negotiating with the Group's lenders and creditors on options to resolve the current conflicts and liquidity issues.

MACRO-ECONOMIC ENVIRONMENT

All real estate projects (including deconsolidated projects) of the Group are located in Mainland China and the U.S.. Since the beginning of 2023, the U.S. Federal Reserve has continued its aggressive interest rate hike policy and the interest rates have currently risen to 5.5%. With the energy and food crises continuing to escalate, the global supply chain faced enormous challenges, and the economic recovery slowed down significantly in the post-pandemic era. Coupled with the U.S. banking crisis, there are increasing uncertainties in the current international environment.

In the U.S. real estate market, there has been increased attention to the U.S. real estate market following the U.S. banking crisis in March. The interest rate hike has led to a sharp reversal in the housing market, and high interest rates have put pressure on the real estate market. According to the statistical data of National Association of Realtors, the existing-home sales, which measures the signed sales contract, dropped by 18.9% year-on-year in June 2023.

The above-mentioned U.S. real estate market trend has a significant negative impact on the LA Project. If the local purchasing power declines, its assets value will be directly affected.

The tourism industry in Hawaii continued to improve in 2023. The hotel occupancy rate has remained steady at above 70%, with the number of tourists and the amount of tourist spending continue to increase, which has a relatively positive impact on the Hawaii projects currently under disposal.

According to the National Bureau of Statistics of China, China's annual gross domestic product for the first half of 2023 increased by 5.5% as compared to the same period of 2022, indicating that the overall economy remains positive. In the real estate market in Mainland China, the recovery in the first half of 2023 was slower than anticipated. The real estate market has noticeably cooled down since 2022. High land carrying costs and low sales revenue have led to a cash flow shortfall and liquidity pressure on some over-leveraged enterprises. Various real estate companies have paid more attention to domestic debt, and the credit risk has not been entirely eliminated.

Most of the projects and the borrowings of the Group are denominated in the U.S. dollars and reported in Hong Kong dollars. However, due to the continuous strengthening of U.S. dollars during the Period, some U.S. dollars-denominated loans of the Group incurred exchange losses.

In response to the shortage of fund and the difficulties of financing, subject to further legal advice to be obtained in relation to the Petition, the management will continue to comprehensively increase its efforts in optimizing the disposal of the Group's overseas assets in the second half of 2023, strive to introduce investors and push forward the disposal of projects to repay overdue borrowings as soon as possible. The management will also endeavor in communicating with creditors to resolve the debt related risk.

FINANCIAL RESULTS

Due to the deconsolidation of the financial results of the holding company indirectly holding the Shanghai Properties in April 2022, the income and profit of the property investment segment were significantly impacted during the Period. Following the deconsolidation, the consolidated net liabilities of the companies under receivership, including the derecognized project pledged loans, were presented at fair value in the balance sheet as "Obligations in respect of deconsolidated subsidiaries". The value changes during the Period were presented as "Loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts". Due to the liquidity issue, all of the projects under construction have been suspended and were temporarily unable to generate income and profits. Certain expenses of the projects that did not have development progress were not capitalized and the related project expenses in the real estate development segment and energy segment were included in the statement of profit or loss during the Period. In the finance investment and others segment, loss was recorded due to the decrease in interest income together with the strengthening of the U.S. dollars against the Hong Kong dollars during the Period, resulting in exchange losses on the Group's borrowings denominated in U.S. dollars. The Group has not generated any income during the Period (2022: HK$28.0 million). The loss before interest expense and tax for the Period ("**LBIT**") was HK$90.3 million (2022: HK$94.1 million). Excluding other net losses[1] of HK$21.1 million (2022: HK$27.7 million), the LBIT during the Period was HK$69.2 million (2022: HK$66.5 million), mainly due to the fact that the financial results of the company indirectly holding the Shanghai Properties was deconsolidated in April 2022, which was partially offset by the decrease in expenses as a result of cost control.

Consolidated loss attributable to the shareholders (the "**Shareholder(s)**") of the Company for the Period was HK$703.9 million (2022: HK$728.8 million). The decrease in the consolidated loss attributable to the Shareholders was mainly due to the decrease in the aggregated losses in respect of deconsolidation of subsidiaries and related financial guarantee contracts HK$312.2 million (2022: HK$118.5 million) and interest expenses of HK$303.7 million (2022: HK$510.4 million) as compared to the same period last year, as well as cost control. Basic loss per share was HK4.36 cents (2022: HK4.51 cents).

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1 Other net losses during the Period was HK$21.1 million, comprising net foreign exchange losses of HK$19.6 million and expected credit loss provision of HK$1.5 million. For the same period of 2022, the other net losses 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, net of reversal of expected credit loss provision on loan and interest receivables of HK$1.5 million.

DIVIDEND

The Board does not recommend the distribution of interim dividend for the Period (2022: Nil).

REVIEW OF BUSINESS SEGMENTS

Property Investment

China Oceanwide Property Holdings Limited ("**COPHL**"), the company indirectly holding Shanghai Properties, was under receivership on 14 February 2022. The Group has lost control of COPHL since April 2022 and the consolidated net liabilities of COPHL and its subsidiaries, were presented as "Obligations in respect of deconsolidated subsidiaries" accordingly. Based on information available, the lender has been in negotiation with potential buyers in relation to the disposal of the Shanghai Properties to repay the debts. As at the date of this announcement, the lender has not signed any sale and purchase agreement with any potential buyers.

The deconsolidated Shanghai Properties was the only asset that generated revenue in the property investment segment. As a result, the property investment segment had no revenue for the Period (2022: HK$27.9 million), and had no earnings before interest expense and tax ("**EBIT**") (2022: HK$20.1 million). Having considered the impact of the disposal of the Shanghai Properties on the Group's revenue, the Group is actively negotiating with potential investors to dispose of the LA Project to repay the relevant loans, so as to regain control over Shanghai Properties and reconsolidate the financial statements of COPHL and its subsidiaries into the financial statements of the Group. The plan, however, is subject to further legal advice to be obtained in relation to the Petition.

Real Estate Development

The Group's U.S. real estate development projects are located in prime locations of major cities in the U.S. and are positioned as mid-to-high-end luxurious property complexes and new regional landmarks. As at 30 June 2023, the Group has a total of four real estate development projects (including the deconsolidated New York Project and Ko Olina No. 2 Land Project) as follows:

Project Name	Site area *(square meters)*	Funds invested as at 30 June 2023 *(US$' million)*	Current project status	Project development
LA Project	18,662	1,199.6	Construction works for all main structures were completed in 2018; curtain wall installation works for the main structures were completed; over 85% of electrical and mechanical controls and end devices of the tower building were completed; 70% of the installation of the project's overall electrical and mechanical systems were completed; and over 60% of interior drywalls in towers 2 and 3 were installed. The construction of the project has been suspended since October 2020. The construction of the LA Project is still on hold due to liquidity issues faced by the Group. The Group is negotiating with potential investors on project disposal or joint development, and has received several letters of intent for acquisition.	Upscale condominiums, a luxury five-star hotel under the "Park Hyatt" brand, a large-scale shopping mall and the largest LED signage panel on the west coast of the U.S.
New York Project	1,367	410.6	The company indirectly holding the project has been under receivership since May 2022, resulting in the Group losing control over the project, and the financial results of the company holding the New York Project has been deconsolidated in May 2022. As at the date of this announcement, the Group is negotiating with the Administrative Agent (as defined below) a settlement plan to release the guarantee provided by the Company to withdraw the winding-up petition against the Company, as well as to offset the New York Project against the loan payable to the lender. The proposed settlement plan is subject to further legal advice to be obtained in relation to the Petition.	A mixed use complex comprising high-end hotel and residential units
Ko Olina No. 2 Land Project	70,000	221.3	In June 2023, the receivers entered into a sale and purchase agreement with the buyer for project disposal at the consideration of US$134 million. The buyer is conducting the due diligence process and the disposal is expected to be completed in September 2023.	Two luxury branded hotels and residential condominiums
Ko Olina No. 1 Land Project	106,311	306.0	The project has been advertised for disposal.	An international luxury resort under the "Atlantis" brand with luxury residences and a hotel

LA Project

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

The construction of the project commenced in the second half of 2014. In 2018, construction works of the project for all main structures and curtain wall installation works for the main structures were completed. Over 85% of electrical and mechanical works were completed so far; and over 60% of interior drywalls in towers 2 and 3 were installed. However, the construction of this project has been suspended since October 2020 due to the significant impact of global pandemic and changes in macroeconomic environment in 2020 as well as the arbitration between the Group and the main contractor which decided to terminate the construction contract. Due to the liquidity issues faced by the Group, the construction of the LA Project has remained suspended to date. On 21 August 2023, the Petition was filed by the Petitioner, who is the general contractor for the LA Project, with the High Court for the winding up of the Company and the Company was served with the Petition on 25 August 2023. The Petition was filed on the principal ground that the Company has failed to pay the amount of US$28,353,811.69, being the total sum due and owing to the Petitioner inclusive of interest under the HK Statutory Demand within 3 weeks from the date of service of the HK Statutory Demand. The Petitioner also issued a statutory demand to the Company dated 1 August 2023 (the "**Bermuda Statutory Demand**"), which required the Company to pay US$22,848,286.25 (being the total outstanding amount contemplated under the arbitration award by the U.S. District Court for breach of the parent guarantee for the LA Project on 24 November 2020, together with interest) within 3 weeks, otherwise the Petitioner can file a winding-up petition against the Company in Bermuda. The Company is negotiating with the Petitioner to achieve an amicable solution for the Petition and the Bermuda Statutory Demand. During the Period, the Group has maintained the project with minimum cost. Oceanwide Plaza

LLC, a wholly-owned subsidiary of the Company, has received letters of intent for acquisition from several potential buyers in respect of the LA Project. As one of the potential buyers who entered into a letter of intent with the Company on 15 August 2022 did not proceed to enter into the sale and purchase agreement as planned, the Group is also actively negotiating with other potential investors to dispose of the LA Project in order to pay off all current debts to the creditors for the LA Project. The Group's plan to dispose of the LA Project is subject to further legal advice be obtained in relation to the Petition. Subject to such legal advice, the net proceeds from the possible LA Project disposal will be used (i) to settle lawsuits and outstanding debts (including outstanding debts to the general contractor of LA Project) related to the LA Project; (ii) to resolve the Group's existing financial difficulties, including but not limited to the repayment of most of its external debts and the settlement of claims made by certain lenders against the Group in respect of overdue borrowings; (iii) to retain the Shanghai Properties, so as to reconsolidate the income generated from the Shanghai Properties and the financial statements of COPHL and its subsidiaries into the financial statements of the Group; and (iv) for the daily operations and business development of the Group. In addition to the possible LA Project disposal, the Group has also been exploring other cooperation opportunities, including but not limited to the establishment of a joint venture company to develop the LA Project. The realisation of such plan is subject to legal advice to be obtained in relation to the Petition. As of the date of this announcement, the Group is still negotiating with several potential investors in respect of the disposal plan.

The principal amount of the project borrowings of US$125.5 million secured by the LA Project is currently in default. The lenders recorded a notice of default with the Recorder's Office, LA County, California in the U.S. on 18 May 2023. The Group is currently negotiating with the lender to sign a forbearance agreement with a view to deferring legal action. The entering into of such agreement is subject to legal advice to be obtained in relation to the Petition.

As at 30 June 2023, total funds invested in the LA Project was approximately US$1,199.6 million (equivalent to approximately HK$9,401.6 million).

New York Project

China Oceanwide Real Estate Development III Limited ("**CORED III**"), the company indirectly holding the New York Project, has been under receivership since 2 May 2022. The directors of CORED III and its subsidiaries (under receivership) holding New York Project were all replaced by the representatives of the receivers on the same day. The lender issued a statutory demand to China Oceanwide Holdings on 16 May 2022, which stated that China Oceanwide Holdings should repay the debt of US$175,368,108.86 within 21 days, otherwise the lender would have the right to file a winding-up petition against China Oceanwide Holdings in Bermuda. The Administrative Agent (as defined below) has filed a winding-up petition to the Bermuda Court on 9 June 2022. The financial results of the company indirectly holding the New York Project has been deconsolidated since May 2022 as the Group has completely lost control over the project. Upon the deconsolidation, the consolidated net liabilities of the New York Project was presented as "Obligations in respect of the deconsolidated subsidiaries". On 25 August 2022 (New York time), the Group entered into a forbearance agreement (as further amended by the extension agreement dated 2 December 2022, collectively "**NY Forbearance Agreement**") with New York-80 South Street LLC (the "**Administrative Agent**") for itself and other lenders in relation to the New York Project (collectively, the "**NY Lender Parties**") (i) to forbear the New York Lender Parties from taking enforcement actions against the Group up to 30 November 2022 and further extended to 31 December 2022; (ii) to pay the a lump sum settlement payment and transfer tax to the NY Lender Parties upon expiry of the standstill period to transfer the New York Project to the NY Lender Parties in exchange for the extinguishment of outstanding debts, release of guarantees and withdrawal of lawsuits with the Administrative Agent. As at the date of this announcement, the Group is in negotiation with the Administrative Agent for a settlement plan to release the guarantee provided by the Company and to withdraw the winding-up petition against the Company in Bermuda, as well as to offset the New York Project against the debts payable to the lender. The proposed settlement plan is subject to further legal advice to be obtained in relation to the Petition. As at 30 June 2023, total funds invested in the NY Project were approximately US$410.6 million (equivalent to approximately HK$3,218.0 million).

Hawaii Projects

On 27 July 2021, China Oceanwide Real Estate Development Holdings Limited ("**COREDHL**"), the intermediate holding company of the Group's real estate development projects in Hawaii (the "**Hawaii Projects**"), was under receivership by the receivers appointed by noteholder. Since then, the Company has been in continuous negotiations with the noteholder to explore practicable ways to settle the receivership. The Hawaii Kapolei West Project was disposed of at the consideration of US$95.0 million and was completed in December 2022. The net proceeds from the disposal were used to repay part of the debts and interests due to noteholder secured by the Hawaii Projects. However, as the proceeds from the disposal of the Hawaii Kapolei West Project were not sufficient to repay all the debts due to noteholder, the receivers of the Hawaii Projects replaced the director of the direct holding company holding the Ko Olina No. 2 Land Project to the representative of the receivers in March 2023. Since then, Ko Olina No. 2 Land Project has been deconsolidated. In June 2023, the receivers signed a sale and purchase agreement with a purchaser in relation to the disposal of the Ko Olina No. 2 Land Project, and as at the date of this announcement, the purchaser was in the process of due diligence thereon, the transaction was expected to complete in September 2023. The Company is in negotiation with the noteholder on the use of the proceeds from the disposal of the Ko Olina No. 2 Land Project. The use of proceeds are subject to further legal advice to be obtained in relation to the Petition. However, as the estimated net proceeds from the disposal of the Ko Olina No. 2 Land Project is less than the total debts due to noteholder, the receivership is not expected to be released until the disposal of all the Hawaii Projects is completed. Since the Company maintained control over the daily operations of COREDHL, which indirectly holds the Hawaii Projects, the financial results of COREDHL indirect holding the Hawaii Projects were not deconsolidated as at 31 December 2022 and 30 June 2023.

Ko Olina No. 2 Land Project

The several parcels of land of the Ko Olina No. 2 Land Project is located at 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 an area of approximately 70,000 sqm and an estimated gross floor area of approximately 92,292 sqm. It is planned to be developed into two luxury branded hotels and residential condominiums. The project is currently at the stage of preliminary planning. As the Group's periodic liquidity difficulties led to numerous debt defaults, the receivers informed the Group in June 2023 that a sale and purchase agreement had been signed in relation to the disposal of the Ko Olina No. 2 Land Project to an independent third party at US$134 million. As at the date of this announcement, the purchaser has conducted due diligence thereon and the transaction was expected to be completed by September 2023. As at 30 June 2023, total funds invested in the project were approximately US$221.3 million (equivalent to approximately HK$1,734.4 million).

Ko Olina No. 1 Land Project

The three parcels of land of the Ko Olina No. 1 Land Project is located at Ko Olina District on Oahu Island in Hawaii, the U.S. with an area of approximately 106,311 sqm. The Group reached an agreement with the company of the "Atlantis" brand in December 2016 to develop the land parcels into an international luxury resort under the "Atlantis" brand, which would comprise facilities including approximately 800 guestrooms, an aquarium, restaurants, bars, spas, gyms, conference facilities, outdoor pools and bars. There would also be a residence component providing approximately 524 luxury residences associated with the "Atlantis" brand. The project is currently at the stage of preliminary planning. As the Group's periodic liquidity difficulties led to numerous debt defaults, having considered that the land parcels in Hawaii are idle, the construction has not been started and the lands do not generate immediate revenue, the management has planned to dispose of the land parcels to repay the Group's indebtedness, subject to further legal advice to be obtained in relation to the Petition, thereby reducing the recurring financial costs and its burden on working capital. Marketing promotion has been launched for the project in the fourth quarter of 2021 and letters of intent for acquisition have been received. As at 30 June 2023, total funds invested in the project were approximately US$306.0 million (equivalent to approximately HK$2,398.2 million).

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 revenue, and LBIT during the Period was HK$37.8 million, representing a decrease of 34% from HK$56.9 million for the same period in 2022, which was mainly due to the significant reduction of cost and the deconsolidation of the financial results of the holding company of the New York Project in May 2022.

Energy

The Group acquired the energy project involving two coal-fired steam power plants (each with a net capacity of 150 megawatts) in the Medan of Indonesia (the "**Medan Project**") in 2015. The project company for the Medan Project, PT. Mabar Elektrindo, has entered into a power purchase agreement (the "**Power Purchase Agreement**") with a local state-owned power grid company, PT Perusahaan Listrik Negara (Persero) ("**PLN**"). The structural construction for the Medan Project is basically completed and is currently at the installation stage. The land leveling work of such project commenced in October 2014. With the commencement of construction work in November 2015, the overall completion rate of the Medan Project has currently exceeded 70%, in which the design work has been almost completed, and the onsite work is approximately 50% done. Due to the liquidity issues faced by the Group, the Medan Project has been suspended so far. Once construction is resumed, the Medan Project is expected to be completed within two years. Subject to further legal advice to be obtained in relation to the Petition, the Group is now actively approaching potential investors, either to resume the construction with the proceeds from the disposal of the LA Project, financing the project and to pay off all current debts related to this project, or for potential investors to acquire the project. As at 30 June 2023, the capital invested in the Medan Project was approximately US$367.3 million (equivalent to approximately HK$2,878.6 million).

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

As the Medan Project is still in the construction stage, LBIT of the energy segment for the Period was HK$13.1 million (2022: HK$4.2 million). Excluding other net losses or gains[2], recurring LBIT amounted to HK$11.6 million (2022: HK$5.7 million). The increase in recurring LBIT was mainly due to higher withholding tax resulting from an increase in the interest rate on inter-company loans since 2022.

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[2] Other net losses for the Period were the provision for expected credit loss of HK$1.5 million; other net gains in 2022 were reversal of the provision for expected credit loss of HK$1.5 million.

Finance Investment and Others

The finance investment and others segment for the Period did not generate revenue (2022: HK$0.1 million). LBIT for the Period was HK$39.4 million (2022: HK$53.2 million). Such decrease in loss was mainly due to a decrease in net exchange losses for the Period amounting to HK$19.6 million (2022: HK$27.3 million) and cost control. Excluding other net losses[3], LBIT was HK$19.8 million (2022: HK$26.0 million). Such decrease in loss was mainly attributable to cost control.

As at 30 June 2023, 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.

Indebtedness and Liabilities of the Group and Repayment Plan

As at 30 June 2023, excluding the amount due to an intermediate holding company and amount due to an immediate holding company, the Group had the following external loans and liabilities. The external loans were all under default:

	As at 30 June 2023			
	Loan principal *HK$'000*	**Interest payable** *HK$'000*	**Total** *HK$'000*	**Fair value of the pledged assets** *HK$'000*
Other loans from third parties, secured				
– pledged by the Hawaii Projects	1,002,325	82,911	1,085,236	3,366,451
– pledged by the LA Project	983,581	258,948	1,242,529	10,124,482
Other loans from a third party, unsecured	479,940	143,382	623,322	Not applicable
Convertible notes	563,900	71,680	635,580	Not applicable
	3,029,746	556,921	3,586,667	13,490,933
Deconsolidated subsidiaries				
– pledged by the New York Project	1,293,155	293,919	1,587,074	1,296,916
– pledged by the Shanghai Properties	1,183,857	477,510	1,661,367	1,278,526
	2,477,012	771,429	3,248,441	2,575,442
Total	5,506,758	1,328,350	6,835,108	16,066,375
Deposit received, other payables and accruals			2,435,869	
Current income tax liabilities			19,792	
			2,455,661	

3 Other net losses for the Period included net exchange losses of HK$19.6 million (2022: HK$27.3 million).

A sale and purchase agreement has been signed for the disposal of the Ko Olina No. 2 Land Project. For the LA Project, the Group is negotiating with potential purchasers in relation to disposal terms. The proceeds from the disposal of the Hawaii Projects and the LA Project will be mainly used to reduce the Group's debts. The Group's plans to dispose of its assets and the use of the proceeds from the disposal are subject to further legal advice to be obtained in relation to the Petition.

As at 30 June 2023, the aggregate principal and interest of the loan secured by the Hawaii Projects amounted to HK$1,085.2 million, which the Group intends to settle by the proceeds from the disposal of the Hawaii Projects, subject to further legal advice to be obtained in relation to the Petition.

Subject to further legal advice to be obtained in relation to the Petition, the Group intends to use the proceeds from the disposal of the LA Project (1) to repay the aggregate principal and interest of the loan secured by the LA Project amounting to HK$1,242.5 million; (2) to resolve the lawsuits and overdue payments related to the LA Project, including the amount due to the general contractor of the LA Project; (3) to resolve the immediate financial challenges faced by the Group, including but not limited to repaying most of the external indebtedness and resolving the claims brought against the Group by certain lenders regarding its default in repayment of borrowings; (4) to repay the borrowings pledged by the Shanghai Properties, thereby retaining the Shanghai Properties and reconsolidating the revenue generated from the Shanghai Properties and the financial results of companies involved into the Group's financial statements; and (5) for the Group's daily operation and business development, including but not limited to the payment of deposits received, other payables and accruals and the Group's current income tax liabilities. As the disposal of the LA Project is still in the negotiation stage and in light of the Petition, it is uncertain whether the Group can retrieve the Shanghai Properties, which will be subject to further negotiations with the lender, the progress of the disposal of the Shanghai Properties led by the lender (which is subject to further legal advice to be obtained in relation to the Petition). If the Shanghai Properties ultimately cannot be retained, subject to further legal advice to be obtained in relation to the Petition, the Group will seek opportunity to invest in new projects with stable cash flows in order to generate stable income and cash flow.

For the loan pledged by the New York Project, subject to further legal advice in relation to the Petition, the Group intends to pay a final lump sum amount to the NY Lender Parties in exchange for the extinguishment of outstanding debts under the loan documents and a parent guarantee granted on 22 May 2019 by the Company in favour of the NY Lender Parties. As at the date of this announcement, the Group is in negotiation with the Administrative Agent a settlement plan to release the guarantee provided by the Company and to withdraw the winding-up petition against the Company, as well as to offset the New York Project against the debt payable to the lender. The finalization of such settlement plan is subject to further legal advice to be obtained in relation to the Petition.

The Company hopes to resolve the liquidity issues of the Group after the asset disposals, and to explore new areas of development while gradually resolving the conflicts and difficulties that the Group is facing.

OUTLOOK

The Group's liquidity issues have caused the Group to encounter immense and unprecedented difficulties. In recent years, multiple projects have been under receiverships and litigations. Winding-up petitions were filed against the Company in Bermuda and Hong Kong. In addition, the parent company, Oceanwide Holdings, is undergoing pre-restructuring procedures, and it is uncertain whether the restructuring will be successful. Amidst the unclear prospect of China's economic recovery, the Group's liquidity issues are unlikely to be resolved in the second half of 2023. Facing various challenges, subject to further legal advice to be obtained in relation to the Petition, the Group will endeavour to expedite the disposal of assets to reduce its overall liabilities, thereby reducing the recurring finance costs and working capital burden. In addition, the Group has been actively negotiating with the lenders and receivers regarding how to continue to explore ways to repay debts to redeem collaterals before forced sales. The receivers completed the sale of the Kapolei West Project and signed a sale and purchase agreement for the disposal of the Ko Olina No. 2 Land Project, achieving phased results. In the second half of 2023, subject to applicable laws, rules and regulations and further legal advice to be obtained in relation to the Petition, the Group will continue to settle debt defaults and lawsuits as soon as possible, to dispose of its assets and will also continue its work in streamlining its operation, fully promoting financing, introducing strategic investors and optimizing management and control. The Group strongly believes that, no matter how difficult the days are, it will eventually come through, and no matter how dark the road is, it will see the sunshine. The dawn of victory just lies ahead, and the Group will certainly rise up.

With courage and determination and under the leadership of the management team, the Group expects to rebound and start afresh after the debt repayment pressure is relieved, and embraces a better future.

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 Shareholders, business partners and customers of the Company for their continuous support.

LIU Guosheng
Chairman

Hong Kong, 30 August 2023

CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2023

	Note	Unaudited Six months ended 30 June 2023 HK$'000	2022 HK$'000
Revenue	2	**–**	28,023
Cost of sales		**–**	(2,495)
Gross profit		**–**	25,528
Other net losses	3	**(21,090)**	(27,652)
Administrative expenses		**(69,171)**	(91,689)
Selling and distribution costs		**–**	(314)
Operating loss		**(90,261)**	(94,127)
Loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts	9	**(312,221)**	(118,492)
Interest expense		**(303,687)**	(510,354)
Loss before tax	3	**(706,169)**	(722,973)
Income tax expense	4	**(2,939)**	(8,546)
Loss for the period		**(709,108)**	(731,519)
Loss attributable to:			
Shareholders of the Company		**(703,920)**	(728,838)
Non-controlling interests		**(5,188)**	(2,681)
		(709,108)	(731,519)
Basic and diluted loss per share attributable to shareholders of the Company	6	**HK(4.36) cent**	HK(4.51) cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Loss for the period	**(709,108)**	(731,519)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Translating financial statements of foreign operations:		
– Gains taken to reserves	**43,320**	78,104
Release of reserve upon deconsolidation of subsidiaries	**152**	–
Other comprehensive income for the period, net of tax**	**43,472**	78,104
Total comprehensive expenses for the period	**(665,636)**	(653,415)
Total comprehensive expenses attributable to:		
Shareholders of the Company	**(664,911)**	(657,676)
Non-controlling interests	**(725)**	4,261
	(665,636)	(653,415)

** There was no tax effect on each component of the other comprehensive income for the six months ended 30 June 2023 and 2022.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As 30 June 2023

	Note	**Unaudited 30 June 2023 *HK$'000***	Audited 31 December 2022 *HK$'000*
ASSETS			
Non-current assets			
Properties, plant and equipment		**2,526,958**	2,514,871
Investment properties		**4,258,336**	4,227,984
Right-of-use assets		**5,907**	21,509
Financial assets at fair value through other comprehensive income		**–**	–
Deposits, prepayments and other receivables		**601,339**	600,797
		7,392,540	7,365,161
Current assets			
Properties under development		**8,243,323**	9,142,311
Interests in respect of deconsolidated subsidiaries	*9*	**930,130**	–
Deposits, prepayments and other receivables		**17,537**	19,188
Restricted cash		**3,719**	8,298
Cash and cash equivalents		**1,167**	4,865
		9,195,876	9,174,662
Total assets		**16,588,416**	16,539,823

	Note	Unaudited 30 June 2023 HK$'000	Audited 31 December 2022 HK$'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**1,614,265**	1,614,265
Reserves		**(1,029,957)**	(365,046)
		584,308	1,249,219
Non-controlling interests		**387,390**	388,115
Total equity		**971,698**	1,637,334
LIABILITIES			
Non-current liabilities			
Lease liabilities		**–**	18,208
Current liabilities			
Deposits received, other payables and accruals		**2,435,869**	2,211,286
Borrowings		**3,029,746**	3,019,459
Obligations in respect of deconsolidated subsidiaries	*9*	**955,390**	649,937
Lease liabilities		**7,186**	15,024
Amount due to an intermediate holding company		**9,027,287**	8,856,234
Amount due to immediate holding company		**141,448**	114,769
Current income tax liabilities		**19,792**	17,572
		15,616,718	14,884,281
Total liabilities		**15,616,718**	14,902,489
Total equity and liabilities		**16,588,416**	16,539,823

Notes:

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information ("**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. These Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

These Interim Financial Statements have been prepared under the historical cost convention except for investment properties and financial assets at fair value through other comprehensive income, 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 2022, 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 2023. 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) OCM Harbour Investments Pte. Ltd. ("**OCM**" the mortgage loan lender of the Group's property investments located in Shanghai, the PRC (the "**Shanghai Properties**")) 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 China Oceanwide Property Holdings Limited ("**COPHL**", the Company's direct wholly-owned subsidiary which indirectly holds the Shanghai Properties), the borrower of the loan, regarding the appointment of receivers ("**COPHL Receivers**") over the issued shares in COPHL; and (iii) the Company was then negotiating with OCM on exploring options to satisfy the OCM claims.

In the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022, the Company has assessed the legal, financial and operational impacts of the actions taken by the lender and COPHL Receivers since the appointment of receivers over COPHL. Based on the facts and circumstances as at 14 February 2022 till 12 April 2022, the directors of the Company considered that the Group continued to direct the relevant activities of COPHL and its subsidiaries ("**COPHL Group**") as the Group is still continued to exercise management control over the operating and financing activities in relation to the Shanghai Properties. The Group was engaged in negotiations with third parties for seeking refinancing by COPHL Group in relation to the Shanghai Properties to raise funding for the COPHL Group to repay the debt obligations owed to OCM.

However, the Company noted that 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, the lender and COPHL Receivers then took control over the operating and financing activities in relation to the Shanghai properties, particularly activities with a view to the disposal of the Shanghai properties on 12 April 2022, the Company was advised by OCM that they would start inviting potential buyers to buy the Shanghai Properties and the lender advised that they 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 of the Company consider that the relevant facts and circumstances in relation to control over COPHL Group have changed and OCM was able to direct the relevant activities of COPHL Group with regard to its principal assets, i.e. the Shanghai Properties. The Company has analysed these changes in facts and circumstances and determined that the Group has lost control over COPHL Group as the Group has no further involvement in the relevant activities of the COPHL Group nor any ability to affect the return thereof with effect from 1 April 2022 (the period from 1 April 2022 to 12 April 2022 are assessed by the management as not significant). Thus, the consolidated financial position and operating results of the COPHL Group were deconsolidated from the consolidated financial statements of the Group since then. Subsequently, the net assets/liabilities of the COPHL Group were recognised as interests/obligations in respect of deconsolidated subsidiaries in the consolidated financial statements of the Group and the net changes in value were recognised in the consolidated income statement as gain or loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts. Details of which are set out in Note 9.

Subject to further legal advice to be obtained in relation to the Petition (as defined in Note 1 (vi) below), the Group is currently considering to have the Assets Restructuring Plans (as defined below), thereby the net proceeds from the plans will be used to settle the debt owed to OCM and the Group will gain back the control of COPHL Group and the entity will be re-consolidated in the consolidated financial statements of the Group in the near future.

New York Project

As stated in the announcement of the Company dated 6 May 2022, China Oceanwide Real Estate Development III Limited ("**CORED III**", a limited liability company incorporated under the laws of the British Virgin Islands, being an indirectly wholly owned subsidiary of the Company), the borrower of a loan secured from DW 80 South, LLC (a Limited liability company incorporated in the state of Delaware, U.S., the "**Initial Lender**"), on the Group's properties located in New York, the U.S. (the "**New York Project**") owned by CORED III and its subsidiaries (the "**CORED III Group**"), has received a letter dated 3 May 2022 from the receivers stating that the Initial 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 Company noted that, on 5 May 2022, the representatives of the receivers were appointed as the directors of CORED III and the receivers have taken management control over the operating and financing activities in relation to the New York Project since the date of their appointment as receivers of CORED III. The Company has analysed these changes in facts and circumstances and determined that the Group has lost control over CORED III Group as the Group has no further involvement in the relevant activities of the COPHL Group nor any ability to affect the return thereof with effect from 1 May 2022 (the period from 1 May 2022 to 5 May 2022 are assessed by the management as not significant). Thus, the consolidated financial position and operating results of the COPHL Group were deconsolidated from the consolidated financial statements of the Group since then. Subsequently, the net assets/liabilities of the CORED III Group were recognised as interests/obligations in respect of deconsolidated subsidiaries in the consolidated financial statements of the Group and the net changes in value were recognised in the consolidated income statement as gain or loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts. Details of which are set out in Note 9.

Hawaii Ko Olina No. 2 Land Project

As disclosed in Note 38(a) in the annual consolidated financial statements of the Group for the year ended 31 December 2022, the management of the Company has been continuously and actively negotiating with Haitong, the noteholder of notes issued by COREDHL. During the year ended 31 December 2022, the Group has completed the disposal of the parcels of land in Kapolei West property project and repaid the related pledged obligations owed to Haitong partially. On 17 March 2023, a new director was appointed by the receiver to replace the existing sole director of Oceanwide Real Estate Investment HI Corp.("**OREHI**"), a wholly owned subsidiary of COREDHL. OREHI, together with its wholly-owned subsidiary Oceanwide Resort HI LLC (the "**OREHI Group**"), owns the parcels of land in Ko Olina No. 2 Land Project. The new director took over the management of the land parcels of the Ko Olina No. 2 Land Project, including the process for the sale of the land parcels. Taking into account these changes in circumstances, the management of the Company has assessed that the control over OREHI Group has been lost upon the change of the director on 17 March 2023 and determined that the assets and liabilities and results and cash flows of the OREHI Group shall be deconsolidated from the consolidated financial statements of the Group with effect from 31 March 2023 (as the results and cash flows of the OREHI Group from 17 March 2023 to 31 March 2023 were insignificant). Upon deconsolidation of the OREHI Group, the net assets/liabilities of the OREHI Group were recognised as interests/obligations in respect of deconsolidated subsidiaries in the consolidated financial statements of the Group and the net changes in carrying values of these interests/obligations were recognised in the consolidated income statement as gain or loss in respect of deconsolidated subsidiaries and related financial guarantee contracts. Details of which are set out in Note 9.

Subsequent to the date of deconsolidation of OREHI Group, as stated in the announcement of the Company dated 21 June 2023, Oceanwide Resort HI LLC has entered into a purchase and sale agreement with Tower Luxury Hotels, LLC., an independent third party, for the disposal of Ko Olina No. 2 Land Project at the consideration of US$134,000,000. Nevertheless, subject to further legal advice to be obtained in relation to the Petition (as defined in Note 1 (vi) below), the management of the Company continues to actively implement and execute the plans to dispose of Ko Olina No. 1 Land Project and also the other property projects in the U.S. belonging to the Group and it is expected that the debts owed to the noteholder of COREDHL will be settled, and the receivership of COREDHL will be resolved, in the near future accordingly.

Going Concern Assessment

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

For the period ended 30 June 2023, the Group incurred a net loss attributable to the shareholders of the Company of approximately HK$703,920,000 (Period ended 30 June 2022: HK$728,838,000) and a net operating cash outflow of approximately HK$25,780,000 (Period ended 30 June 2022: HK$69,950,000) and as of that date, the Group had properties under development of approximately HK$8,243,323,000 (31 December 2022: HK$9,142,311,000) which were classified as current assets while expected to be completed and recovered after one year. Excluding these properties under development, which are illiquid in nature, the Group's current liabilities exceeded its current assets by approximately HK$14,664,165,000 as at 30 June 2023 (31 December 2022: HK$14,851,930,000). In addition, the Group's businesses in real estate development in the United States of America (the "**United States**" or "**U.S.**") and energy sector in the Republic of Indonesia ("**Indonesia**") are capital intensive in nature and funding the continuous development of these businesses would require substantial capital in the foreseeable future. As at 30 June 2023, the Group's contracted but not provided for capital commitments were approximately HK$1,490,751,000 (31 December 2022: HK$1,482,873,000).

As at 30 June 2023, the Group had indebtedness, including borrowings and lease liabilities of approximately HK$3,029,746,000 and HK$7,186,000 (31 December 2022: HK$3,019,459,000 and HK$15,024,000), respectively which will fall due within twelve months from the date of 30 June 2023. 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$3,029,746,000 (31 December 2022: HK$3,019,459,000) due to the events of default of late or overdue payment of loan principal and interest or cross-default with other borrowings, which, as a consequence, would be immediately repayable if and when requested by the lenders.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of these circumstances, the directors of the Company have taken careful consideration 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 of the Company have taken the following measures and actions:

(i) As at 30 June 2023, 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$9,027,287,000 to the Group. COG agreed not to request for any repayment of the loans until the Group has ability to repay. Further, as at 30 June 2023, the undrawn facilities provided by COG to the Group was amounted to approximately HK$3,896,082,000 to the Group (together, the "**COG Financing Facilities**");

(ii) On 16 August 2023, the Group obtained a letter of undertaking for provision of financial support to the Company from Oceanwide Holdings, an indirect controlling shareholder of the Company, whereby Oceanwide Holdings agrees to provide sufficient funds to the Group so that the Group will be able to meet all financial obligations as and when they fall due in the coming twelve months from the date of the consolidated financial statements (the "**OH Financing Support**"); and

(iii) The Group has launched marketing plan for its Hawaii Projects since the fourth quarter of 2021. In June 2023, Oceanwide Resort HI LLC has entered into a purchase and sale agreement with Tower Luxury Hotels, LLC. for the disposal of Ko Olina No. 2 Land Project at the consideration of US$134,000,000. The disposal is expected to be completed in September 2023. For Ko Olina No. 1 Land Project, letters of intent for acquisition have been received (the "**Hawaii Disposal Plans**");

(iv) On 9 June 2022, the Initial Lender for the Group's New York Project has filed a winding up petition with the Supreme Court of Bermuda against the Company. On 25 August 2022, a forbearance agreement (the "**NY Forbearance Agreement**", as amended by an extension agreement dated 2 December 2022) was entered into by the Company and its subsidiaries with New York — 80 South Street LLC (the "**Administrative Agent**"), for the New York Project with effect from 18 August 2022 to forbear the Administrative Agent from taking enforcement actions against the Group up to 30 November 2022 and further extended to 31 December 2022. As of the date of this announcement, the Group is in negotiation with the Administrative Agent a settlement plan to release the guarantee provided by the Company and to withdraw the winding-up petition against the Company, as well as to offset the New York Project against the loan payable to the Initial Lender (the "**Settlement Plan**").

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

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

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

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

(vi) The Company received a statutory demand (the "**HK Statutory Demand**") dated 10 July 2023 from the legal representative of the general contractor ("**General Contractor**") of the LA Project pursuant to section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong) ("**C(WUMP)O**"), demanding the Company to pay the amount of US$28,353,811.69 (equivalent to approximately HK$222.2 million), being the total sum due and owing to the General Contractor including interest, within 3 weeks after the service of the HK Statutory Demand, failing which the General Contractor may present a winding-up petition against the Company. On 3 August 2023, the Company received a statutory demand (the "**Bermuda Statutory Demand**") dated 1 August 2023 from the legal representative of the General Contractor pursuant to section 162 of the Companies Act 1981, demanding the Company to pay the amount of US$22,848,286.25 (equivalent to approximately HK$179.1 million), being the total sum indebted to the General Contractor including interest accrued as of 18 July 2023, within 21 days after the service of the Bermuda Statutory Demand, failing which a petition may be presented by the General Contractor to the Supreme Court of Bermuda for an order that the Company may be wound up by the Supreme Court of Bermuda. Furthermore, on 21 August 2023, a winding-up petition ("**Petition**") was filed by the General Contractor for the LA Project of the Group with the High Court for the winding up of the Company and the Company was served with the Petition on 25 August 2023. The Petition was filed on the principal ground that the Company has failed to pay the amount of US$28,353,811.69, being the total sum due and owing to the Petitioner inclusive of interest under the HK Statutory Demand issued to the Company dated 10 July 2023 within 3 weeks from the date of service of the demand. Pursuant to Section 182 of C(WUMP)O, any disposition of the property of the Company, including things in action, made after the commencement of the winding up, shall, unless the court otherwise orders, be void. As a result of the filing of the Petition, the Company is in the process of seeking legal advice on the impact of the Petition on the corporate actions mentioned in this Note including but not limited to the disposal of assets, including Ko Olina No. 2 Land Project, the Ko Olina No. 1 Land Project, the LA Project, the New York Project and the Shanghai Properties (Ko Olina No. 2 Land Project, New York Project and the Shanghai Properties are currently under receivership), the use of proceeds from these disposals, the entering into of any settlement/forbearance agreement and establishment of any new joint venture or pursuing of investment opportunity (the "**General Contractor Statutory Demand and Petition**"). The Group is in discussion with the General Contractor to achieve an amicable solution for the General Contractor Statutory Demand and Petition.

Details of the above are set out in the Company's announcement dated 12 July 2023, 3 August 2023 and 25 August 2023; and

(vii) A loan principal of HK$981,581,000 (equivalent to US$125.5 million) secured by the LA Project is in default. On 18 May 2023, the lender has recorded a notice of default in the Recorder's Office Los Angeles County, California. The Group is currently negotiating with the lender to sign an updated forbearance agreement in order to suspend the lender from taking any further legal actions (the "**LA Project Loan Default**").

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

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

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

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

The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 30 June 2023. The directors of the Company are of the opinion that, taking into account the abovementioned actions, plans and measures, subject to the legal advice on the impact of the Petition on the actions mentioned, and if under the pre-restructuring or restructuring stage of the intermediate holding company, Oceanwide Holdings, funding can be available to the Group as when required, the winding up petition against the Company can be withdrawn and the winding up petition does not affect the disposal plan of the Company, 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 2023. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flow through the following:

(i) Successful execution and completion of the Settlement Plan in accordance with the terms and conditions, amounts and timing anticipated by the Group;

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

(iii) Successful resolution of the General Contractor Statutory Demand and Petition, withdrawal of the winding up petition against the Company and LA Project Loan Default so that no further legal action would be taken by the counterparties; and

(iv) 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 Hong Kong dollars ("**HK$**"), unless otherwise stated.

These Interim Financial Statements were approved for issue on 30 August 2023.

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	
	2023	2022
	HK$'000	*HK$'000*
Rental income from investment properties *(Note)*	**–**	27,930
Interest income	**–**	93
	–	28,023

Note:

Investment properties that generated rental income relate to the subsidiaries of COPHL which have been deconsolidated since 1 April 2022.

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

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

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

Segment information:

a. Condensed consolidated statement of income and other significant information

	Unaudited Six months ended 30 June 2023				
	Property investment *HK$'000*	Real estate development *HK$'000*	Energy *HK$'000*	Finance investment and others *HK$'000*	Total *HK$'000*
Segment revenue	–	–	–	–	–
Segment results before other net losses	–	(37,768)	(11,631)	(19,772)	(69,171)
Other net losses *(Note 3b)*	–	–	(1,481)	(19,609)	(21,090)
LBIT	–	(37,768)	(13,112)	(39,381)	(90,261)
Loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts	(175,109)	(137,112)	–	–	(312,221)
Interest expense	–	(303,358)	(38)	(291)	(303,687)
Loss before tax	(175,109)	(478,238)	(13,150)	(39,672)	(706,169)
Income tax expense					(2,939)
Loss for the period					(709,108)
Depreciation of properties, plant and equipment	–	85	410	53	548
Depreciation of right-of-use assets	–	1,324	659	3,499	5,482

	Unaudited				
	Six months ended 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 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)
Loss in respect of deconsolidation of subsidiaries and related financial guarantee contracts	(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.

b. Condensed consolidated statement of financial position

	Unaudited As at 30 June 2023				
	Property investment *HK$'000*	**Real estate development** *HK$'000*	**Energy** *HK$'000*	**Finance investment and others** *HK$'000*	**Total** *HK$'000*
Segment assets	**–**	**12,507,614**	**3,139,183**	**11,489**	**15,658,286**
Interests in respect of deconsolidated subsidiaries	**–**	**930,130**	**–**	**–**	**930,130**
Total assets					**16,588,416**
Segment liabilities	**–**	**1,940,465**	**229,503**	**273,087**	**2,443,055**
Borrowings	**–**	**1,985,906**	**–**	**1,043,840**	**3,029,746**
Obligations in respect of deconsolidated subsidiaries	**645,085**	**310,305**	**–**	**–**	**955,390**
Amount due to an intermediate holding company	**404,818**	**5,301,358**	**–**	**3,321,111**	**9,027,287**
Amount due to immediate holding company	**–**	**–**	**–**	**141,448**	**141,448**
Current income tax liabilities	**–**	**19,792**	**–**	**–**	**19,792**
Total liabilities					**15,616,718**

	Audited As at 31 December 2022				
	Property investment *HK$'000*	Real estate development *HK$'000*	Energy *HK$'000*	Finance investment and others *HK$'000*	Total *HK$'000*
Segment assets	–	13,400,154	3,123,849	15,820	16,539,823
Segment liabilities	–	1,803,050	218,743	222,725	2,244,518
Borrowings	–	1,975,618	–	1,043,841	3,019,459
Obligations in respect of deconsolidated subsidiaries	469,976	179,961	–	–	649,937
Amount due to an intermediate holding company	397,035	5,202,342	–	3,256,857	8,856,234
Amount due to immediate holding company	–	–	–	114,769	114,769
Current income tax liabilities	–	17,572	–	–	17,572
Total liabilities					14,902,489

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 2023 (Unaudited)	**–**	**–**	**–**	**–**	**–**
30 June 2022 (Unaudited)	–	1	28,020	2	28,023
Total assets					
30 June 2023 (Unaudited)	**13,434,020**	**3,139,093**	**–**	**15,303**	**16,588,416**
31 December 2022 (Audited)	13,400,154	3,123,194	–	16,475	16,539,823

3 LOSS BEFORE TAX

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Crediting		
Rental income from investment properties *(Note a)*	**–**	27,930
Reversal of ECLs on loan and interest receivables *(Note b)*	**–**	1,478
Charging		
ECLs on trade receivables *(Note b)*	**–**	1,861
ECLs on loan and interest receivables *(Note b)*	**1,481**	–
Staff costs (including directors' emoluments) *(Note c)*	**23,046**	30,441
Depreciation of properties, plant and equipment	**548**	2,056
Depreciation of right-of-use assets	**5,482**	7,718
Operating lease charges in respect of properties not included in the measurement of lease liabilities	**1,771**	1,804
Net foreign exchange losses *(Note b)*	**19,609**	27,269

Notes:

a. *Investment properties that generated rental income relate to the subsidiaries of COPHL which have been deconsolidated since 1 April 2022.*

b. *Other net losses of HK$21,090,000 for the six months ended 30 June 2023 represented (i) the net foreign exchange losses of HK$19,609,000; and (ii) ECLs on loan and interest receivables of HK$1,481,000.*

   Other net losses of HK$27,652,000 for the six months ended 30 June 2022 represented (i) ECLs on trade receivables of HK$1,861,000; (ii) the net foreign exchange losses of HK$27,269,000; net of (iii) reversal of ECLs on loan and interest receivables of HK$1,478,000.

c. *No government subsidy (2022: HK$184,000) was 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 six months ended 30 June 2023.*

4 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
Current income tax		
– Charge for the Period	**2,939**	6,665
Deferred income tax		
– Charge for the period	**–**	1,881
	2,939	8,546

For the six months ended 30 June 2023, no PRC Enterprise Income tax was provided as the Group had no estimated assessable profits (2022: 25%).

The Group's subsidiaries in the Hungary are subject to Corporate Income Tax at a standard rate of 9% for the six months ended 30 June 2023 (2022: 9%).

For the six months ended 30 June 2023 and 2022, 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 2023 and 2022, no Hong Kong profits tax was provided as the Group had no estimated assessable profits.

5 INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023 (2022: Nil).

6 BASIC AND DILUTED LOSS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
Weighted average number of ordinary shares in issue	**16,142,653,060**	16,142,653,060
Loss attributable to shareholders of the Company *(HK$'000)*	**(703,920)**	(728,838)
Basic loss per share attributable to shareholders of the Company *(HK cent per share)*	**(4.36)**	(4.51)

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 2023 and 2022 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 PLEDGE OF ASSETS

As at 30 June 2023 and 31 December 2022, certain assets of the Group were pledged to secure borrowings of the Group as follows:

	Unaudited 30 June 2023 *HK$'000*	Audited 31 December 2022 *HK$'000*
Properties under development	**8,243,323**	9,142,311
Properties, plant and equipment	**38**	467
Investment properties	**4,258,336**	4,227,984
	12,501,697	13,370,762

Save as the pledged assets disclosed above, the issued shares of 10 (31 December 2022: 10) subsidiaries the Company were also pledged to secure borrowings of the Group as at 30 June 2023.

8 PROVISIONS, LITIGATIONS AND CONTINGENT LIABILITIES

(a) Litigations for the Group's real estate project in LA Project

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

On 31 January 2019 (Los Angeles ("**LA**"), the U.S. time), a subcontractor (the "**Subcontractor**") of 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$414.6 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$387.2 million) and released the First Lien, but did not amend its complaint.

On 26 March 2019 (LA time), the Subcontractor recorded a new lien (the "**Third Lien**") for approximately US$60.3 million (equivalent to approximately HK$472.6 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 2023, 34 contractors had recorded mechanic's liens for approximately US$391.5 million (equivalent to approximately HK$3,068.3 million) in total. 33 of these contractors were suing Oceanwide Plaza to foreclose on their mechanic's liens for an aggregate claim amount of approximately US$369.9 million (equivalent to approximately HK$2,899.0 million). Both of these amounts, however, include the General Contractor's lien of approximately US$218.8 million (equivalent to approximately HK$1,714.8 million).

Of the 33 contractors suing Oceanwide Plaza:

(i) 31 have indicated they prefer to settle their outstanding payments and continue with the LA Project rather than litigate, representing an aggregate claim amount of approximately US$360.8 million (equivalent to approximately HK$2,827.7 million);

(ii) 1 is a subcontractor of the Subcontractor, claiming approximately US$8.3 million (equivalent to approximately HK$65.0 million) for work done, and its lawsuit, to which Oceanwide Plaza had not had to respond, is largely controlled by what happens in the Subcontractor's lawsuit; and

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

On 5 March 2020 (LA time), the Company and the General Contractor entered into a parent company guarantee (the "**Parent Guarantee**") to, among other things, guarantee a payment obligation owed to the General Contractor by Oceanwide Plaza. The Parent Guarantee provides if Oceanwide Plaza does not meet this obligation: (i) the General Contractor can force the Company to arbitrate this issue in LA under the Fast Track Rules of the American Arbitration Association (the "**AAA**"), (ii) the Company waives all defences, and (iii) the arbitrator will issue an award on only the issue of if Oceanwide Plaza has met this obligation. Oceanwide Plaza did not fully meet this obligation, leaving a balance owed of US$38,440,000 (equivalent to approximately HK$301.3 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$301.3 million) plus attorneys' fees, costs, and interest. California law requires a contractor prove it has always been licensed when attempting to collect payment. The Company attempted to present evidence that the General Contractor was not licensed, but the arbitrator refused to consider this issue and awarded the General Contractor US$38,440,000 (equivalent to approximately HK$301.3 million) plus attorneys' fees, costs, and 10% interest on 24 November 2020 (LA time) (the "**Arbitral Award**").

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

On 24 June 2021 (LA time), the Company received a judgment (the "**U.S. District Court Judgment**") by the United States District Court of Central District of California 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$334.7 million), inclusive of pre-judgment interests and arbitration costs.

On 23 August 2021 (LA time), the General Contractor submitted an application to the U.S. District Court to conduct a debtor's examination on 28 September 2021 (LA time) of the Company and Oceanwide Plaza to identify assets in order to satisfy the Arbitral Award contemplated under the U.S. District Court Judgment. The first hearing regarding the debtor's examination was conducted on 15 February 2022. As at the date of this 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 24 August 2021, the Company received an order (the "**High Court Order**") by the High Court confirming the enforcement order in relation to the Arbitral Award.

On 1 September 2021 (LA time), the Company and the General Contractor entered into a forbearance agreement (the "**Forbearance Agreement**") in relation to the U.S. District Court Judgment, the Arbitral Award, as well as the High Court Order entered thereupon. Under the forbearance agreement, it is agreed that (i) the General Contractor forbears from further enforcing the Arbitral Award, the U.S. District Court Judgment or any judgment entered thereupon and (ii) the Company repays the Arbitral Award to the General Contractor in five instalments in consideration of the General Contractor's foregoing forbearance. The Company did not comply with the forbearance agreement and the Company repaid US$21.0 million (equivalent to approximately HK$164.6 million) in total for the Arbitral Award aforesaid.

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 BVI 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 (equivalent to approximately HK$178.7 million) with interest accruing at the judgment rate of 5% per annum from 26 October 2021.

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

The Company received a statutory demand (the "**HK Statutory Demand**") dated 10 July 2023 from the legal representative of the General Contractor pursuant to section 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong), demanding the Company to pay the amount of US$28,353,811.69 (equivalent to approximately HK$222.2 million), being the total sum due and owing to the General Contractor including interest, within 3 weeks after the service of the HK Statutory Demand, failing which the General Contractor may present a winding-up petition against the Company.

On 3 August 2023, the Company received a statutory demand (the "**Bermuda Statutory Demand**") dated 1 August 2023 from the legal representative of the General Contractor pursuant to section 162 of the Companies Act 1981, demanding the Company to pay the amount of US$22,848,286.25 (equivalent to approximately HK$179.1 million), being the total sum indebted to the General Contractor including interest accrued as of 18 July 2023, within 21 days after the service of the Bermuda Statutory Demand, failing which a petition may be presented by the General Contractor to the Supreme Court of Bermuda for an order that the Company may be wound up by the Supreme Court of Bermuda.

Furthermore, on 21 August 2023, a winding-up petition was filed by the General Contractor, with the High Court for the winding up of the Company ("**Petition**") and the Company was served with the Petition on 25 August 2023. The Petition was filed on the principal ground that the Company has failed to pay the amount of US$28,353,811.69, being the total sum due and owing to the Petitioner inclusive of interest under the HK Statutory Demand issued to the Company dated 10 July 2023 within 3 weeks from the date of service of the demand. Pursuant to Section 182 of the C(WUMP)O, any disposition of the property of the Company, including things in action, made after the commencement of the winding up, shall, unless the court otherwise orders, be void.

A loan principal of HK$981,581,000 (equivalent to US$125.5 million) secured by the LA Project is currently in default. On 18 May 2023, the lender has recorded a notice of default in the Los Angeles County Recorder. The Group is currently negotiating with the lender to sign an updated forbearance agreement in order to suspend the lender from taking any further legal actions. The entering into such agreement is subject to legal advice to be obtained in relation to the Petition.

For more information about the Parent Guarantee and the legal proceeding in relation thereto, please refer to the Company's announcements dated 6 March 2020, 25 September 2020, 16 October 2020, 6 July 2021, 25 August 2021, 13 September 2021, 27 March 2023, 12 July 2023, 3 August 2023 and 25 August 2023.

The Directors are of the view that the US$42.7 million (equivalent to approximately HK$334.7 million) is payment for amounts included in the General Contractor's lien, so this does not represent an increase in Oceanwide Plaza's aggregate liability.

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

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

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

Provisions represent the management's best estimate of the consideration required to settle the obligations, after consultation with the technical experts, internal and external legal counsels on the possible outcome and liability of the Group would then be recognised, if appropriate. It is estimated that the likely maximum lawsuit liability would be approximately US$219.3 million (equivalent to approximately HK$1,718.7 million), including (i) the General Contractor's lien foreclosure lawsuit of approximately US$218.8 million (equivalent to approximately HK$1,714.8 million), and (ii) a lien foreclosure lawsuit by a potential direct contractor (contract still under negotiation) for approximately US$0.5 million (equivalent to approximately HK$3.9 million). As at 30 June 2023, the Directors are of the view that the claims made by the counterparties are over-assessed. Based on the best estimate, an aggregate amount of approximately HK$1,292,612,000 (31 December 2022: HK$1,282,423,000) has been accrued for the expenditures and liens matters in respect of the LA project.

(b) Winding up petition against the Company

On 10 June 2022, it came to the attention of the Company that DW 80 South, LLC as the Initial Lender of a facility agreement dated 22 May 2019 entered into by CORED III as the borrower, the Initial Lender, and the Company and certain members of the Group as guarantors (the "**Facility Agreement**"), has on 9 June 2022, filed a winding up petition (the "**Bermuda 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$1,374.4 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 Bermuda 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.

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

On 2 December 2022 (New York time), CORED III, Oceanwide Real Estate Investment NY Corp., Oceanwide Center NY LLC, the Company and the Administration Agent, for itself and the other lenders entered into an extension agreement to extend the forbearance period to 31 December 2022. As of the date of this announcement, the Group is negotiating with the Administrative Agent for a settlement plan to release the guarantee provided by the Company and to withdraw the winding-up petition against the Company, as well as to offset the New York Project against the loan payable to the Initial Lender. The proposed settlement plan is subject to further legal advice to be obtained in relation to the Petition.

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

9 DECONSOLIDATION OF SUBSIDIARIES

During the period ended 30 June 2023, as disclosed in Note 1, the Group has lost control over OREHI Group and accordingly, OREHI Group, which owned the Ko Olina No. 2 Land Project whose results, assets and liabilities were included under real estate development segment, have been deconsolidated with effect from 31 March 2023.

During the period ended 30 June 2022, as disclosed in Note 1, (i) the Group has lost control over COPHL Group and accordingly, COPHL Group, which owned the Shanghai Properties whose results, assets and liabilities were included under property investment segment, have been deconsolidated with effect from 1 April 2022; and (ii) the Group has lost control over CORED III Group and accordingly, CORED III Group, which owned the New York Project and whose results, assets and liabilities were included under real estate development segment have been deconsolidated with effect from 1 May 2022.

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

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

During the period ended 30 June 2023:

	OREHI Group
	HK$'000
Assets and liabilities of deconsolidated subsidiaries	
Right-of-use assets	**3,748**
Deposits and other receivables	**291**
Properties under development	**993,357**
Lease liabilities	**(5,395)**
Deposits received, other payables and accruals	**(55,255)**
Assets and liabilities of deconsolidated subsidiaries, excluding amounts due to Group as at date of deconsolidation	**936,746**
Change in carrying amount subsequent to deconsolidation date up to period ended 30 June 2023	**(6,616)**
Carrying amount in interests in respect of deconsolidated subsidiaries as at 30 June 2023	**930,130**
Release of exchange reserve upon deconsolidation	**(152)**
Financial guarantee expense and change in fair value	**(6,616)**
Loss in respect of deconsolidated subsidiaries and related financial guarantee contracts	**(6,768)**

No net cash outflow arising on deconsolidation of subsidiaries during the period ended 30 June 2023 (30 June 2022: HK$59,682,000).

The movements of interests/obligations in respect of deconsolidated subsidiaries are as follow:

	COPHL Group *HK$'000*	CORED III Group *HK$'000*	OREHI Group *HK$'000*	Total *HK$'000*
As at 1 January 2023	**(469,976)**	**(179,961)**	**–**	**(649,937)**
Addition upon deconsolidation	**–**	**–**	**936,746**	**936,746**
Financial guarantee expenses and fair value change charge to income statement	**(175,109)**	**(130,344)**	**(6,616)**	**(312,069)**
As at 30 June 2023	**(645,085)**	**(310,305)**	**930,130**	**(25,260)**

Representing:	***HK$'000***
Interests in respect of deconsolidated subsidiaries	**930,130**
Obligations in respect of deconsolidated subsidiaries	**(955,390)**
Net carrying amounts of interests/(obligations) in respect of deconsolidated subsidiaries) as at 30 June 2023	**(25,260)**

	COPHL Group	CORED III Group	OREHI Group	Total
Release of exchange reserve upon deconsolidation	**–**	**–**	**(152)**	**(152)**
Financial guarantee expense and change in fair value	**(175,109)**	**(130,344)**	**(6,616)**	**(312,069)**
Loss in respect of deconsolidated subsidiaries and related financial guarantee contracts	**(175,109)**	**(130,344)**	**(6,768)**	**(312,221)**

During the period ended 30 June 2022:

	COPHL Group *HK$'000*	CORED III Group *HK$'000*	Total *HK$'000*
Assets and liabilities of deconsolidated subsidiaries			
Properties, plant and equipment	21,487	20	21,507
Investment properties	1,346,448	–	1,346,448
Right-of-use assets	13,235	–	13,235
Deposits and other receivables	51,954	6,120	58,074
Trade receivables	29,007	–	29,007
Cash and cash equivalents	56,471	3,211	59,682
Properties under development	–	1,735,864	1,735,864
Lease liabilities	(8,701)	–	(8,701)
Current income tax liabilities	(26,130)	–	(26,130)
Deposits received, other payables and accruals	(82,392)	(188,118)	(270,510)
Deferred income tax liabilities	(322,997)	–	(322,997)
Assets and liabilities (excluding the subject loans, derecognised)	1,078,382	1,557,097	2,635,479
Interest payables	(120,875)	(79,397)	(200,272)
Borrowings	(1,182,377)	(1,291,148)	(2,473,525)
Loan balances derecognised	(1,303,252)	(1,370,545)	(2,673,797)
Assets less liabilities (including the loans) of deconsolidated subsidiaries as at date of deconsolidation	(224,870)	186,552	(38,318)
Change in carrying amount subsequent to respective deconsolidation dates up to period ended 30 June 2022	(48,419)	(70,073)	(118,492)
Carrying amount in obligations in respect of deconsolidated subsidiaries as at 30 June 2022	(273,289)	116,479	(156,810)
Financial guarantee expense and change in fair value	(48,419)	(70,073)	(118,492)
Loss in respect of deconsolidated subsidiaries and related financial guarantee contracts	(48,419)	(70,073)	(118,492)

10 EVENT AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in this interim 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. Subject to applicable laws, rules and regulations and further legal advice to be obtained in relation to the Petition, the Group's finance department will source funding by borrowings and 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 six months ended 30 June 2023, 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 and convertible notes. The interest rates for the loans receivables, amount due to an intermediate holding company, other loans as well as convertible notes are fixed. The management of the Group's controls interest rate risk by reviewing fixed-rate borrowings. During the reporting period, the Group considered that there was no need to use interest rate swaps to hedge its exposure to interest rate risks.

Foreign currency risk

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

Market price risk

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

Credit risk

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

As at 30 June 2023, the other receivables of the Group were mainly loans and interest receivables made to the non-controlling shareholders of the energy project to develop two coal-fired steam power plants (with a net capacity of 150 megawatt each) in the Medan of Indonesia. As at the date of this announcement, the Group is still negotiating with the non-controlling shareholders on the renewal of the loan agreement, and the Group is working to reach an agreement with the noncontrolling shareholders on the renewal of the loan agreement, subject to further legal advice to be obtained in relation to the Petition.

LIQUIDITY AND WORKING CAPITAL

As at 30 June 2023, the Group's total unsecured and unrestricted cash amounted to HK$1.2 million (31 December 2022: HK$4.9 million).

As at 30 June 2023, the Group had other loans (including convertible notes) of HK$3,029.7 million (31 December 2022: HK$3,019.5 million), of which HK$3,029.7 million (31 December 2022: HK$3,019.5 million) were fixed-rate borrowings repayable within one year. As at 30 June 2023, the Group had an amount due to an intermediate holding company of HK$9,027.3 million which were fixed-rate borrowings repayable within one year (31 December 2022: HK$8,856.2 million), and an amount due to immediate holding company of HK$141.4 million (31 December 2022: HK$114.8 million), which were interest free borrowings repayable in one year. The Group's external gearing ratio (being calculated as total external borrowings divided by total equity) as at 30 June 2023 was 311.8% (31 December 2022: 184.4%).

Subject to applicable laws, rules and regulations, the controlling shareholder of the Group will provide support for the Company's daily operating expenses.

CASH FLOWS

During the six months ended 30 June 2023, net cash used in operating activities and investing activities amounted to HK$25.8 million (2022: HK$70.0 million) and nil (2022: HK$59.6 million), respectively. The net cash used in investing activities for the six months ended 30 June 2022 was mainly attributable to deconsolidation of subsidiaries during six months ended 30 June 2022. Net cash generated from financing activities during the six months ended 30 June 2023 amounted to HK$22.0 million (2022: HK$121.4 million) mainly due to borrowings from immediate holding company.

CHARGES AND CONTINGENT LIABILITIES

The detailed information of the pledged assets and contingent liabilities of the Group as at 30 June 2023 are set out in Note 7 and Note 8 to the condensed consolidated financial statements respectively.

In addition, the Company has provided corporate guarantees for the lenders of the deconsolidated subsidiaries to guarantee the repayment of the relevant loans and payables to the lenders included in the total "Obligations in respect of deconsolidated subsidiaries". Amounts as at 30 June 2023 are HK$3,248.4 million (31 December 2022: HK$2,981.7 million).

Apart from the above and those set out in Note 7 and Note 8, the Group had not created any other guarantee or other contingent liabilities during the six months ended 30 June 2023 and year ended 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2023, the Group did not have any future plans for material investments and capital assets.

HUMAN RESOURCES

As at 30 June 2023, the Group employed 45 employees (30 June 2022: 56). Total employee costs (including the Directors' emoluments) during the Period amounted to HK$23.0 million (Period ended 30 June 2022: HK$30.4 million). The Group's remuneration policy remains the same as those described in the 2022 annual report of the Company.

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

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

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 deviations:

Code Provision C.1.6 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

Due to other business engagements, Mr. ZHAO Yingwei, the non-executive Director and the member of the audit committee (the "**Audit Committee**") under the Board, did not attend the Board meetings and the Audit Committee meetings held during the Period as well as the annual general meeting of the Company held on 18 May 2023.

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. LIU Guosheng 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 2023 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 2023 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
LIU Guosheng
Chairman

Hong Kong, 30 August 2023

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

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$7.8373 for illustration purpose only. No representation is made that any amounts in US$ 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*