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## OCI International Holdings Limited

東建國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 329)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### FINANCIAL HIGHLIGHTS

(HK\$'000)

	2023	2022	Change in %
Revenue	<b>89,548</b>	30,645	192.2%
From asset management	<b>42,746</b>	28,274	51.2%
From investment and financial advisory services	<b>435</b>	531	(18.1%)
From underwriting and placing of securities	–	1,560	(100.0%)
Sales of goods	<b>36,636</b>	29,341	24.9%
From securities trading and investments	<b>9,731</b>	(29,061)	(133.5%)
Net loss from operations	<b>(10,561)</b>	(73,229)	(85.6%)
Net loss for the year	<b>(13,238)</b>	(78,211)	(83.1%)
EBITDA	<b>(1,185)</b>	(65,859)	(98.2%)
Loss per share			
– basic (HK cents)	<b>(0.87)</b>	(5.05)	(82.8%)
Total Asset	<b>323,578</b>	417,562	(22.5%)
Net Asset	<b>279,983</b>	293,640	(4.7%)

Revenue for the year ended 31 December 2023 (the “Year Under Review”) increased by 192.2% to HK\$89.55 million (2022: HK\$30.65 million). The increase in revenue was mainly due to the increase in income from asset management services, trading of wines and beverage, and the recognition of net income from securities trading and investments business of HK\$9.73 million (2022: net loss of HK\$29.06 million).

After cost of sales and services rendered, general and administrative expenses, and net reversal of or impairment loss on financial assets, loss from operations for the Year Under Review amounted to HK\$10.56 million (2022: HK\$73.23 million).

For the same token, loss for the Year Under Review decreased from HK\$78.21 million for the year ended 31 December 2022 to HK\$13.24 million. EBITDA was a loss of HK\$1.19 million for the Year Under Review (2022: loss of HK\$65.86 million).

Loss per share (basic) attributable to equity shareholders of the Company decreased from HK5.05 cents for the year ended 31 December 2022 to HK0.87 cents for the Year Under Review.

The board of directors (the “Board”) of OCI International Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 together with the comparative figures for the corresponding year in 2022 as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31 December 2023**

*(Expressed in Hong Kong dollars)*

	NOTE	2023 HK\$'000	2022 HK\$'000
<i>Revenue</i>	4		
Revenue from asset management		42,746	28,274
Revenue from investment and financial advisory services		435	531
Income from underwriting and placing of securities		–	1,560
Sales of goods		36,636	29,341
Income (loss) from securities trading and investments		9,731	(29,061)
		<u>89,548</u>	<u>30,645</u>
Cost of sales and services rendered		<u>(33,968)</u>	<u>(35,459)</u>
		55,580	(4,814)
Other income	5	7,011	8,249
Selling and distribution costs		(14)	(71)
General and administrative expenses		(76,767)	(51,486)
Impairment losses reversed (recognised) on financial assets		3,629	(25,107)
		<u>(10,561)</u>	<u>(73,229)</u>
<b>Loss from operations</b>		<b>(10,561)</b>	<b>(73,229)</b>
Finance costs	6(a)	(4,426)	(5,993)
Share of profits of joint venture		1,739	1,011
		<u>1,739</u>	<u>1,011</u>
<b>Loss before taxation</b>	6	<b>(13,248)</b>	<b>(78,211)</b>
Income tax credit	7	10	–
		<u>10</u>	<u>–</u>
<b>Loss for the year</b>		<b><u>(13,238)</u></b>	<b><u>(78,211)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		(13,118)	(75,708)
Non-controlling interests		(120)	(2,503)
		<u>(13,118)</u>	<u>(75,708)</u>
		<u>(120)</u>	<u>(2,503)</u>
<b>Loss for the year</b>		<b><u>(13,238)</u></b>	<b><u>(78,211)</u></b>
<b>Loss per share</b>			
– Basic and diluted	9	<b><u>HK(0.87) cents</u></b>	<b><u>HK(5.05) cents</u></b>

	<i>NOTE</i>	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i>
<b>Loss for the year</b>		<b>(13,238)</b>	(78,211)
<b>Other comprehensive expense:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(419)</u>	<u>(946)</u>
<b>Total comprehensive expense for the year</b>		<b><u>(13,657)</u></b>	<b><u>(79,157)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(13,425)</b>	(76,482)
Non-controlling interests		<u>(232)</u>	<u>(2,675)</u>
<b>Total comprehensive expense for the year</b>		<b><u>(13,657)</u></b>	<b><u>(79,157)</u></b>

**Consolidated Statement of Financial Position  
as at 31 December 2023**

*(Expressed in Hong Kong dollars)*

	<i>NOTE</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>14,795</b>	22,360
Interest in joint venture		<b>6,709</b>	5,101
Rental deposits		<b>1,086</b>	1,086
		<b>22,590</b>	28,547
<b>CURRENT ASSETS</b>			
Inventories		<b>6,719</b>	6,256
Trade receivables	<i>11</i>	<b>45,474</b>	7,431
Deposits, prepayments and other receivables		<b>7,950</b>	17,150
Debt investments at amortised cost	<i>10</i>	<b>21,020</b>	17,350
Financial assets at fair value through profit or loss	<i>12</i>	<b>115,032</b>	110,260
Time deposits with original maturity date over three months		<b>14,845</b>	–
Cash and cash equivalents		<b>89,948</b>	230,568
		<b>300,988</b>	389,015
<b>CURRENT LIABILITIES</b>			
Contract liabilities		<b>3,272</b>	1,548
Accruals and other payables		<b>30,390</b>	12,022
Amount due to a related party		–	46,930
Borrowings		–	46,861
Lease liabilities		<b>3,174</b>	7,089
Current tax payable		<b>798</b>	337
		<b>37,634</b>	114,787
<b>NET CURRENT ASSETS</b>		<b>263,354</b>	274,228
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>285,944</b>	302,775
<b>NON-CURRENT LIABILITY</b>			
Lease liabilities		<b>5,961</b>	9,135
<b>NET ASSETS</b>		<b>279,983</b>	293,640

	<i>NOTE</i>	<b>2023</b>	2022
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>14,998</b>	14,998
Reserves		<b><u>272,238</u></b>	<u>285,663</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>287,236</b>	300,661
<b>Non-controlling interests</b>		<b><u>(7,253)</u></b>	<u>(7,021)</u>
<b>TOTAL EQUITY</b>		<b><u><u>279,983</u></u></b>	<u><u>293,640</u></u>

**Consolidated Statement of Changes in Equity**  
**for the year ended 31 December 2023**  
*(Expressed in Hong Kong dollars)*

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Other reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2022	14,998	498,790	(6)	(919)	(140,070)	372,793	-	372,793
<b>Changes in equity for 2022</b>								
Loss for the year	-	-	-	-	(75,708)	(75,708)	(2,503)	(78,211)
Other comprehensive expense for the year	-	-	(774)	-	-	(774)	(172)	(946)
Total comprehensive expense for the year	-	-	(774)	-	(75,708)	(76,482)	(2,675)	(79,157)
Contributions by non-controlling shareholders to newly incorporated subsidiaries	-	-	-	-	-	-	4	4
Partial disposal of a subsidiary to a non-controlling shareholder	-	-	-	4,350	-	4,350	(4,350)	-
Balance at 31 December 2022 and 1 January 2023	<u>14,998</u>	<u>498,790</u>	<u>(780)</u>	<u>3,431</u>	<u>(215,778)</u>	<u>300,661</u>	<u>(7,021)</u>	<u>293,640</u>
<b>Changes in equity for 2023</b>								
Loss for the year	-	-	-	-	(13,118)	(13,118)	(120)	(13,238)
Other comprehensive expense for the year	-	-	(307)	-	-	(307)	(112)	(419)
Total comprehensive expense for the year	-	-	(307)	-	(13,118)	(13,425)	(232)	(13,657)
Balance at 31 December 2023	<u>14,998</u>	<u>498,790</u>	<u>(1,087)</u>	<u>3,431</u>	<u>(228,896)</u>	<u>287,236</u>	<u>(7,253)</u>	<u>279,983</u>

## Notes to the Financial Statements

### 1. GENERAL

OCI International Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Level 23, 28 Hennessy Road, Hong Kong, respectively.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in asset management, provision of investment and financial advisory services, provision of securities underwriting and placing services, trading of wines and beverage, and securities trading and investments.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the Company’s functional and the Group’s presentation currency.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except for the amendments to HKFRSs mentioned below, the adoption of the new and amended HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies***

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

**4. REVENUE AND SEGMENT REPORTING**

**(a) Revenue**

The principal activities of the Group are asset management, provision of investment and financial advisory services, provision of securities underwriting and placing services, trading of wines and beverage, and securities trading and investments.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Asset management	42,746	28,274
– Investment and financial advisory services	435	531
– Income from underwriting and placing of securities	–	1,560
– Trading of wines and beverage	<u>36,636</u>	<u>29,341</u>
	<u>79,817</u>	<u>59,706</u>
<b>Revenue from other sources</b>		
Income from debt investments:		
– Interest income from debt investments at amortised cost	–	145
– Income from debt investments at fair value through profit or loss	<u>–</u>	<u>950</u>
	–	1,095
Change in fair value of financial assets at fair value through profit or loss	9,392	(30,156)
Dividend income	<u>339</u>	<u>–</u>
	<u>9,731</u>	<u>(29,061)</u>
Total	<u><u>89,548</u></u>	<u><u>30,645</u></u>

**(b) Segment reporting**

The Group's executive directors are the chief operation decision makers ("CODM") as they collectively make strategic decisions towards the Group's operations based on nature of business.

In a manner consistent with the way in which information is reported internally to the CODM for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments:

- (a) asset management
- (b) investment and financial advisory services
- (c) underwriting and placing of securities
- (d) securities trading and investments
- (e) trading of wines and beverage

### Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 are set out below.

#### For the year ended 31 December 2023

	Asset management <i>HK\$'000</i>	Investment and financial advisory services <i>HK\$'000</i>	Underwriting and placing of securities <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Trading of wines and beverage <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>						
At a point in time	-	-	-	-	36,636	36,636
Over time	42,746	435	-	-	-	43,181
	42,746	435	-	-	36,636	79,817
<b>Revenue from other sources</b>	-	-	-	9,731	-	9,731
<b>Revenue from external customers</b>	42,746	435	-	9,731	36,636	89,548
Inter-segment revenue	-	-	-	-	-	-
<b>Reportable segment revenue</b>	42,746	435	-	9,731	36,636	89,548
Elimination of inter-segment revenue	-	-	-	-	-	-
Consolidated revenue	42,746	435	-	9,731	36,636	89,548
<b>Reportable segment profit (loss)</b>	8,798	432	-	(3,243)	(6,993)	(1,006)
Elimination of inter-segment profit						-
Reportable segment loss derived from Group's external customers and joint venture						(1,006)
Other income						7,011
Unallocated corporate and other expenses						(14,827)
Finance costs						(4,426)
Loss before taxation						(13,248)
Income tax credit						10
Loss for the year						(13,238)

For the year ended 31 December 2022

	Asset management <i>HK\$'000</i>	Investment and financial advisory services <i>HK\$'000</i>	Underwriting and placing of securities <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Trading of wines and beverage <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>						
At a point in time	-	-	1,560	-	29,341	30,901
Over time	28,274	531	-	-	-	28,805
	28,274	531	1,560	-	29,341	59,706
<b>Revenue from other sources</b>	-	-	-	(29,061)	-	(29,061)
<b>Revenue (loss) from external customers</b>	28,274	531	1,560	(29,061)	29,341	30,645
Inter-segment revenue	-	-	-	-	1,573	1,573
<b>Reportable segment revenue (loss)</b>	28,274	531	1,560	(29,061)	30,914	32,218
Elimination of inter-segment revenue	-	-	-	-	(1,573)	(1,573)
Consolidated revenue	28,274	531	1,560	(29,061)	29,341	30,645
<b>Reportable segment profit (loss)</b>	238	526	1,560	(58,300)	(1,118)	(57,094)
Elimination of inter-segment profit						(34)
Reportable segment loss derived from Group's external customers and joint venture						(57,128)
Other income						7,229
Unallocated corporate and other expenses						(22,319)
Finance costs						(5,993)
Loss before taxation						(78,211)
Income tax						-
Loss for the year						(78,211)

Revenue is allocated to the reportable segments with reference to revenue and income generated by those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of certain other income, finance costs and unallocated corporate and other expenses. This is the information reported to the CODM for the purposes of resources allocation and performance assessment.

## 5. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	3,032	178
Income from termination of memorandum of understanding	3,286	6,386
Government grants	–	468
Gain on disposal of property, plant and equipment	–	120
Sundry income	693	1,097
	<u>7,011</u>	<u>8,249</u>

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging/(crediting):

### (a) Finance costs

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on other borrowings	1,195	4,881
Interest on lease liabilities	714	304
Interest on amount due to a related party	2,317	164
Other borrowing costs	200	644
	<u>4,426</u>	<u>5,993</u>

### (b) Staff costs

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' emoluments		
– fees and other emoluments	2,064	3,630
Other staff costs		
– salaries, allowances and bonus	32,307	17,864
– retirement benefits scheme contributions	652	750
	<u>35,023</u>	<u>22,244</u>

(c) **Other items**

	<b>2023</b> <b>HK\$'000</b>	2022 <b>HK\$'000</b>
Depreciation charge		
– owned property, plant and equipment	954	338
– right-of-use assets	6,683	6,021
	<b>7,637</b>	6,359
Impairment losses (reversed) recognised		
– debt investments	(3,629)	24,326
– trade and other receivables	–	781
	<b>(3,629)</b>	25,107
Auditors' remunerations		
– audit services	700	1,228
– other services	–	170
	<b>700</b>	1,398
Legal and professional expenses	<b>20,255</b>	6,247
Commission fee relating to asset management business	–	8,400
Cost of inventories		
– cost of sales	33,968	27,059
– general and administrative expenses	–	1,539
	<b>33,968</b>	28,598
Net foreign exchange gain	<b>(328)</b>	(964)

**7. INCOME TAX**

	<b>2023</b> <b>HK\$'000</b>	2022 <b>HK\$'000</b>
<b>Current tax– Hong Kong Profits Tax</b>		
Over-provision in respect of prior years	(10)	–
Provision for the year	–	–
	<b>(10)</b>	–

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these two jurisdictions.
- (b) For the years ended 31 December 2023 and 2022, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been provided for in the consolidated financial statements as the Group has no estimated assessable profits for the years ended 31 December 2023 and 2022.

- (c) The People's Republic of China ("PRC") Enterprise Income Tax rate is 25% (2022: 25%). No PRC Enterprise Income Tax has been provided for in the consolidated financial statements as the Group has no estimated assessable profits for the years ended 31 December 2023 and 2022.

## 8. DIVIDENDS

The Board does not recommend any dividend payment for the year (2022: Nil).

## 9. BASIC AND DILUTED LOSS PER SHARE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to equity shareholders of the Company	<u>(13,118)</u>	<u>(75,708)</u>
	2023	2022
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<u>1,499,749,920</u>	<u>1,499,749,920</u>

Basic loss per share was calculated as the loss for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

For the years ended 31 December 2023 and 2022, the diluted loss per share is same as basic loss per share because the exercise price of Company's share options was higher than the average market price for shares.

## 10. DEBT INVESTMENTS AT AMORTISED COST

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Corporate debt securities	230,952	230,856
Less: Loss allowance	<u>(209,932)</u>	<u>(213,506)</u>
Total debt investments at amortised cost, net of loss allowance	<u>21,020</u>	<u>17,350</u>

## 11. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade debtors in respect of wines and beverage trading	20	34
Fees receivable from asset management, net of loss allowance	<u>45,454</u>	<u>7,397</u>
	<u>45,474</u>	<u>7,431</u>

All of the trade receivables are carried at amortised cost.

### Ageing analysis

The following is an ageing analysis of trade receivables, net of loss allowance, arising from the business of wines and beverage trading based on date of invoice at the reporting date:

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
0 to 60 days	<u>20</u>	<u>34</u>

The following is an ageing analysis of trade receivables, net of loss allowance, arising from the business of asset management based on date of revenue recognition at the reporting date:

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
0 to 60 days	4,666	889
61 to 90 days	2,357	484
91 to 180 days	7,033	1,466
181 to 365 days	27,365	1,739
Over 365 days	<u>4,033</u>	<u>2,819</u>
	<u><b>45,454</b></u>	<u>7,397</u>

The Group allows an average credit period from 90 to 120 days to its trade customers in respect of wines and beverage trading. Fees receivable in respect of the business of asset management are normally due within 30 days upon presenting the invoice.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Unlisted investment funds		
– OCI Equities Fund SP	102,403	92,013
– OCI Real Estate Fund I SP	–	4,620
Investments in listed securities	12,563	13,540
Investments in listed warrants	<u>66</u>	<u>87</u>
Total financial assets at fair value through profit or loss	<u><b>115,032</b></u>	<u>110,260</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The principal activities of the Group are provision of asset management services, provision of investment and financial advisory services, provision of securities underwriting and placing services, securities trading and investments and trading of wines and beverages.

During the year ended 31 December 2023 (the “Year Under Review”), the Group continued to focus on the development of asset management and investment and financial advisory businesses. Apart from Type 4 (advising on securities) and Type 9 (asset management) licenses issued by the Securities and Future Commission of Hong Kong (the “SFC”) which were granted to the Group in May 2018, the Group had obtained Type 1 (dealing in securities) license granted by SFC on 28 July 2021. The Group’s asset management and financial advisory businesses target high-net-worth individuals and institutional investors such as financial institutions, asset management companies and other investment companies. The licensed activities were conducted by the asset management subsidiary of the Group, namely OCI Asset Management Company Limited (“OCIAM”). The total assets under management (“AUM”) and subscription amounts from investors managed by OCIAM as at 31 December 2023 amounted to US\$149 million and US\$406 million, respectively, from 10 funds (31 December 2022: US\$270 million and US\$557 million, respectively, from 11 funds). The decrease in AUM and subscription amounts managed by OCIAM was mainly due to redemption of investment by investors, termination of fund and termination of investment management agreement between a fund and OCIAM.

The Group had expanded its wine product portfolio to a broader range and other beverage categories (including red wine, white wine, champagne and sparkling wine, whisky, Moutai and Chinese tea leaf) to capture the demand of young consumer. Attributed to the gradual recovery of general economic situation in Hong Kong after the COVID-19 pandemic, revenue from trading of wines and beverages increased to HK\$36.64 million for the Year Under Review as compared to HK\$29.34 million for last year.

Facilitated by the creation of a listing regime by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for special purpose acquisition companies (“SPACs”) taking effect on 1 January 2022, the Group has submitted an application to the Stock Exchange for listing of a SPAC, named Pisces Acquisition Corporation, on 2 March 2022. Pisces Acquisition Corporation is a Cayman Islands exempted company and is incorporated for the purpose of effecting an initial business combination with one or more businesses. After considering the market conditions, the management of the Group decided to cancel the listing project. Legal and professional fees amounted to HK\$9.55 million, which were originally recognised as prepayment, had been written off as expenses during the Year Under Review.

The Group recorded total revenue of HK\$89.55 million for the Year Under Review (year ended 31 December 2022: HK\$30.65 million). The increase in revenue was mainly due to the increase in income from asset management services, trading of wines and beverages, and the recognition of net income from securities trading and investments business of HK\$9.73 million (year ended 31 December 2022: net loss of HK\$29.06 million).

The consolidated net loss of HK\$13.24 million was incurred by the Group for the Year Under Review (year ended 31 December 2022: HK\$78.21 million). The significant decrease in consolidated net loss was mainly due to (i) the increase in total revenue discussed above; and (ii) the recognition of net reversal of impairment loss on financial assets of HK\$3.63 million for the Year Under Review as compared to an impairment loss of HK\$25.11 million for last year, which was then offset by the increase in general and administrative expenses mainly as a result of the increase in legal and professional fees, staff costs and various other operating expenses.

## **Asset Management Services**

Since May 2018, the Group carries on its asset management business through providing a range of asset management services and investment advisory services to qualified corporate and financial institutional professional investors under Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC.

As at 31 December 2023, OCIAM was engaged in the management of 10 funds (31 December 2022: 11 funds) including the self-invested US Dollar Debt Fund, serving 16 individuals and 21 corporate investors (31 December 2022: 13 individuals and 24 corporate investors). The total AUM and subscription amounts from investors managed by OCIAM as at 31 December 2023 amounted to US\$149 million and US\$406 million respectively (31 December 2022: US\$270 million and US\$557 million respectively). Asset management income for the Year Under Review was HK\$42.75 million (year ended 31 December 2022: HK\$28.27 million).

On 23 May 2022, the Group acquired 60% paid up capital of 山東民航東昇投資管理有限公司 (Shandong Civil Aviation Dongsheng Investment Management Co., Ltd.) (“Shandong Civil Aviation Dongsheng”) from a third party at a cash consideration of RMB3.15 million. Shandong Civil Aviation Dongsheng is a company incorporated in the PRC and principally engaged in the provision of asset management and advisory services in the PRC. Shandong Civil Aviation Dongsheng is classified as a joint venture company of the Group and for the Year Under Review, the Group recorded share of profits of the joint venture of HK\$1.74 million (year ended 31 December 2022: HK\$1.01 million).

During the year 2022, an investment fund was set up with a targeted capital commitment to be raised by the limited partners ranging from US\$1.5 billion to US\$1.9 billion (the “Healthcare Investment Fund”) where YZ Healthcare GP Limited, a wholly-owned subsidiary of the Company, is the general partner. The Healthcare Investment Fund targets to invest in the healthcare industry. Up to the date of this announcement, the fund raising was in progress.

## **Investment and Financial Advisory Services**

As at 31 December 2023, OCIAM was engaged in advising 1 fund with fund size of HK\$1.05 billion (31 December 2022: nil). Investment advisory services fee income amounting to HK\$0.44 million was recorded by the Group for the Year Under Review (year ended 31 December 2022: HK\$0.53 million).

## **Underwriting and Placing Services**

After obtaining Type 1 (dealing in securities) license granted by SFC on 28 July 2021, the Group is able to provide underwriting, sub-underwriting and placing of securities services. The Group had participated in total of 2, 5 and nil bond issuance transactions during the years ended 31 December 2021, 2022 and 2023, respectively. These provided opportunities for the Group to build up relationship with leaders in underwriting business and acquaint with the market practice in underwriting business. During the Year Under Review, the Group did not record any income from underwriting and placing of securities (year ended 31 December 2022: HK\$1.56 million).

## **Trading of wines and beverages**

Attributed to the gradual recovery of general economic situation in Hong Kong after the COVID-19 pandemic, revenue from trading of wines and beverages increased to HK\$36.64 million for the Year Under Review as compared to HK\$29.34 million for last year. Loss attributable to this business segment amounted to HK\$6.99 million for the Year Under Review (year ended 31 December 2022: loss of HK\$1.12 million). The increase in loss was mainly due to the increase in operating expenses for the expansion and promotion of the Group's wine and beverages business.

The Group had expanded its wine product portfolio to a broader range and other beverage categories (including red wine, white wine, champagne and sparkling wine, whisky, Moutai and Chinese tea leaf) to capture the demand of young consumer. The Group is conducting its sales through three channels: (i) direct sales; (ii) online sales; and (iii) wholesale. The Group will also maintain business relationship with reputable distributors for sale of premium wine.

## **Fund Investment**

The Group had the following investment in funds:

- (i) On 23 May 2019, the Company entered into the subscription agreement with the ICBC AMG China Fund I SPC, in respect of its segregated portfolio, ICBC US Dollar Debt Fund SP (the “Sub-Fund”) managed by ICBC Asset Management (Global) Company Limited, pursuant to which the Company subscribed for the Class B Shares issued by the Sub-Fund in an amount of US\$20 million (equivalent to approximately HK\$156 million). The fund size was US\$60 million including both Class A Shares of US\$40 million and Class B Shares of US\$20 million. Both Class A and Class B Shares are entitled to a fixed return accruing on each anniversary of 3 June 2019 (“Distribution Date”) at 4% per annum on its subscription amount. Provided that the portfolio has sufficient distributable assets after payment of the Class A fixed return and deduction of all fees, expenses and other liabilities of the Sub-Fund (including but not limited to management fees), each Class B Share carries the right to a fixed return accruing on each Distribution Date calculated at the rate of 4% per annum on the subscription amount. On redemption, Class A Shares will not be entitled to any amount in excess of the subscription price and any accrued and unpaid fixed return. Class B Shares are entitled to the remaining portion of the NAV of the Sub-Fund. The Sub-Fund will generate income through investing in US dollar-denominated bonds (including, but not limited to, investment-grade bonds, high-yield bonds, and convertible bonds), notes and other fixed income products and money market instruments issued by companies based in or with their headquarters in the PRC (each an “Issuer”). Target Issuers are stated to include qualified real estate bond issuers; financial institutions with high incomes and other corporate bonds and local government financing vehicles.

On 23 June 2021, the Company as the Vendor and Orient Finance Holdings (Hong Kong) Limited (“Orient Finance”) as the Purchaser entered into a Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and Orient Finance conditionally agreed to purchase the Company’s entire right, title and interest in certain amount of Class B Shares (“Sale Shares”) in the Sub-Fund of SPC at the consideration of no more than US\$8,000,000 (equivalent to approximately HK\$62,400,000) with a post-completion guarantee clause that in the event that the SPC redeems the participating shares held by the Purchaser at the expiry of the investment term of the Sub-Fund (i.e. 2 June 2022), the sum of entitlement of the Purchaser as the holder of the Sale Shares comprising the aggregate of all the returns, distributions, income, and other payments received or accrued on the Sale Shares since completion plus the redemption proceeds paid or payable to the Purchaser is less than the consideration paid by the Purchaser, the Vendor shall pay to the Purchaser such shortfall within five (5) business days upon receipt of written notice from the Purchaser. At 27 August 2021, 7,900 shares was sold to Orient Finance at the consideration of US\$7.51 million.

The Fund’s fair value dropped substantially in the last quarter of 2021 due to the market value of those bonds issued by PRC properties developers in the Fund’s portfolio decreased sharply upon the PRC government’s tightened control policies over credit. Hence, the fair value of the fund investment was reduced to approximately HK\$28.83 million as at 31 December 2021.

The NAV of Class B shares of the Fund continued to decrease further as the prices of those bonds and notes in the Fund’s portfolio dropped further in early 2022. The value of Class B shares turned to zero by 31 January 2022 and further cut loss actions were taken by the Fund Manager. The NAV of the Fund decreased further. The NAV of Class B shares as at 28 February 2022 is zero. The chance of regaining value to acquisition value by the expiry of the Fund is remote, hence a full provision for the post-completion guarantee on the 7,900 Class B shares sold to Orient Finance on their acquisition value of US\$7.51 million, equivalent to HK\$58.57 million was made in the year ended 31 December 2021.

The Fund Manager decided not to extend the Fund in May 2022 and the maturity date fell on 2 June 2022. As Class B shares value was zero by that time, the Company and the Purchaser get nil return from the Fund. The Company recorded a loss from this fund investment of approximately HK\$28.83 million for the year ended 31 December 2022.

The provision of the post-completion guarantee of US\$7.51 million payable to Orient Finance had been settled by end of the year 2023.

- (ii) The Group launched a US dollar debt fund (the “US Dollar Debt Fund”) in February 2020 through injection of two investment bonds valued at approximately US\$15.42 million at the date of injection. The aim of the US Dollar Debt Fund is to invest in medium to long term notes to obtain steadily interest income as well as capital appreciation. The US Dollar Debt Fund is open to external professional investors and is managed by OCIAM. The fund manager closely monitors the market value of the investment notes within the portfolio of the fund and try to capture any opportunities to acquire investment notes at low value and to dispose those investment notes at a higher price to obtain capital gain in addition to obtain interest return. Further details of the investment portfolio of the US Dollar Debt Fund is set out under “Securities Trading and Investments – US Dollar Debt Fund” below.
- (iii) On 2 March 2021, the Group subscribed for 100 Class A Shares of OCI Equities Fund SP (“the Sub-Fund”) at a consideration of HK\$95,000,000 (representing approximately 19% of the investment funds raised). Class B shareholder and Class C shareholder will contribute HK\$80,000,000 (representing approximately 16% of the investment funds raised) and HK\$325,000,000 (representing approximately 65% of the investment funds raised) to subscribe for Class B Shares and Class C Shares, respectively. Provided that the Sub-Fund has sufficient distributable assets, each Class A Share is entitled in priority (over Class B Shares) to a simple fixed return of 5% per annum on its initial offer price or its subscription price as at the closing day or the relevant subscription day (“Class A Expected Fixed Return”). The Class A Expected Fixed Return will be payable annually. Investment objective of the Sub-Fund is to achieve medium to long-term capital appreciation through direct or indirect acquisition, holding, and distribution or other disposition of a properties development project in Foshan, the PRC through the three years term.

The original term of the Sub-Fund was ended on 4 March 2024, and had been extended for further three years on 24 March 2024. Details of the extension was set out in the Company announcement date 24 March 2024.

As at 31 December 2023, the fair value of the fund investment was HK\$102.40 million (31 December 2022: HK\$92.01 million), representing 31.6% of the total assets of the Group (31 December 2022: 22.0%). The fair value was determined by the present value of expected cash flows with the appropriate discount rate of each cash flow and adjusted for fund specific credit risk.

## **Securities Trading and Investments**

Dividend income, income from debt investments, and the change in fair value of the financial assets recognised under this segment for the Year Under Review, in total, amounted to a gain of HK\$9.73 million (year ended 31 December 2022: a loss of HK\$29.06 million). Loss attributed to this business segment for the Year Under Review decreased to HK\$3.24 million from HK\$58.30 million for the year ended 31 December 2022, which was mainly due to (i) the recognition of fair value gain on investments of HK\$9.39 million for the Year Under Review as compared to a fair value loss of HK\$30.16 million for the year ended 31 December 2022; and (ii) the recognition of net reversal of impairment losses on fixed income investment notes of HK\$3.63 million for the Year Under Review as compared to an impairment loss of HK\$24.33 million for the year ended 31 December 2022.

### ***Fixed Income Products***

The key factors considered by the Group when making the investment decisions included, but not limited to, (i) the credit rating of the issuers; (ii) the financial position and financial performance of the underlying assets; (iii) the returns offered by and the relevant costs in association with the fixed income products; (iv) the terms of the fixed income products; (v) any guarantor or collaterals in association with the fixed income products; (vi) leverage which can be applied in the fixed income products; (vii) the economic environment; and (viii) government policies.

As at 31 December 2023, the Group held interests in the following investments which were recognised as debt investments at amortised cost in the consolidated statement of financial position of the Group:

- (i) US\$15 million 10% senior secured guaranteed notes (“RD Note”) issued by Rundong Fortune Investment Limited (“RD Note Issuer”) matured on 15 April 2019.

The RD Note was secured by a charge over 78,000,000 shares of China Rundong Auto Group Limited (China Rundong Charged Shares), a company listed on the Stock Exchange (stock code: 1365). The Group issued an EOD Notice to the RD Note Issuer and demanded for payment from RD Note Issuer on 16 April 2019. Then the Group sold 2,019,000 China Rundong Charged Shares and subsequently also contracted with LanHai International Trading Limited (覽海國際貿易有限公司) and Ms. Ding Yi (丁怡) (“RD Charged Share Purchasers”), to sell the remaining 75,981,000 China Rundong Charged Shares (“Remaining RD Shares”) for HK\$80 million. On 16 August 2019, a Writ of Summons to RD Charged Share Purchasers was filed to the high court of Hong Kong Special Administrative Region, details of which was set out in the Group’s annual report 2019. Up to the date of this announcement, 8,310,000 China Rundong Charged Shares was disposed in open market for cash return of HK\$8.76 million. The total exposure as at 31 December 2023 was HK\$108.38 million (31 December 2022: HK\$108.33 million) after amounts recovered from the sale of part of collateral and exchange difference arising from translation of US\$ to HK\$.

During the year ended 31 December 2020, the Company attended the mediation but no agreement was reached with the RD Charged Share Purchasers. Further Witness Statement was exchanged and our case management conference hearing was held on 29 November 2021.

The case trial was conducted in October 2023. The judgment has been handed down by the Court on 17 November 2023. The Court has dismissed the Group's claims and has ordered the Group to pay the RD Charged Share Purchasers' costs occasioned by the proceedings, to be taxed if not agreed. A provision of legal fees amounted to HK\$5.36 million was made during the Year Under Review in relation to such costs. After consulting the Group's legal counsel, the Group has decided not to appeal.

As the trading of the China Rundong Charged Shares was suspended since 1 April 2021 and subsequently delisted on 31 October 2022, full impairment provision was made against the Group's investment in RD Note as at 31 December 2023 and 2022.

- (ii) US\$13 million of 8% senior secured guaranteed notes ("SP Note") issued by Sanpower (Hong Kong) Company Limited ("SP Note Issuer") matured on 30 July 2019.

In October 2018, the Group issued an EOD Notice to the SP Note Issuer and demanded for payment from the Sanpower Group Co., Ltd. and Mr. Yuan Yafei as guarantors, in respect of all outstanding sums owing by the SP Note Issuer under the SP Note. The SP Note is secured also by charges over a total of 131,000,000 shares of C.banner International Holdings Limited ("C.banner Shares"), a company listed on the Stock Exchange (stock code: 1028). On 9 January 2019, the Group submitted an application to the Intermediate People's Court for the enforcement of amounts due under the Mediation Order and the Settlement Agreement, details of which were set out in the Group's annual report 2018 and 2019. The Company received notice from the Sanpower Group on 8 December 2021 that the Restructuring Plan of Sanpower Group was passed. The Restructuring Plan scheduled to resolve the defaulted debts and part of the related interest due through business restructuring and improving fund pool through disposal of certain assets or investments. The Restructuring Plan will last through 2021 to 2028. The Company is registered as one of the Sanpower's debtors and will be notified by Sanpower Group for their updates on the Restructuring Plan.

The total exposure of the SP Note as at 31 December 2023 was HK\$101.57 million (31 December 2022: HK\$101.53 million).

As at 31 December 2023, the carrying amount of the SP Note was HK\$20.31 million (31 December 2022: HK\$15.04 million), after a provision for impairment loss as at 31 December 2023 of HK\$81.26 million (31 December 2022: HK\$86.49 million), representing 6.3% of the consolidated total asset of the Group (31 December 2022: 3.6%).

Subsequent to the year end of 2023, all the charged C.banner Shares were disposed of by accepting a voluntary conditional cash offer (the “Offer”) made by First Shanghai Securities Limited, for and on behalf of Orchid Valley Holdings Limited in respect of the charged C.banner Shares at the offer price of HK\$0.16 per share. Total gross proceeds from the disposal were amounted to HK\$20.96 million.

Valuation of the carrying amount of the SP Note was based on the closing price as at 31 December 2023 of 131,000,000 C.banner Shares (31 December 2022: 131,000,000) that secured the SP Note of HK\$0.155 per share (31 December 2022: HK\$0.164) and a lack of marketability discount of nil (31 December 2022: 30% discount) was applied. As a result of the Offer discussed above, no lack of marketability discount was applied for the valuation as at 31 December 2023.

### ***US Dollar Debt Fund***

As at 31 December 2023, the Group was the only investor of this fund and all the debt investments in this fund were regarded as proprietary trade in the Group’s financial statements. The details of the debt investment in the US Dollar Debt Fund were as follows:

US\$2.69 million (face value) of 9% guaranteed bond was issued by CFLD Cayman Investment Ltd. maturing on 31 July 2021 (“CFLD Note”). On 9 March 2021, the Group received a notification from our fund administrator that the CFLD Note was defaulted due to a cross default terms of the CFLD Note. On 24 January 2023, a restructuring scheme was approved by the court, under which the creditors were offered with different new bonds for selection by 9 January 2024 to exchange for the CFLD Note.

During the Year Under Review, the Group had submitted an application for the selection of new bonds under the restructuring scheme, and in January 2024, the Group has received the new bonds. Independent valuer was engaged to assess the expected credit loss of the CFLD Note with reference to the new bonds received by the Group.

As at 31 December 2023, the carrying amount of the CFLD Note was HK\$0.72 million (31 December 2022: HK\$2.31 million), after a provision for impairment loss from expected credit loss assessment as at 31 December 2023 of HK\$20.29 million (31 December 2022: HK\$18.68 million), representing 0.2% of the consolidated total assets of the Group (31 December 2022: 0.6%).

### ***HK Dollar fund linked note***

On 26 June 2021, the Group through its subsidiary, OCI Capital Limited (“the Noteholder”), invested HKD20,000,000 in Total Return OCI Investment Fund SPC – OCI Real Estate Fund I SP (Class B) Linked Notes issued by Essence International Products & Solutions Limited (“the Issuer”) due 2022 (subject to extension) comprising, for designation purpose only, 20,000,000 units of the Notes with a principal amount of HKD20,000,000, each linked to the Class B participating shares in a segregated portfolio entitled “OCI Real Estate Fund I SP” (“the Fund”) of OCI Investment Fund SPC, an exempted segregated portfolio company established under the laws of the Cayman Islands. Cash dividend is expected to be 8% per annum to be received semi-annually pursuant to the applicable PPM Supplement of the Fund at that time. The Issuer shall pay to the Noteholder the relevant dividend amount (if any) on each dividend payment date. Furthermore, the Issuer shall pay to the Noteholder the relevant extension fee balance (if any) within five (5) business days following the actual receipt of the extension fee balance by the Issuer pursuant to the PPM Supplement of the Fund.

During the year ended 31 December 2022, the Group redeemed all investment in the said Notes either by cash or in exchange of corresponding linked Class B participating shares of the Fund. As at 31 December 2022, the fair value of the Group’s investment in the Fund was HK\$4.62 million. During the Year Under Review, all the investment in the Fund was redeemed.

Income from the HK Dollar Fund Linked Note amounted to HK\$0.95 million was recognised for the year ended 31 December 2022, and income from the Fund amounted to HK\$0.34 million was recognised for the Year Under Review.

### **Equity Securities**

During the year ended 31 December 2022, the Group invested HK\$14.80 million in the listed shares and warrants of three listed Special Purpose Acquisition Companies (“SPACs”) in the Stock Exchange with the prospect of making capital gain when the SPACs go for De-SPACs within a pre-defined time period after listing. As at 31 December 2023, the carrying amount of the investments in SPACs was HK\$12.63 million (31 December 2022: HK\$13.63 million). A net fair value loss on the investments in SPACs amounting to HK\$1.00 million was recorded for the Year Under Review (year ended 31 December 2022: HK\$1.17 million).

## **LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE**

As at 31 December 2022, the Group has one fixed-rate, unsecured revolving facilities of US\$100 million from Cheer Hope Holdings Limited, one of the Group's substantial shareholders. The facilities have expired during the Year Under Review. The outstanding principal amount of the loan as at 31 December 2023 and 2022 amounted to Nil and US\$6 million respectively.

The gearing ratio of the Group as at 31 December 2023 was 3.3% (31 December 2022: 37.5%), calculated based on total amount of borrowings, amount due to a related party, and lease liabilities of HK\$9.14 million (31 December 2022: HK\$110.02 million) divided by total equity of HK\$279.98 million (31 December 2022: HK\$293.64 million) as at that date.

The Group's bank balances and cash (including time deposits) as at 31 December 2023 amounted to HK\$104.79 million (31 December 2022: HK\$230.57 million). Its total assets as at the same date were HK\$323.58 million (31 December 2022: HK\$417.56 million).

The Group recorded net current assets of HK\$263.35 million (31 December 2022: HK\$274.23 million) and inventories increased from HK\$6.26 million as at 31 December 2022 to HK\$6.72 million as at 31 December 2023. The current ratio of 8.0 times (31 December 2022: 3.4 times) is calculated based on the current assets of HK\$300.99 million (31 December 2022: HK\$389.02 million) over the current liabilities of HK\$37.63 million (31 December 2022: HK\$114.79 million).

As at 31 December 2023 and 31 December 2022, the issued capital of the Company was HK\$15.00 million.

### **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in this announcement, the Group had no material event after the reporting period.

### **SIGNIFICANT INVESTMENTS HELD**

Saved as disclosed in Fund Investment above and elsewhere in this announcement, there is no other significant investment held at 31 December 2023.

### **MATERIAL ACQUISITION AND DISPOSAL**

The Group did not carry out any material acquisition nor disposal of subsidiaries, associates and joint ventures during the Year Under Review.

## **PROSPECTS FOR THE YEAR 2024 AND DEVELOPMENT PLAN**

In the year 2023, global economy has been gradually recovering from the COVID-19, but it was still affected by various uncertainties, including but not limited to, the high interest rate and monetary tightening by major central banks; worries about global economic outlook; the health of Mainland China's property sector; and geopolitical risks related to certain overseas countries, etc. Looking ahead, with the expectation of decline in interest rate in the year 2024, and the support from various policies of the Hong Kong government (such as actively introducing talents and foreign business and investments, relaxation of stamp duty requirements on residential properties), the economy and investment sentiments of the market will be improving.

The Group will stay focus on development of asset management business and actively optimize its investment portfolio with high potential with a view to realizing synergetic effect with existing clients and strategic partners in order to help investors to achieve their wealth appreciation goals through asset management. Resources will also be allocated to asset management in relation to debt investments with high credit rating to suit different investors' risk appetite. During the year 2022, the Healthcare Investment Fund was set up with a targeted capital commitment to be raised ranging from US\$1.5 billion to US\$1.9 billion, and is expected to invest in the healthcare industry. The fund raising was in progress.

Crypto-assets have becoming increasingly popular. Crypto-assets are not only acquired by individuals for investment or speculative purpose. Certain corporates, financial institutions and even government bodies have started exploring the use of blockchain technology, and central bank digital currencies may just be around the corner. The Group will explore potential development opportunities related to asset management of crypto-assets in order to expand the Group's asset management business.

On the other hand, in addition to the acquisition of 60% equity interest in Shandong Civil Aviation Dongsheng on 23 May 2022, the Group will continue to explore other potential business in the PRC, such as establishing Qualified Domestic Limited Partnership in the PRC, to enhance the Group's performance.

For trading of wines and beverages, the Group will keep on with the existing strategy in expanding its wine product portfolio to a broader range and other beverage categories, and to conduct marketing and promotion activities, such as wine tasting campaigns, to boost sales.

In addition to the existing and afore-said businesses, the Board will cautiously and diligently explore new potential expansion opportunities in order to diversify income sources, bring in profits and sustainable growth to the Group.

## **FOREIGN EXCHANGE RISKS**

The Group's operations are conducted (and its borrowings are denominated) in Hong Kong dollars and US dollars while wine trading billings are mainly settled in Hong Kong dollars, Euro and Sterling Pound. However, the operations of the Group's PRC subsidiaries are conducted in RMB. Therefore, the Group is exposed to fluctuations in foreign exchange rate to a certain extent. Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks. However, the Group will continue to closely monitor and manage its exposure to foreign exchange and will consider engaging hedging instruments as and when appropriate.

## **DIVIDEND**

No dividends were paid, declared or proposed during the Year Under Review (year ended 31 December 2022: Nil). The Board did not recommend any dividend payment for the Year Under Review (year ended 31 December 2022: Nil).

## **PLEDGE OF ASSETS**

As at 31 December 2023 and 2022, no secured borrowings were outstanding.

## **CAPITAL COMMITMENTS**

As at 31 December 2023 and 2022, the Group had an outstanding commitment of RMB3,000,000 for the capital injection to Shandong Civil Aviation Dongsheng.

## **CONTINGENT LIABILITIES**

As at 31 December 2023 and 2022, the Directors are not aware of any material contingent liabilities.

## **EMPLOYEE POLICY**

As at 31 December 2023, the Group employed 1 employee in the PRC and 25 employees in Hong Kong. The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group contributed to the Mandatory Provident Fund Scheme of Hong Kong and provided medical benefits programme for its employees in Hong Kong. It also contributed to the retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC.

The Group remunerates its employees in accordance with their work performance and experience. The Board has designated the duties of determining Directors' service contracts, reviewing of Directors' and senior management's emoluments and awarding of discretionary bonuses to the Remuneration Committee of the Company (the "Remuneration Committee").

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance code are based on the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Save as disclosed below, the Company has complied with all the CG Code during the Year Under Review with the following exceptions.

Under the code provision C.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the CEO should be clearly established and set out in writing. During the Year Under Review, Mr. Jiao Shuge was the chairman of the Board (the "Chairman") and the CEO from 18 May 2023 to 14 December 2023. This constituted a deviation from the code provision C.2.1. However, the Chairman and CEO, Mr. Jiao Shuge, who was also appointed as the executive Director on 18 May 2023, led the Board and ensured that the Board worked together as a whole and the decisions of the Board were implemented. All important issues were discussed in a timely manner on a fully informed basis and in the best interests of the Company. Mr. Jiao Shuge also managed the strategic development of business and operation of the Group while the Group developed its business with his leadership in the Board.

Following the appointment of Mr. Tang Nanjun as the CEO with effect from 14 December 2023, the Company has re-complied with this requirement.

Code provision F.2.2 stipulates, among other things, that the Chairman should attend the annual general meeting, and invite the chairman of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend. Due to other business commitments, Mr. Jiao Shuge, who was the Chairman and chairman of the Investment Committee of the Company (the "Investment Committee"), and Dr. Lo Wing Yan William, who was the chairman of the Remuneration Committee, did not attend the annual general meeting of the Company held on 23 June 2023. Nevertheless, with the consent of the other Directors present, Mr. Wu Guangze, who was the non-executive Director and was familiar with the business operation of the Group, chaired the annual general meeting and all other members of the Investment Committee and the Remuneration Committee attended the annual general meeting to answer questions.

## COMPLIANCE WITH RULES 3.10(2), 3.21 AND 3.25 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 23 December 2022 in relation to, among other things, the non-compliance with Rules 3.10(2), 3.21 and 3.25 of the Listing Rules. Pursuant to Rule 3.10(2) of the Listing Rules, every board of directors of a listed issuer must include at least one of the independent non-executive directors with appropriate professional qualifications or accounting or related financial management expertise. In addition, Pursuant to Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only and the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The audit committee must be chaired by an independent non-executive director. Pursuant to Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

Following the appointment of Mr. Chong Ka Yee as an independent non-executive Director, the chairman of the Audit Committee of the Company (the “Audit Committee”) and a member of each of the Nomination Committee of the Company (the “Nomination Committee”) and the Remuneration Committee on 23 March 2023; and the appointment of Dr. Lo Wing Yan William as the chairman of the Remuneration Committee on 23 March 2023,

- (i) the Company has included at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules;
- (ii) the Audit Committee has comprised the non-executive Directors only and a minimum of three members, at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and
- (iii) the Remuneration Committee has been chaired by an independent non-executive Director and has comprised a majority of the independent non-executive Directors, which meets the requirement under Rule 3.25 of the Listing Rules.

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

During the Year Under Review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Following enquiries with all the Directors, the Company has received confirmation from each of the Directors confirming that he or she has complied with the required standard of dealings set out in the Model Code for the Year Under Review.

## **AUDIT COMMITTEE**

The annual financial results for the Year Under Review have been reviewed by the Audit Committee. As at the date of this announcement, the Audit Committee comprises four independent non-executive Directors, namely Mr. Chong Ka Yee (chairman of the Audit Committee), Mr. Tso Siu Lun Alan, Mr. Li Xindan and Dr. Lo Wing Yan, William.

## **PUBLIC FLOAT**

Based on information that was publicly available to the Company and to the best knowledge of the Board, for the Year Under Review and up to the date of this announcement, the Company maintained the prescribed public float of no less than 25% under the Listing Rules.

## **SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity and the related notes thereto for the Year Under Review as set out in this preliminary announcement have been agreed by the Company's auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Company's audited consolidated financial statements for the Year Under Review. The work performed by Prism Hong Kong and Shanghai Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism Hong Kong and Shanghai Limited on the preliminary announcement.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This announcement is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.oci-intl.com](http://www.oci-intl.com). The 2023 annual report will also be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of Company at [www.oci-intl.com](http://www.oci-intl.com) and will be despatched to the shareholders of the Company in due course.

### **APPRECIATION**

The Board would like to express our gratitude and sincere appreciation to all business partners, management, staff members and shareholders for their continuous support.

By order of the Board  
**OCI International Holdings Limited**  
**Jiao Shuge**  
*Executive Director (Chairman)*

Hong Kong, 27 March 2024

*As at the date of this announcement, the Board comprises the following Directors:*

*Executive Directors:*

Mr. Jiao Shuge (*Chairman*)  
Mr. Tang Nanjun (*Chief Executive Officer*)

*Non-executive Directors:*

Mr. Wu Guangze  
Mr. Feng Hai

*Independent non-executive Directors:*

Mr. Chong Ka Yee  
Mr. Tso Siu Lun Alan  
Mr. Li Xindan  
Dr. Lo Wing Yan William