

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2024 HK\$'000	For the six months ended 30 June 2023 HK\$'000
Revenue	30,784	39,022
From asset management	12,083	27,639
From investment and financial advisory services	263	172
Sales of goods	35,123	7,120
From securities trading and investments	(16,685)	4,091
Adjusted net profit (loss) for the period (Note 1)	675	(4,486)
Adjusted EBITDA (Note 2)	4,699	4,431
	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Total Asset	294,778	323,578
Net Asset	263,648	279,983

Notes:

- (1) Adjusted net profit (loss) is not defined under Hong Kong Financial Reporting Standards, and is derived from the net profit (loss) excluding the effect of change in fair value of financial assets at fair value through profit or loss.
- (2) Adjusted EBITDA, as presented, represents adjusted net profit (loss), adjusted to exclude finance costs, income tax and depreciation.

The board of directors (the “Board”) of OCI International Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (“Period”) together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	<i>Note</i>	2024	2023
		HK\$’000	HK\$’000
		(unaudited)	(unaudited)
Revenue	4		
Revenue from asset management		12,083	27,639
Revenue from investment and financial advisory services		263	172
Sales of goods		35,123	7,120
(Loss) income from securities trading and investments		<u>(16,685)</u>	<u>4,091</u>
		30,784	39,022
Cost of sales and services rendered		<u>(33,210)</u>	<u>(6,614)</u>
		(2,426)	32,408
Other income		3,256	3,841
Selling and distribution costs		(5)	(13)
General and administrative expenses		(17,453)	(32,855)
Reversal of impairment losses on financial assets, net		<u>276</u>	<u>446</u>
(Loss) profit from operations		(16,352)	3,827
Finance costs	5	(210)	(3,123)
Share of results of a joint venture		<u>552</u>	<u>688</u>
(Loss) profit before taxation	6	(16,010)	1,392
Income tax	7	<u>–</u>	<u>(1,973)</u>
Loss for the period		<u>(16,010)</u>	<u>(581)</u>
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(325)</u>	<u>(624)</u>
Total comprehensive expense for the period		<u>(16,335)</u>	<u>(1,205)</u>

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Equity shareholders of the Company		(16,251)	(68)
Non-controlling interests		<u>241</u>	<u>(513)</u>
		<u>(16,010)</u>	<u>(581)</u>
Total comprehensive expense for the period attributable to:			
Equity shareholders of the Company		(16,470)	(508)
Non-controlling interests		<u>135</u>	<u>(697)</u>
		<u>(16,335)</u>	<u>(1,205)</u>
Loss per share			
Basic and diluted	9	HK(1.084)	HK(0.005)
		<u>cents</u>	<u>cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

(Expressed in Hong Kong dollars)

		30 June 2024	31 December 2023
	<i>Note</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	10,981	14,795
Interest in joint venture		7,125	6,709
Rental deposits		1,086	1,086
		19,192	22,590
Current assets			
Inventories		7,273	6,719
Trade receivables	<i>12</i>	31,194	45,474
Deposits, prepayments and other receivables		14,651	7,950
Debt investments at amortised cost	<i>11</i>	626	21,020
Financial assets at fair value through profit or loss	<i>13</i>	98,347	115,032
Time deposits with original maturity date over three months		30,942	14,845
Cash and cash equivalents		92,553	89,948
		275,586	300,988
Current liabilities			
Contract liabilities		5,672	3,272
Accruals and other payables		17,092	30,390
Lease liabilities		3,256	3,174
Current tax payable		798	798
		26,818	37,634
Net current assets		248,768	263,354
Total assets less current liabilities		267,960	285,944
Non-current liability			
Lease liabilities		4,312	5,961
Net Assets		263,648	279,983

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Capital and reserves		
Share capital	14,998	14,998
Reserves	255,768	272,238
	<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company	270,766	287,236
Non-controlling interests	(7,118)	(7,253)
	<hr/>	<hr/>
Total Equity	263,648	279,983
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2024
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non- controlling interests	Total equity
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserves <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>		
Balance as at 1 January 2023 (audited)	14,998	498,790	(780)	3,431	(215,778)	300,661	(7,021)	293,640
Loss for the period	-	-	-	-	(68)	(68)	(513)	(581)
Other comprehensive expense for the period	-	-	(440)	-	-	(440)	(184)	(624)
Total comprehensive expense for the period	-	-	(440)	-	(68)	(508)	(697)	(1,205)
Balance at 30 June 2023 (unaudited)	14,998	498,790	(1,220)	3,431	(215,846)	300,153	(7,718)	292,435
Balance at 1 January 2024 (audited)	14,998	498,790	(1,087)	3,431	(228,896)	287,236	(7,253)	279,983
Loss for the period	-	-	-	-	(16,251)	(16,251)	241	(16,010)
Other comprehensive expense for the period	-	-	(219)	-	-	(219)	(106)	(325)
Total comprehensive expense for the period	-	-	(219)	-	(16,251)	(16,470)	135	(16,335)
Balance as at 30 June 2024 (unaudited)	<u>14,998</u>	<u>498,790</u>	<u>(1,306)</u>	<u>3,431</u>	<u>(245,147)</u>	<u>270,766</u>	<u>(7,118)</u>	<u>263,648</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1 GENERAL INFORMATION

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.

2 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standards (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report has been reviewed by the Company’s audit committee.

The measurement basis used in the preparation of the unaudited interim financial report is the historical cost basis. The unaudited interim financial report is presented in Hong Kong dollars (“HK\$”) and all figures are rounded to the nearest thousand (“HK\$’000”) unless otherwise indicated.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current (“2020 amendments”)
- Amendments to HKAS 1, Presentation of financial statements: Non-current liabilities with covenants (“2022 amendments”)
- Amendments to HKFRS 16, Leases: Lease liability in a sale and leaseback
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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, securities trading and investments and trading of wines and beverage.

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Asset management	12,083	27,639
– Investment and financial advisory services	263	172
– Trading of wines and beverage	35,123	7,120
	<u>47,469</u>	<u>34,931</u>
	-----	-----
Revenue from other sources		
Change in fair value of financial assets at fair value through profit or loss	(16,685)	3,905
Dividend income	–	186
	<u>(16,685)</u>	<u>4,091</u>
	-----	-----
Total	<u>30,784</u>	<u>39,022</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic information is disclosed in Note 4(b).

(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 resource 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 resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

Six months ended 30 June 2024

	Asset management <i>HK\$'000</i>	Investment and financial advisory services <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>
Revenue from contracts with customers:					
– At a point in time	–	–	–	35,123	35,123
– Over time	12,083	263	–	–	12,346
	12,083	263	–	35,123	47,469
Revenue from other sources	–	–	(16,685)	–	(16,685)
Reportable segment revenue	12,083	263	(16,685)	35,123	30,784
Segment profit (loss)	4,427	263	(16,550)	(1,476)	(13,336)
Other income					3,256
Unallocated corporate and other expenses					(5,720)
Finance costs					(210)
Loss before taxation					(16,010)
Income tax					–
Loss for the period					<u>(16,010)</u>

Six months ended 30 June 2023

	Asset management HK\$'000	Investment and financial advisory services HK\$'000	Securities trading and investments HK\$'000	Trading of wines and beverage HK\$'000	Total HK\$'000
Revenue from contracts with customers:					
– At a point in time	–	–	–	7,120	7,120
– Over time	27,639	172	–	–	27,811
	27,639	172	–	7,120	34,931
Revenue from other sources	–	–	4,091	–	4,091
Reportable segment revenue	27,639	172	4,091	7,120	39,022
Segment profit (loss)	6,811	172	2,862	(2,506)	7,339
Other income					3,841
Unallocated corporate and other expenses					(6,665)
Finance costs					(3,123)
Profit before taxation					1,392
Income tax					(1,973)
Loss for the period					(581)

Revenue is allocated to the reportable segments with reference to revenue and income generated by those segments.

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of 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.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

At 30 June 2024

	Asset management <i>HK\$'000</i>	Investment and financial advisory services <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>
ASSETS					
Segment assets	<u>40,518</u>	<u>-</u>	<u>98,987</u>	<u>14,462</u>	153,967
Unallocated items:					
Property, plant and equipment					9,138
Deposits, prepayments and other receivables					8,178
Time deposits with original maturity date over three months					30,942
Cash and cash equivalents					<u>92,553</u>
Total assets					<u><u>294,778</u></u>
LIABILITIES					
Segment liabilities	<u>6,776</u>	<u>878</u>	<u>8,284</u>	<u>2,240</u>	18,178
Unallocated items:					
Other payables					2,845
Contract liabilities					2,539
Lease liabilities					<u>7,568</u>
Total liabilities					<u><u>31,130</u></u>

At 31 December 2023

	Asset management <i>HK\$'000</i>	Investment and financial advisory services <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>
ASSETS					
Segment assets	<u>53,651</u>	<u>435</u>	<u>136,862</u>	<u>13,903</u>	204,851
Unallocated items:					
Property, plant and equipment					11,119
Deposits, prepayments and other receivables					2,815
Time deposits with original maturity date over three months					14,845
Cash and cash equivalents					<u>89,948</u>
Total assets					<u><u>323,578</u></u>
LIABILITIES					
Segment liabilities	<u>16,184</u>	<u>-</u>	<u>9,701</u>	<u>3,255</u>	29,140
Unallocated items:					
Other payables					5,320
Lease liabilities					<u>9,135</u>
Total liabilities					<u><u>43,595</u></u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain property, plant and equipment, certain deposits, prepayments and other receivables, time deposits with original maturity date over three months and cash and cash equivalents.
- all liabilities are allocated to reportable and operating segments, other than certain other payables, certain contract liabilities and lease liabilities.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and interest in joint venture ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of operations, in the case of interest in joint venture.

	Revenue from external customers		Specified non-current assets	
	For the six months ended 30 June 2024 (unaudited) HK\$'000	For the six months ended 30 June 2023 (unaudited) HK\$'000	At 30 June 2024 (unaudited) HK\$'000	At 31 December 2023 (audited) HK\$'000
Hong Kong	30,784	39,022	10,972	14,778
The People's Republic of China ("PRC")	-	-	7,134	6,726
	<u>30,784</u>	<u>39,022</u>	<u>18,106</u>	<u>21,504</u>

5 FINANCE COSTS

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interest on amount due to a related party	-	1,640
Interest on other borrowings	-	890
Interest on lease liabilities	210	393
Other borrowing costs	-	200
	<u>210</u>	<u>3,123</u>

6 (LOSS) PROFIT BEFORE TAXATION

(Loss) profit before taxation is arrived at after charging (crediting):

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Staff costs (including directors' emoluments)	8,618	22,258
Cost of inventories recognised as an expense	33,210	6,614
Reversal of impairment losses on debt investments	(276)	(446)
Depreciation charge		
– owned property, plant and equipment	473	480
– right-of-use assets	3,341	3,341
Interest income from bank balances (included in other income)	(2,084)	(582)
	<u>(2,084)</u>	<u>(582)</u>

7 INCOME TAX

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax	–	1,973

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.

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2023: 16.5%) to the six months ended 30 June 2024, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The PRC Enterprise Income Tax rate is 25% (2023: 25%).

No PRC Enterprise Income Tax have been provided for in the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 (2023: Nil) as the Group has no estimated assessable profits for the period.

8 DIVIDENDS

No interim dividend was declared, proposed or paid for both the six months ended 30 June 2024 and 2023.

9 LOSS PER SHARE

Basic and diluted:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss attributable to equity shareholders of the Company	<u>(16,251)</u>	<u>(68)</u>
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 six months ended 30 June 2024 and 2023, 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 MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, there was no addition of property, plant and equipment (six months ended 30 June 2023: approximately HK\$73,000).

11 DEBT INVESTMENTS AT AMORTISED COST

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Corporate debt securities	210,226	230,952
Less: Loss allowance	(209,600)	(209,932)
	<hr/>	<hr/>
Total debt investments at amortised cost, net of loss allowance	626	21,020
	<hr/> <hr/>	<hr/> <hr/>

(a) Corporate debt securities

Corporate debt securities comprise the following:

	<i>Note</i>	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
8% senior guaranteed notes (“SP Note”)	<i>(i)</i>	80,861	101,574
10% senior guaranteed notes (“RD Note”)	<i>(ii)</i>	108,365	108,376
9% guaranteed bond (“CFLD Note”)	<i>(iii)</i>	21,000	21,002
		<hr/>	<hr/>
Gross carrying amount		210,226	230,952
		<hr/> <hr/>	<hr/> <hr/>

Notes:

- (i) SP Note represented US\$13 million (31 December 2023: US\$13 million) 8% senior secured guaranteed notes issued by Sanpower (Hong Kong) Company Limited (“SP Note Issuer”) matured on 30 July 2019 with a right to extend the maturity date by further 12 months exercisable by the Group. The SP Note is secured by a charge over 131,000,000 shares of C.banner International Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited. The Group does not have the right to sell or re-pledge the shares held as collateral in the absence of default by SP Note Issuer. In addition, the SP Note is also secured by corporate guarantee provided by Sanpower Group Co., Ltd. (the “Corporate Guarantor”) and personal guarantee provided by Yuan Yafei (the “Personal Guarantor”), controlling shareholder of Corporate Guarantor.

During the year ended 31 December 2018, Sanpower Group Co., Ltd and Yuan Yafei, being the guarantors of the SP Note failed to provide additional collateral requested by the Group pursuant to the terms of the SP Note and this has resulted in occurrence of events of default (“EOD”) under the terms of the SP Note. In October 2018, the Group has issued EOD notice to SP Note Issuer in respect of all outstanding sum owing by SP Note Issuer. The Company has made announcements on 29 October 2018, 20 November 2018 and 10 January 2019 in relation to the default of the SP Note.

On 1 November 2018, the Group appointed a legal adviser and the Group brought legal proceedings against the Corporate Guarantor and the Personal Guarantor at the Intermediate People’s Court of Jiangsu Province (the “Court”) by the end of November 2018 for all outstanding sums owing by the SP Note Issuer under the SP Note. On 20 December 2018, the Court issued a 民事調解書 (the “Mediation Order”, order numbered (2018) Su 01 Min Chu No.3422) in relation to the payments obligations of the Corporate Guarantor and the Personal Guarantor in respect of the amounts owed under the SP Note recorded in the 和解協議 (the “Settlement Agreement”) entered into between OCI Capital Limited (“OCI Capital”), a wholly-owned subsidiary of the Company, the Corporate Guarantor and the Personal Guarantor on the same day as a result of the mediation conducted by the Court. Although the Corporate Guarantor and the Personal Guarantor are required under the Mediation Order and the Settlement Agreement to repay amounts owed under the SP Note to OCI Capital by making an initial US\$2,000,000 payment by 28 December 2018 and twelve further monthly payments during 2019, no payment was received by OCI Capital based on the Mediation Order and Settlement Agreement. Given such failure to pay in accordance with the agreed schedule, all amounts payable under the Mediation Order and the Settlement Agreement became immediately due and payable. Accordingly, on 9 January 2019, the Group submitted an application to the Court for the enforcement of amounts due under the Mediation Order and the Settlement Agreement. Up to the date of this announcement, such court application is still in progress.

The Company received notice from the Sanpower Group Co., Ltd on 8 December 2021 that the Restructuring Plan (the “Plan”) of Sanpower Group Co., Ltd was passed. The Plan is 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 Plan will last through 2021 and 2028. The Company is registered as one of the Sanpower’s debtors and will be notified by Sanpower Group Co., Ltd for their updates on the Plan.

On 20 December 2023, there is a voluntary conditional cash offer (the “Offer”) made by First Shanghai Securities Limited, for and on behalf of Orchid Valley Holdings Limited (the “Offeror”) in respect of the charged C.banner International Holdings Limited’s shares at the offer price of HK\$0.16 per share. The Group has accepted the Offer and transferred the charged C.banner International Holdings Limited shares to the Offeror in January 2024.

As at 30 June 2024, the net carrying amount of the SP Note was HK\$Nil (31 December 2023: approximately HK\$20,305,000), after a provision for impairment loss of approximately HK\$80,861,000 (31 December 2023: approximately HK\$81,269,000).

- (ii) RD Note represented US\$15 million (31 December 2023: US\$15 million) 10% senior guaranteed notes issued by Rundong Fortune Investment Limited (“RD Note Issuer”) matured on 15 April 2019. The RD Note is secured by a charge over 78,000,000 shares of China Rundong Auto Group Limited (“China Rundong Shares”), a company formerly listed on The Stock Exchange of Hong Kong Limited. The Group does not have the right to sell or re-pledge the shares held as collateral in the absence of default by RD Note Issuer.

During the year ended 31 December 2019, RD Note Issuer failed to repay the outstanding interest and handling fee receivable and this has resulted in occurrence of event of default under the terms of the RD Note. The Company has made announcements on 8 August 2019 in relation to the default of the RD Note.

In 2019, following the RD Note Issuer's failure to repay the outstanding principal amount and the outstanding interest and handling fee receivable of the RD Note, the Group exercised its right as a chargee in possession of the charged shares and sold 2,019,000 China Rundong Shares on the market for HK\$3,648,440 and subsequently contracted with two third parties, LanHai International Trading Limited and Ms. Ding Yi ("Potential Purchasers"), which are independent of the Group, to sell the remaining 75,981,000 China Rundong Shares ("Remaining Shares") for HK\$80,000,000. LanHai International Trading Limited is the wholly owned subsidiary of Lanhai Holding (Group) Company Limited, which is in turn 99% controlled by Mr. Mi Chunlei. Nonetheless, neither of the Potential Purchasers paid any of the consideration to the Group. The Group has commenced legal proceedings against the Potential Purchasers. On 16 August 2019, a Writ of Summons to LanHai International Trading Limited and Ms. Ding Yi was filed to the High Court of Hong Kong Special Administrative Region. During the year ended 31 December 2020, the Company attended the mediation but no agreement was reached with the Potential Purchasers. Further Witness Statement was exchanged and the case management conference hearing was held on 29 November 2021. The legal proceedings between the Group against the Potential Purchasers was conducted in October 2023 and the Group lost the legal case.

In 2021 and 2020, the Group further disposed of 800,000 and 5,491,000 China Rundong Shares, respectively, on the open market for HK\$612,000 and HK\$4,495,200, respectively. The China Rundong Shares were suspended for trading since 1 April 2021 and subsequently delisted on 31 October 2022.

As at 30 June 2024, the net carrying amount of the RD Note was HK\$Nil (31 December 2023: HK\$Nil), after a provision for impairment loss of approximately HK\$108,365,000 (31 December 2023: approximately HK\$108,376,000).

- (iii) CFLD Note represented US\$2.69 million (face value) of 9% guaranteed bond issued by CFLD Cayman Investment Ltd ("CFLD Note Issuer") matured on 31 July 2021.

The Group received a default notice in respect of CFLD Note on 9 March 2021. Accordingly, the Group made a provision for impairment loss of approximately HK\$20,374,000 (31 December 2023: approximately HK\$20,287,000) as at 30 June 2024 and at 30 June 2024, the net carrying amount of CFLD Note was approximately HK\$626,000 (31 December 2023: approximately HK\$715,000).

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. The Group had submitted an application for the selection of new bonds under the restructuring scheme and subsequently received the new bonds in January 2024.

12 TRADE RECEIVABLES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade debtors in respect of wines and beverage trading	12	20
Fees receivable from asset management	<u>31,182</u>	<u>45,454</u>
	<u>31,194</u>	<u>45,474</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.

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 to 60 days	<u>12</u>	<u>20</u>

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0 to 60 days	3,845	4,666
61 to 90 days	1,920	2,357
91 to 180 days	5,761	7,033
181 to 365 days	13,723	27,365
Over 365 days	<u>5,933</u>	<u>4,033</u>
	<u>31,182</u>	<u>45,454</u>

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Unlisted investment funds – OCI Equities Fund SP	86,918	102,403
Investments in listed securities	11,376	12,563
Investments in listed warrants	53	66
Total financial assets at fair value through profit or loss	<u>98,347</u>	<u>115,032</u>

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 beverage.

During the six months ended 30 June 2024 (the “Period”), 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 net assets under management (“AUM”) and subscription amounts from investors managed by OCIAM as at 30 June 2024 amounted to US\$134 million and US\$390 million, respectively, from 8 funds (31 December 2023: US\$149 million and US\$406 million, respectively, from 10 funds). The decrease in AUM and subscription amounts managed by OCIAM was mainly due to termination of a 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 and the effort of the Group’s sales and marketing team to boost sales, revenue from trading of wines and beverage increased to approximately HK\$35.12 million for the Period as compared to approximately HK\$7.12 million for corresponding period of last year.

The Group recorded total revenue of approximately HK\$30.78 million for the Period (six months ended 30 June 2023: approximately HK\$39.02 million). The decrease in revenue was mainly due to the decrease in revenue from asset management business and the recognition of net fair value loss on financial assets at fair value through profit or loss of approximately HK\$16.69 million for the Period as compared to a net fair value gain of approximately HK\$3.91 million for the six months ended 30 June 2023, which was offset by the increase in revenue from trading of wines and beverage.

The consolidated net loss of approximately HK\$16.01 million was incurred by the Group for the Period (six months ended 30 June 2023: approximately HK\$0.58 million). The significant increase in consolidated net loss was mainly due to (i) the decrease in total revenue discussed above; and (ii) the increase in cost of sales and services rendered (mainly attributed to the increase in cost of sales from trading of wines and beverage), which was then offset by the decrease in general and administrative expenses mainly as a result of the decrease in staff cost, start-up cost of potential business, legal and professional fees, etc.

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 individual professional investors under Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC.

As at 30 June 2024, OCIAM was engaged in the management of 8 funds (31 December 2023: 10 funds) including the self-invested US Dollar Debt Fund, serving 10 individuals and 18 corporate investors (31 December 2023: 16 individuals and 21 corporate investors). The total AUM and subscription amounts from investors managed by OCIAM as at 30 June 2024 amounted to US\$134 million and US\$390 million respectively (31 December 2023: US\$149 million and US\$406 million respectively). Asset management income for the Period was HK\$12.08 million (six months ended 30 June 2023: HK\$27.64 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 Period, the Group recorded share of profits of the joint venture of approximately HK\$0.55 million (six months ended 30 June 2023: approximately HK\$0.69 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 and 30 June 2024, OCIAM was engaged in advising 1 fund with fund size of HK\$1.05 billion. Investment advisory services fee income amounting to approximately HK\$0.26 million was recorded by the Group for the Period (six months ended 30 June 2023: approximately HK\$0.17 million).

Underwriting and Placing

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 will explore potential opportunities to participate in underwriting and placing transactions in order to build up relationship with leaders in underwriting and placing business and acquaint with the market practice. During the Period, the Group did not record any income from underwriting and placing of securities (six months ended 30 June 2023: nil).

Trading of Wines and Beverage

Attributed to the gradual recovery of general economic situation and the effort of the Group's sales and marketing team to boost sales, revenue from trading of wines and beverage increased to approximately HK\$35.12 million for the Period as compared to approximately HK\$7.12 million for corresponding period of last year. Loss attributable to this business segment amounted to approximately HK\$1.48 million for the Period (six months ended 30 June 2023: loss of approximately HK\$2.51 million).

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 has the following investment in funds:

- (i) The Group launched a US dollar debt fund (the “US Dollar Debt Fund”) in February 2020. The aim of the US Dollar Debt Fund is to invest in medium to long term notes to obtain steady 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 interest return. Further details of the investment portfolio of the US Dollar Debt Fund is set out under the section headed “Securities Trading and Investments – US Dollar Debt Fund” below.
- (ii) 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 30 June 2024, the fair value of the fund investment was approximately HK\$86.92 million (31 December 2023: approximately HK\$102.40 million), representing 29.5% of the total assets of the Group (31 December 2023: 31.6%). 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. The decrease in fair value was mainly attributed to the discounting impact as a result of the extension of the terms of the Sub-Fund.

Securities Trading and Investments

Dividend income and change in fair value of financial assets recognised under this segment for the Period, in total, amounted to a loss of approximately HK\$16.69 million (six months ended 30 June 2023: gain of approximately HK\$4.09 million). Loss for the Period attributed to this business segment amounted to approximately HK\$16.55 million (six months ended 30 June 2023: profit of approximately HK\$2.86 million). The turnaround from a profit to a loss was mainly due to the recognition of net fair value loss of investments amounting to approximately HK\$16.69 million for the Period as compared to a net fair value gain of approximately HK\$3.91 million for the six months ended 30 June 2023.

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 30 June 2024, the Group held interests in the following investments which were recognised as debt investments at amortised costs 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 formerly listed on The Stock Exchange of Hong Kong Limited (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 approximately HK\$8.76 million. The total exposure as at 30 June 2024 was approximately HK\$108.37 million (31 December 2023: approximately HK\$108.38 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 ended 31 December 2023 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 30 June 2024 and 31 December 2023.

- (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.

During the Period, 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 approximately HK\$20.96 million.

The total exposure of the SP Note as at 30 June 2024 was approximately HK\$80.86 million (31 December 2023: approximately HK\$101.57 million). The decrease in total exposure was mainly due to the disposal of C.banner Shares as partial settlement of the SP Note.

As at 30 June 2024, the carrying amount of the SP Note was nil (31 December 2023: approximately HK\$20.31 million), after a provision for impairment loss as at 30 June 2024 of approximately HK\$80.86 million (31 December 2023: approximately HK\$81.26 million), representing 0% of the consolidated total asset of the Group (31 December 2023: approximately 6.3%).

As at 31 December 2023, 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 that secured the SP Note of HK\$0.155 per share. As a result of the Offer discussed above, no lack of marketability discount was applied for the valuation as at 31 December 2023.

Without the C.banner Shares as collateral, full impairment provision was made against the Group's investment in SP Note as at 30 June 2024.

US Dollar Debt Fund

As at 30 June 2024, 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 ended 31 December 2023, 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 30 June 2024, the carrying amount of the CFLD Note was HK\$0.63 million (31 December 2023: HK\$0.72 million), after a provision for impairment loss from expected credit loss assessment as at 30 June 2024 of HK\$20.37 million (31 December 2023: HK\$20.29 million), representing 0.2% of the consolidated total assets of the Group (31 December 2023: 0.2%).

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 30 June 2024, the carrying amount of the investments in SPACs was HK\$11.43 million (31 December 2023: HK\$12.63 million). A net fair value loss on the investments in SPACs amounting to HK\$1.20 million was recorded for the Period (six months ended 30 June 2023: loss of HK\$0.17 million).

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

The gearing ratio of the Group as at 30 June 2024 was approximately 2.9% (31 December 2023: approximately 3.3%), calculated based on total amount of lease liabilities of approximately HK\$7.57 million (31 December 2023: approximately HK\$9.14 million) divided by total equity of approximately HK\$263.65 million (31 December 2023: approximately HK\$279.98 million) as at that date.

The Group’s bank balances and cash (including time deposits) as at 30 June 2024 amounted to approximately HK\$123.50 million (31 December 2023: approximately HK\$104.79 million). Its total assets as at the same date were approximately HK\$294.78 million (31 December 2023: approximately HK\$323.58 million).

The Group recorded net current assets of approximately HK\$248.77 million (31 December 2023: HK\$263.35 million) and inventories increased from approximately HK\$6.72 million as at 31 December 2023 to approximately HK\$7.27 million as at 30 June 2024. The current ratio of approximately 10.3 times (31 December 2023: approximately 8.0 times) is calculated based on the current assets of approximately HK\$275.59 million (31 December 2023: approximately HK\$300.99 million) over the current liabilities of approximately HK\$26.82 million (31 December 2023: approximately HK\$37.63 million).

As at 30 June 2024 and 31 December 2023, the issued capital of the Company was approximately HK\$15.00 million.

MATERIAL ACQUISITION AND DISPOSAL

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

PROSPECTS FOR THE YEAR 2024 AND DEVELOPMENT PLAN

Global economy continued to be affected by various uncertainties, including but not limited to, the timing, pace and magnitude of interest rate cuts and monetary policy stances of 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 second half of year 2024, and the support from various policies of the government authorities (such as actively introducing talents and foreign business and investments, relaxation of stamp duty requirements on residential properties, the five measures on capital market cooperation with Hong Kong announced by the China Securities Regulatory Commission in April 2024), the economy and investment sentiments of the Hong Kong 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 during the year 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 beverage, 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 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 Period (six months ended 30 June 2023: Nil). The Board did not declare any dividend payment for the Period (six months ended 30 June 2023: Nil).

PLEDGE OF ASSETS

As at 30 June 2024 and 31 December 2023, no secured borrowings were outstanding.

CAPITAL COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had an outstanding commitment of RMB3,000,000 for the capital injection to Shandong Civil Aviation Dongsheng.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Directors are not aware of any material contingent liabilities.

EVENTS AFTER THE PERIOD

Save as disclosed in this announcement, the Group had no material event after the Period and up to the date of this announcement.

EMPLOYEE POLICY

As at 30 June 2024, the Group employed 34 employees in Hong Kong and 1 employee in the PRC. The Group has maintained a good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group has contributed to the Mandatory Provident Fund Scheme of Hong Kong and provided medical benefits programme for its employees in Hong Kong. It has also contributed to the retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employee in the PRC. The Group has also sponsored its staff to attend seminars and training courses.

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 Company has also adopted the New Share Option Scheme as an incentive to, inter alia, the Directors and eligible employees, details of which are set out in the section headed "Share Option Schemes" below.

SHARE OPTION SCHEMES

2012 Share Option Scheme

A share option scheme (the "2012 Share Option Scheme") has been adopted by the Company pursuant to an ordinary resolution passed on 17 December 2012 and expired on 16 December 2022. The expiration of the 2012 Share Option Scheme does not affect the rights of the outstanding options granted under the 2012 Share Option Scheme and those outstanding options continue to be valid and exercisable during the prescribed exercisable period in accordance with the 2012 Share Option Scheme. No further options can be offered or granted upon the expiration of the 2012 Share Options Scheme. No service provider sublimit was set under the 2012 Share Option Scheme.

At the annual general meeting of the Company held on 24 May 2021, an ordinary resolution was passed refreshing its scheme mandate limit so that the Company would be allowed to grant options under the 2012 Share Option Scheme for subscription up to a total of 149,974,992 shares, representing 10% of the number of shares in issue as at 24 May 2021.

At the extraordinary general meeting of the Company held on 16 September 2021, an ordinary resolution was passed to grant 55,000,000 share options to Mr. Wu Guangze (the non-executive Director and former executive Director) carrying the rights to subscribe for 55,000,000 shares and 50,000,000 share options to Mr. Wei Bin (the former executive and non-executive Directors) carrying the rights to subscribe for 50,000,000 shares at an exercise price of HK\$4.53 per Share (the “Grant”) under the 2012 Share Option Scheme. The closing price of the shares of the Company immediately before the date of the Grant was HK\$4.53 per share.

Reference is made to the announcement of the Company dated 15 October 2021, on which the Company granted the Grant.

Validity period of the share options are from 15 October 2021 to 6 June 2031 (both dates inclusive). The share options of each grantee will be vested in five equal tranches (being 11,000,000 share options per tranche for Mr. Wu Guangze and 10,000,000 share options per tranche for Mr. Wei Bin) in accordance with the vesting schedule of the share options, subject to the fulfilment of certain performance targets.

Given that the vesting conditions for the third tranche are not met, the corresponding tranche of share options (being 11,000,000 share options for Mr. Wu Guangze) has been automatically lapsed during the Period.

At the beginning and the end of the Period, there were 33,000,000 and 22,000,000 outstanding share options under the 2012 Share Option Scheme.

The number of shares of the Company that may be issued in respect of options granted under the 2012 Share Option Scheme during the Period divided by the weighted average number of shares of the relevant class in issue for the Period was approximately 1.83%.

During the Period, except for the aforesaid, there was no other options granted, exercised, lapsed, cancelled or forfeited under the 2012 Share Option Scheme.

New Share Option Scheme

A new share option scheme (the “New Share Option Scheme”) has been adopted by the Company pursuant to an ordinary resolution passed on 23 June 2023.

The life of the New Share Option Scheme is 10 years commencing on 23 June 2023 and will expire on 22 June 2033. Accordingly, the remaining life of the New Share Option Scheme as at the date of this announcement is approximately 9 years.

Since its adoption, no share options have been granted, exercised, cancelled or lapsed under the New Share Option Scheme.

At the beginning and the end of the Period, the number of options available for grant under the New Share Option Scheme was 116,974,992 and 127,974,992 and no service provider sublimit was set under the New Share Option Scheme.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct regarding the Directors' securities transactions. Following enquiries with the Directors, the Company has received confirmation from each of the Directors confirming that they have complied with the required standard of dealings set out in the Model Code for the Period.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code as contained in Part 2 of Appendix C1 to the Listing Rules (the "CG Code") . During the Period, the Company has fully complied with the CG Code.

AUDIT COMMITTEE

The interim results for the Period have not been audited but have been reviewed by the Audit Committee of the Company (the "Audit Committee"). The Audit Committee currently 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.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT OF THE COMPANY

The interim results announcement for the Period is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.oci-intl.com. The 2024 interim report of the Company, containing all the information required by the Listing Rules, will be despatched to the Shareholders and published on the aforesaid websites in due course.

APPRECIATION

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

By order of the Board
OCI International Holdings Limited
Jiao Shuge
Chairman

Hong Kong, 29 August 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. Zhao Li

Independent non-executive Directors:

Mr. Chong Ka Yee

Mr. Tso Siu Lun Alan

Mr. Li Xindan

Dr. Lo Wing Yan William