OCI International Holdings Limited
東 建 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 329)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 (the "Year") together with the comparative figures for the corresponding year in 2018 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
Revenue	4		
Sales of goods		**6,870**	27,145
Revenue from investment and financial advisory services		**312**	—
Revenue from asset management		**35,195**	51,907
Income from securities trading and investments		**59,144**	45,562
		101,521	124,614
Cost of sales		**(9,430)**	(38,791)
		92,091	85,823
Other income	5	**1,078**	697
Selling and distribution costs		**(112)**	(144)
General and administrative expenses		**(37,263)**	(69,770)
Impairment losses on financial assets		**(116,931)**	(54,282)
Loss from operations		**(61,137)**	(37,676)
Finance costs	6(a)	**(31,127)**	(22,579)
Share of loss of joint venture		**(760)**	(158)
Loss before taxation	6	**(93,024)**	(60,413)
Income tax expenses	7	**(4,404)**	(419)
Loss for the year		**(97,428)**	(60,832)
Attributable to:			
Equity shareholders of the Company		**(96,897)**	(60,792)
Non-controlling interests		**(531)**	(40)
Loss for the year		**(97,428)**	(60,832)
Loss per share			
– Basic and diluted	9	**HK(9.14) cents**	HK(5.74) cent

	Note	2019	2018
		HK$'000	*HK$'000*
Loss for the year		**(97,428)**	(60,832)
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(280)**	5
Total comprehensive expenses for the year		**(97,708)**	(60,827)
Attributable to:			
Equity shareholders of the Company		**(97,177)**	(60,787)
Non-controlling interests		**(531)**	(40)
Total comprehensive expenses for the year		**(97,708)**	(60,827)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**17,738**	1,848
Debt investments at amortised cost	10	**140,226**	103,015
Financial assets at fair value through profit or loss	12	**—**	40,228
Interest in joint venture		**—**	1,415
Rental deposits		**2,116**	1,968
		160,080	148,474
Current assets			
Inventories		**12,324**	17,273
Trade receivables	11	**2,788**	1,635
Deposits, prepayments and other receivables		**17,293**	19,398
Debt investments at amortised cost	10	**78,468**	259,655
Financial assets at fair value through profit or loss	12	**550,332**	173,919
Deposit with banks with original maturity date over three months		**21,360**	—
Cash and cash equivalents		**80,767**	185,058
		763,332	656,938
Current liabilities			
Contract liabilities		**15,700**	15,671
Accruals and other payables		**8,610**	30,747
Obligations under repurchase agreements		**105,170**	78,918
Borrowings		**542,775**	352,657
Lease liabilities		**5,531**	—
Current taxation		**4,946**	558
		682,732	478,551
Net current assets		**80,600**	178,387
Total assets less current liabilities		**240,680**	326,861
Non-current liability			
Lease liabilities		**11,527**	—
NET ASSETS		**229,153**	326,861

	2019	2018
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**10,598**	10,598
Reserves	**219,265**	316,442
Total equity attributable to equity shareholders of the Company	**229,863**	327,040
Non-controlling interests	**(710)**	(179)
TOTAL EQUITY	**229,153**	326,861

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2018	10,598	217,190	242	159,797	387,827	(139)	387,688
Changes in equity for 2018:							
Loss for the year	—	—	—	(60,792)	(60,792)	(40)	(60,832)
Other comprehensive income for the year	—	—	5	—	5	—	5
Total comprehensive (expenses) income	—	—	5	(60,792)	(60,787)	(40)	(60,827)
Balance at 31 December 2018	10,598	217,190	247	99,005	327,040	(179)	326,861
Balance at 31 December 2018 and 1 January 2019	**10,598**	**217,190**	**247**	**99,005**	**327,040**	**(179)**	**326,861**
Changes in equity for 2019:							
Loss for the year	**—**	**—**	**—**	**(96,897)**	**(96,897)**	**(531)**	**(97,428)**
Other comprehensive expenses for the year	**—**	**—**	**(280)**	**—**	**(280)**	**—**	**(280)**
Total comprehensive expenses	**—**	**—**	**(280)**	**(96,897)**	**(97,177)**	**(531)**	**(97,708)**
Balance at 31 December 2019	**10,598**	**217,190**	**(33)**	**2,108**	**229,863**	**(710)**	**229,153**

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

Notes to the Consolidated 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 Suite 811, Level 8, One Pacific Place, 88 Queensway, Hong Kong respectively.

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

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

The financial statements have been prepared in accordance with all applicable 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"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The 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 HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, ***Leases***

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

   The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

   The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019.

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	HK$'000
Operating lease commitments	
at 31 December 2018	5,611
Less: commitments relating to	
leases exempt from capitalisation:	
– short-term leases and other leases	
with remaining lease term ending	
on or before 31 December 2019	(169)
Add: lease payments for the additional periods	
where the Group considers it reasonably	
certain that it will exercise the extension	
options	17,350
	22,792
Less: total future interest expenses	(1,900)
Present value of remaining lease payments, discounted using	
the incremental borrowing rate at 1 January 2019 and	
total lease liabilities recognised at 1 January 2019	20,892

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *HK$'000*	Capitalisation of operating lease contracts *HK$'000*	Carrying amount at 1 January 2019 *HK$'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	1,848	20,892	22,740
Total non-current assets	**148,474**	**20,892**	**169,366**
Lease liabilities (current)	—	4,632	4,632
Current liabilities	**478,551**	**4,632**	**483,183**
Net current assets	**178,387**	**(4,632)**	**173,755**
Total assets less current liabilities	**326,861**	**16,260**	**343,121**
Lease liabilities (non-current)	—	16,260	16,260
Total non-current liabilities	**—**	**16,260**	**16,260**
Net assets	**326,861**	**—**	**326,861**

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a decrease in the reported loss from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 (A)	**Add back: HKFRS 16 depreciation and interest expense (B)**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17 (note 1) (C)**	**Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B-C)**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operations	**(61,137)**	**5,567**	**(5,773)**	**(61,343)**	(37,676)
Finance costs	(31,127)	855	—	(30,272)	(22,579)
Loss before taxation	**(93,024)**	**6,422**	**(5,773)**	**(92,375)**	(60,413)
Loss for the year	**(97,428)**	**6,422**	**(5,773)**	**(96,779)**	(60,832)
Reportable segment loss for year ended 31 December 2019 (Note 4(b)) impacted by the adoption of HKFRS 16:					
– Securities trading and investments	**(69,730)**	**298**	**(316)**	**(69,748)**	(27,275)
– Total	**(45,283)**	**6,422**	**(5,773)**	**(44,634)**	(19,688)

	2019			2018
	Amounts reported under HKFRS 16 (A)	**Estimated amounts related to operating leases as if under HKAS 17 (notes 1 & 2) (B)**	**Hypothetical amounts for 2019 as if under HKAS 17 (C=A+B)**	Compared to amounts reported under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Line items in the consolidated cash flow statement for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash used in operations	(237,997)	(5,979)	(243,976)	(166,166)
Net cash used in operating activities	**(237,426)**	**(5,979)**	**(243,405)**	(165,793)
Capital element of lease rentals paid	(5,124)	5,124	—	—
Interest element of lease rentals paid	(855)	855	—	—
Net cash generated from financing activities	**155,480**	**5,979**	**161,459**	96,808

note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash used in operating activities and net cash generated from financing activities as if HKAS 17 still applied.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Trading of wines	**6,870**	27,145
– Investment and financial advisory services	**312**	—
– Asset management	**35,195**	51,907
	42,377	79,052
Revenue from other sources		
Income from debt investments	**41,444**	47,709
Change in fair value of financial assets at fair value through profit or loss	**10,795**	7,021
Dividend income	**397**	1,485
Gain on disposal of debt investments at amortised cost	**2,552**	113
Gain (loss) on disposal of financial assets at fair value through profit or loss	**3,956**	(10,766)
	59,144	45,562
Total	**101,521**	124,614

(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) securities trading and investments

(b) trading of wines

(c) investment and financial advisory services*

(d) asset management

* The directors of the Company rename the reportable segment "financial advisory services" in 2018 as "investment and financial advisory services" in 2019 to provide better description on the underlying business of the relevant business segment.

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 years ended 31 December 2019 and 2018 is set out below.

For the year ended 31 December 2019

	Securities trading and investments *HK$'000*	Trading of wines *HK$'000*	Investment and financial advisory services *HK$'000*	Asset management *HK$'000*	Total *HK$'000*
Revenue from contracts with customers:					
– At a point in time	**—**	**6,870**	**—**	**—**	**6,870**
– Over time	**—**	**—**	**312**	**35,195**	**35,507**
	—	**6,870**	**312**	**35,195**	**42,377**
Revenue from other sources	**59,144**	**—**	**—**	**—**	**59,144**
Reportable segment revenue	**59,144**	**6,870**	**312**	**35,195**	**101,521**
Segment (loss) profit	**(69,730)**	**(2,589)**	**—**	**27,036**	**(45,283)**
Other income					**586**
Unallocated corporate and other expenses					**(18,960)**
Share of loss of joint venture					**(760)**
Finance costs					**(28,607)**
Loss before taxation					**(93,024)**
Income tax expenses					**(4,404)**
Loss for the year					**(97,428)**

For the year ended 31 December 2018

	Securities trading and investments *HK$'000*	Trading of wines *HK$'000*	Investment and financial advisory services *HK$'000*	Asset management *HK$'000*	Total *HK$'000*
Revenue from contracts with customers:					
– At a point in time	—	27,145	—	35,000	62,145
– Over time	—	—	—	16,907	16,907
	—	27,145	—	51,907	79,052
Revenue from other sources	45,562	—	—	—	45,562
Reportable segment revenue	45,562	27,145	—	51,907	124,614
Segment (loss) profit	(27,275)	(490)	(693)	8,770	(19,688)
Other income					693
Unallocated corporate and other expenses					(20,539)
Share of loss of joint venture					(158)
Finance costs					(20,721)
Loss before taxation					(60,413)
Income tax expenses					(419)
Loss for the year					(60,832)

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

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

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

5. OTHER INCOME

	2019 *HK$'000*	2018 *HK$'000*
Bank interest income	**588**	666
Sundry income	**490**	31
	1,078	697

6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging (crediting):

(a) Finance costs

	2019 *HK$'000*	2018 *HK$'000*
Interest on bank borrowings	**5,897**	2,268
Interest on other borrowings	**17,047**	13,209
Interest on lease liabilities	**855**	—
Other borrowing costs	**7,328**	7,102
Total interest expense on financial liabilities not at fair value through profit or loss	**31,127**	22,579

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

(b) Staff costs

	2019 *HK$'000*	2018 *HK$'000*
Directors' emoluments		
– fees and other emoluments	**4,155**	4,884
Other staff costs		
– salaries, allowances and bonus	**17,446**	30,773
– retirement benefits scheme contributions	**489**	1,455
	22,090	37,112

(c) Other items

	2019	2018
	HK$'000	*HK$'000*
Depreciation charge		
– owned property, plant and equipment*	**1,136**	1,103
– right-of-use assets*	**5,567**	—
Total minimum lease payments for leases previously classified as operating leases under HKAS 17*	**—**	6,497
Impairment losses		
– debt investments	**112,732**	54,282
– trade and other receivables	**4,199**	—
	116,931	54,282
Auditors' remuneration	**1,746**	1,496
Legal and professional expenses	**8,110**	15,218
Reversal of provision for litigations	**(5,684)**	—
Reversal of provision for staff bonus	**(10,433)**	—
Commission fee relating to asset management business	**3,000**	14,400
Cost of inventories recognised as an expense	**6,430**	24,391

* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 3.

7. INCOME TAX EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**4,404**	418
PRC Enterprise Income Tax	**—**	1
	4,404	419

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 PRC Enterprise Income Tax rate is 25% (2018: 25%).

For the years ended 31 December 2019 and 2018, 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%.

8. DIVIDENDS

The Board does not recommend any dividend payment for the year (2018: Nil).

9. LOSS PER SHARE

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

Basic:

	2019	2018
	HK$'000	*HK$'000*
Loss attributable to equity shareholders of the Company	**(96,897)**	(60,792)
Weighted average number of ordinary shares in issue	**1,059,749,920**	1,059,749,920

Diluted:

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares during the years ended 31 December 2019 and 2018. Therefore, the diluted loss per share is the same as basic loss per share.

10. DEBT INVESTMENTS AT AMORTISED COST

	2019	2018
	HK$'000	*HK$'000*
Corporate debt securities	**354,708**	385,952
Receivable under a loan facility	**31,000**	31,000
	385,708	416,952
Less: Loss allowance	**(167,014)**	(54,282)
Total debt investments at amortised cost, net of loss allowance	**218,694**	362,670

	2019	2018
	HK$'000	*HK$'000*
Analysed for reporting purpose, net of loss allowance		
– Non-current portion	**140,226**	103,015
– Current portion	**78,468**	259,655
	218,694	362,670

11. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade debtors in respect of wine trading	**1,934**	1,635
Fees receivable from asset management	**1,409**	—
Less: Allowance for doubtful debts	**(555)**	—
	2,788	1,635

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 60 days	**2,088**	914
61 to 90 days	**—**	—
91 to 180 days	**—**	721
181 to 365 days	**700**	—
	2,788	1,635

The Group allows an average credit period from 90 to 120 days (2018: 90 to 120 days) to its trade customers in respect of wine trading and a credit period of 30 days to its customers in respect of asset management.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Non-current		
US Dollar Bond Linked Notes	**—**	40,228
Current		
US Dollar Bond Linked Notes	**134,347**	123,446
Corporate debt securities	**247,842**	—
Investment fund	**168,143**	—
Total return swaps ("TRS")	**—**	27,955
Listed equity securities held for trading		
– In Hong Kong	**—**	22,518
	550,332	173,919
Total financial assets at fair value through profit or loss	**550,332**	214,147

13. EVENTS AFTER THE REPORTING PERIOD

Since January 2020, the outbreak on novel coronavirus ("COVID-19") has impacted the global business environment. Up to the date of these financial statements, COVID-19 has not resulted in material impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

14. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 3.

BUSINESS REVIEW

The Group recorded total revenue of HK$101.52 million for the year ended 31 December 2019 (the "Year Under Review") (year ended 31 December 2018: HK$124.61 million). The decrease in turnover was mainly due to decrease in sales of wine trading and decrease of revenue from asset management. Consolidated net loss of approximately HK$97.43 million (year ended 31 December 2018: loss of HK$60.83 million) was incurred by the Group for the Year Under Review. The consolidated losses from operations were mainly due to the impairment losses in relation to the fixed income investment in the senior secured guaranteed notes issued by Rundong Fortune Investment Limited and Sanpower Group Co., Ltd. amounting to HK$91.39 million (year ended 31 December 2018: Nil) and HK$25.84 million respectively (year ended 31 December 2018: HK$53.40 million).

Securities Trading and Investments

The Group has been actively building up its securities and investment operations during the Year Under Review. Dividend income, income from debt investments, gain/(loss) on disposal of financial assets, and the change in fair value of the financial assets recognised under this segment amounted to approximately HK$59.14 million (year ended 31 December 2018: HK$45.56 million). Loss attributed to this business segment amounted to approximately HK$69.73 million (year ended 31 December 2018: HK$27.28 million) mainly due to the impairment losses on debt investments and other receivables in this business segment amounted to HK$116.38 million (year ended 31 December 2018: HK$54.28 million).

Fixed Income Products

The Group actively invested in the fixed income products during the Year Under Review. Other than the fixed income products brought forward from the year ended 31 December 2018, certain investment notes listed below were acquired by the Group during the Year Under Review.

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 incurred from 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. The Company developed a fixed income portfolio in order to manage the interest rate risk.

One of the investment strategies of the Group is to obtain leverage on the fixed income products through entering into financial arrangements with financial institutions such as total return swap ("TRS") agreements and US Dollar bond linked notes. Through these financial arrangements, the Company can obtain the economic benefits including the interest and capital gain of an underlying assets without paying the entire amount to buy the underlying asset. The Company only needs to pay part of the market value of the underlying assets as upfront payment to the financial institution. In return, the financial institutions will pay the Company the return of the underlying asset net of the funding cost pre-agreed between the Company and the financial institutions.

The Group also enters into repurchase agreement ("Repo") with financial institutions to obtain leverage. A Repo is an agreement whereby the Company sells its debt securities to the financial institutions and agrees to repurchase it at a pre-agreed price in the future. The economic benefits including the interest and capital gain of its debt securities are retained by the seller, i.e. the Group. It is in substance a form of borrowing with its debt securities as collaterals, and the funding cost is embedded in the pre-agreed price to repurchase the security in the future.

As at 31 December 2019, the Group held interests in the following eight debt securities:

(i) US$15 million 10% senior secured guaranteed notes ("RD Note") issued by Rundong Fortune Investment Limited ("RD Note Issuer") maturing 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 (1365.HK). The Group issued an notice of event of default ("EOD Notice") to the RD Note Issuer and demands for payment from RD Note Issuer on 16 April 2019. Following the RD Note Issuer failure to repay the outstanding principal amount of the RD Note of US$15 million and the outstanding interest and handling fee receivable upon maturity on 15 April 2019, the Group has taken proactive steps towards options to maximise recovery of amounts due under the RD Note. Steps taken included, amongst others, the sale of 2,019,000 of the China Rundong Charged Shares on the market for HK$3,648,440 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), both of them are third parties ("RD Charged Shares Purchasers") which are independent of the Company and its connected person as defined in the Listing Rules to sell the remaining 75,981,000 China Rundong Charged Shares ("Remaining RD Shares") for HK$80 million. LanHai International Trading Limited is a company incorporated in Hong Kong and is the wholly owned subsidiary of Lanhai Holding (Group) Company Limited (覽海控股(集團)有限公司), which is in turn 99% controlled by Mr. Mi Chunlei (密春雷). Nonetheless, neither of the RD Charged Shares Purchasers paid any consideration to the Group. The Group has commenced legal proceedings against them. As at 31 December 2019, the Group made an impairment loss of HK$91.39 million being the difference between (a) the outstanding principal amount and interest and handling fee receivable of the RD Notes less the proceeds from the sale of 2,019,000 China Rundong Charged Shares, held by the Group and (b) the fair value of the Remaining RD Shares noted above assessed by an independent valuer.

    On 16 August 2019, Writ of Summons to LanHai International Trading Limited and Ms. Ding Yi was filed to the High Court of Hong Kong Special Administrative Region.

    As at 31 December 2019, the carrying amount of the RD Note was HK$25.46 million (31 December 2018: HK$117.50 million), representing 2.8% of the consolidated total assets of the Group (31 December 2018: 14.6%).

The valuation of the carrying amount of the RD Notes was based on projected collateral values, historical discounts on placing of shares and expense of placement and recovery costs observed. Factors considered include the aggregate closing price of the Remaining RD Shares as at 31 December 2019, discount rate and expenses determined by reference to average share price discounts and expenses for placings by Hong Kong listed issuers and adjustment factor on the projected shares value such as possible impact to collateral value due to highly fluctuations of share price movement.

(ii) US$13 million 8% senior secured guaranteed notes ("SP Note") 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 Company.

The Group issued in October 2018 an EOD Notice to the SP Note Issuer and demands for payment from the Sanpower Group Co., Ltd. (the "Corporate Guarantor") and Mr. Yuan Yafei (the "Personal Guarantor") 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 (1028.HK). Details please refer to our announcement dated 29 October 2018.

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. Such court application is still in progress and the Company is searching for potential buyer to bulk sell the C.banner Shares.

As at 31 December 2019, the carrying amount of the SP Note was HK$22.04 million (2018: HK$48.43 million), representing 2.4% of the total asset of the Group (31 December 2018: 6.0%). Accordingly, in relation to the SP Note, the Group made a provision for impairment loss as at 31 December 2019 of HK$79.24 million (31 December 2018: HK$53.40 million).

The valuation of the carrying amount of the SP Note was based on projected collateral values, historical discounts on placing of shares and expense of placement and recovery costs observed. Factors considered include the aggregate closing price of the C.banner Shares as at 31 December 2019, discount rate and expenses determined by reference to average share price discounts and expenses for placings by Hong Kong listed issuers and adjustment factor on the projected shares value such as possible impact to collateral value due to highly fluctuations of share price movement.

(iii) US$1.74 million (face value) of 5.7% senior bonds issued by Shangrao City Construction Investment Development Group Company Limited maturing on 28 December 2020 ("SCC Note").

As at 31 December 2019, the fair value of the SCC Note was HK$13.51 million (31 December 2018: Nil), representing 1.5% of the total asset of the Group (31 December 2018: Nil).

(iv) US$0.40 million (face value) of 5.7% guaranteed bonds issued by Shangrao Investment Holding Group Co., Limited maturing on 14 February 2021 ("SIH Note").

As at 31 December 2019, the fair value of the SIH Note was HK$3.20 million (31 December 2018: Nil), representing 0.3% of the total asset of the Group (31 December 2018: Nil).

(v) US$10 million (face value) of 7.5% bonds issued by Jiaozuo Investment Group Co., Ltd. maturing on 23 February 2020 ("JZ Note").

As at 31 December 2019, the fair value of the JZ Note was HK$77.83 million (31 December 2018: Nil), representing 8.4% of the total asset of the Group (31 December 2018: Nil).

(vi) US$15 million (face value) of 6.8% guaranteed notes issued by Huaxin Pharmaceutical (Hong Kong) Co., Limited maturing on 15 March 2021 ("HX Note"), that are subject to a Repo arrangement between the Group and Haitong International Financial Solutions Limited ("HIFSL").

As at 31 December 2019, the fair value of the HX Note was HK$113.41 million (31 December 2018: Nil), representing 12.3% of the total asset of the Group (31 December 2018: Nil).

(vii) US$4.97 million (face value) of 7.5% senior bonds issued by Chengdu Economic & Technological Development Zone State-owned Assets Investment Co., Ltd. maturing on 12 February 2022 ("CD Note"), that are subject to a Repo arrangement between the Group and HIFSL.

As at 31 December 2019, the fair value of the CD Note was HK$39.90 million (31 December 2018: Nil), representing 4.3% of the total asset of the Group (31 December 2018: Nil).

(viii) US$18 million 10.5% notes issued by SOL OMNIBUS SPC ("SOL Note") maturing on 17 June 2021. The SOL Note was charged over 5,400,000 shares of US$0.0001 each of JS Global Lifestyle Company Limited (the "JS Charged Shares"). Based on the Subscription Agreement, the Company released the JS Charged Shares to SOL OMNIBUS SPC on the date when JS Global Lifestyle Company Limited was listed on the Stock Exchange, i.e. 18 December 2019, until the date falling six months thereafter (the "Lockup Period"). SOL OMNIBUS SPC undertakes to take all necessary actions to execute the share charge (with the aggregate value of the shares of JS Global Lifestyle Company Limited (1691.HK) to be charged being no less than 300% of the aggregate principal amount of the SOL Note outstanding) once the period for Lockup Period ended.

As at 31 December 2019, the carrying amount of the SOL Note was HK$140.23 million (31 December 2018: Nil), representing 15.2% of the consolidated total assets of the Group (31 December 2018: Nil).

Brief information on the US dollar bond linked notes held by the Group as at 31 December 2019 are as follow:

Date of announcement	**12 October 2018 and amended on 18 October 2018**
Brief nature of the financial instrument in which the Group invested	A guaranteed note ("KWG Note") issued by the issuer named below, the amount payable upon redemption of which is linked to the reference bond described below.
Amount invested	US$5.03 million
Fair value	US$5.57 million, equivalent to HK$43.43 million, representing 4.7% of the total assets of the Group as at 31 December 2019 (31 December 2018: US$5.14 million, equivalent to HK$40.23 million, representing 5.0% of the total assets of the Group).
Note Issuer	Haitong International Products & Solutions Limited ("HIPSL")
Guarantor	Haitong International Securities Group Limited
Coupon	Zero
Reference bond	US$10 million in the principal amount of the 7.875% senior notes issued by KWG Group Holdings Limited (1813.HK) due on 9 August 2021. As at 12 October 2018, the market value of the reference bond was US$10.05 million. The principal activities of KWG Group Holdings Limited is investment holding and its subsidiaries are principally engaged in property development, property investment and construction in the PRC.

Date of announcement	12 October 2018 and amended on 18 October 2018
Amount payable by the note issuer on redemption	On redemption upon maturity being 16 August 2021 or earlier due to an early termination event (which includes drop in market value, acceleration or default, adverse rating changes of the reference bond) the amount payable by the issuer is to be calculated by a pre-agreed formula that can be summarised as follows: a) The aggregate of market value of the reference bond plus interest and principal (net of tax) received by HIPSL minus the aggregate of US$5.03 million (as hypothetical loan notional amount) plus hypothetical interest thereon at the rate of USD 3-month LIBOR-BBA (floored at zero) plus 2.7% per annum; less b) In case of early redemption, cost and expenses incurred by HIPSL and/or affiliates in connection with the redemption of the KWG Note. In the worst case scenario, for example, if market value of the reference bond drops to zero and/or HIPSL is in default in payment of interest and principal amount to the Company, the redemption amount can be zero in which case the Company will not recover its investment.

Date of announcement	12 October 2018 and amended on 18 October 2018
Benefits	Taking into account the terms of the KWG Note, including the potential return upon redemption based on returns from the reference bond (in the absence of default or a significant reduction of market value of the reference bond) and the amount of investment made in the KWG Note, which is less than the face value of the reference bond (whose shares is listed on the Hong Kong Stock Exchange) and the ultimate holding company of the note guarantor (whose shares are listed on the Shanghai Stock Exchange (600837.SH) and H shares are listed on the Hong Kong Stock Exchange (6837.HK)), the Company believes that the investment in the note may generate investment income (based on the Group's income recognition policy in accordance with HKFRS) and a reasonable return to the Group through the amount receivable on redemption of the KWG Note.

Date of announcement	2 July 2019
Brief nature of the financial instrument in which the Group invested	A guaranteed note ("GJ Note 2") issued by the issuer named below, the amount payable upon redemption of which is linked to the US Dollar reference bond described below.
Amount invested	US$12.18 million
Fair value	US$11.67 million, equivalent to HK$90.92 million, representing 9.8% of the total assets of the Group as at 31 December 2019 (31 December 2018: Nil)
Note Issuer	Guotai Junan Financial Products Limited ("GJ")
Guarantor	Guotai Junan International Holdings Limited
Coupon	Zero

Date of announcement	2 July 2019
Reference bond	1. US$10 million of the 6.5% guaranteed senior notes issued by Metro Global Limited due on 20 May 2022. As at 2 July 2019, the market value of this reference bond was US$10,108,889. Metro Global Limited is a special purpose vehicle incorporated for bond issues. Its obligations under the New Metro Notes are guaranteed by Seazen Holdings Co., Ltd. 2. US$10 million of the 5.75% bonds issued by Guangxi Financial Investment Group Co., Ltd. due on 23 January 2021 ("GX Note"). As at 2 July 2019, the market value of this reference bond was US$10,018,056. Guangxi Financial Investment Group Co., Ltd. through its subsidiaries is principally engaged in the provision of micro and small loans, credit guarantees, property insurance, financial leasing and other businesses, including asset management, internet finance, fund management, venture investment and urban construction. 3. US$10 million in principal amount of the 6.875% guaranteed notes issued by Logan Property Holdings Company Limited ("LP Note") due on 24 April 2021. As at 2 July 2019, the market value of the reference bond was US$10,321,771. Logan Property Holdings Company Limited is a company listed on the Stock Exchange (3380.HK) and is an investment holding company principally engaged in property development, property investment and construction in the PRC.

Date of announcement	2 July 2019
Amount payable by the note issuer on redemption	On redemption upon maturity being 24 May 2020 or earlier due to an early termination event (which includes drop in market value, and default of the reference bond) the amount payable by GJ is to be calculated by a pre-agreed formula that can be summarised as follows: a) The aggregate of market value of the reference bonds realised by GJ or its affiliate; less aggregate financing amount together with the finance costs for the relevant period; plus aggregate cash distribution unpaid to the noteholder. b) In case of early redemption, cost and expenses incurred by GJ and/or affiliates in connection with the redemption of the GJ Note 2. In the worst case scenario, for example, when market value of the reference bond drops to zero and/or GJ is in default in payment of interest and principal amount to the Company, the redemption amount can be zero, in which case the Company will not recover its investment.

Date of announcement	2 July 2019
Benefits	Taking into account the terms of the GJ Note 2, including the potential return upon redemption based on returns from the reference bond (in the absence of default or a significant reduction of market value of the reference bond) and the amount of investment made in the GJ Note 2, which is less than the face value of the reference bond, and the credit rating of the reference bond issuer and the creditability of GJ and the guarantor (whose A shares are listed on the Shanghai Stock Exchange and H shares are listed on the Hong Kong Stock Exchange), the Company believes that the investment in the GJ Note 2 may generate investment income (based on the Group's income recognition policy in accordance with HKFRS) and a reasonable return to the Group through the amount receivable on redemption of the GJ Note 2.

Equity Securities

The Group maintained the listed securities investment portfolio brought forward from previous year to capture investment appreciation during the Year Under Review. In view of the downturn of the market sentiment due to world trade tension and interest rate hike, the Group had disposed the entire listed securities investment portfolio to cut losses on stocks with adverse performance. Realised loss on disposal of these listed equity investment amounting to HK$4.48 million as at 31 December 2019 (year ended 31 December 2018: HK$5.24 million). Dividend income from listed equity investment amounted to approximately HK$0.40 million for the Year Under Review (year ended 31 December 2018: HK$1.49 million).

Fund Investment

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"), 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 (each a "Financial Instrument") 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.

In accordance with the terms of the transaction documents, (i) the management fee is calculated at the rate of 0.30% per annum on the net asset value of the Sub-Fund; (ii) the set up fees, including costs incurred in connection with the preparation and execution of the agreements relating to the Sub-Fund and all initial legal and printing costs, are estimated to be US$50,000; and (iii) the fees payable to the administrator, the custodian and the registrar with respect to their provision of services to the Sub-Fund are to be agreed by the relevant service provider with the manager of the Sub-Fund from time to time.

As at 31 December 2019, the fair value of the Fund was HK$168.14 million (31 December 2018: Nil), representing 18.2% of the total asset of the Group (31 December 2018: Nil).

Wine Trading

Sales performance of wine trading was affected substantially by the downturn of market growth of premium wine during the Year Under Review with a turnover of HK$6.87 million (year ended 31 December 2018: HK$27.15 million). Loss attributable to this business segment amounted to HK$2.59 million for the Year Under Review (year ended 31 December 2018: HK$0.49 million) with the profit margin lowered. The Group has constructed a sale web page (https://www.rt-wines.com) in April 2019 for putting our products for sale on web and joined membership in March 2019 with wine sale platform like Wine-Searcher (https://www.wine-searcher.com) in order to broaden our sale channel in local market. In the coming years the Group will co-operate with some selected organisation to perform workshops to introduce and promote our wine and broaden our sales through direct sales.

Asset Management Services

With the registration of the Group's asset management subsidiary for type 4 (advising on securities) and type 9 (asset management) regulated activities by the Securities and Future Commission of Hong Kong (the "SFC") on 9 May 2018, the Group commenced its asset management business through providing a range of asset management services and investment advisory services to qualified corporate, individual and financial institutional professional investors.

As at 31 December 2019, the asset management subsidiary is engaged in management of three funds with fund size varies from US$20 million to approximately US$642 million. Asset management fee income of HK$35.20 million was recorded for the Year Under Review (year ended 31 December 2018: HK$51.91 million). Profit attributable to this business segment amounted to HK$27.04 million for the Year Under Review (year ended 31 December 2018: HK$8.77 million).

Investment and Financial Advisory Services

Investment advisory services fee amounting to HK$0.31 million was recorded as income for the Group for the Year Under Review (year ended 31 December 2018: Nil). Nil financial advisory services fee income was recorded for the Group for the Year Under Review (year ended 31 December 2018: Nil). The result of this business segment is breakeven for the Year Under Review (year ended 31 December 2018: loss of HK$0.69 million).

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 31 December 2019, the Group had two fixed-rate, unsecured revolving facilities of US$100 million each. One from Cheer Hope Holdings Limited, one of our substantial shareholders, and the other one from Orient Finance Holdings (Hong Kong) Limited, a subsidiary of another substantial shareholder of the Company. The outstanding principal amount of the loans as at 31 December 2019 amounted to US$12 million and US$32 million respectively. In addition, the Group was granted an unsecured revolving facility of HK$500 million from a local bank, in respect of which HK$200 million in principal amount was outstanding as at 31 December 2019.

The gearing ratio of the Group as at 31 December 2019 is 289.3% (31 December 2018: 132.0%), calculated based on total borrowings (including borrowings, obligations under Repo and lease liabilities) of HK$665.00 million (31 December 2018: HK$431.58 million) divided by shareholders' equity of HK$229.86 million (31 December 2018: HK$327.04 million) as at that date.

The Group's bank balances and cash as at 31 December 2019 amounted to HK$102.13 million (31 December 2018: HK$185.06 million). Its total assets as at the same date were HK$923.41 million (31 December 2018: HK$805.41 million).

The Group recorded net current assets of HK$80.60 million (31 December 2018: HK$178.39 million), inventories decreased from HK$17.27 million as at 31 December 2018 to HK$12.32 million as at 31 December 2019. The current ratio of 1.1 times (31 December 2018: 1.4 times) calculated based on the current assets of HK$763.33 million (31 December 2018: HK$656.94 million) over the current liabilities of HK$682.73 million (31 December 2018: HK$478.55 million).

As at 31 December 2019 and 31 December 2018, the issued capital of the Company was HK$10.60 million.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group did not carry out any material acquisition nor disposal of any subsidiary during the Year Under Review.

PROSPECTS FOR THE YEAR 2020 AND DEVELOPMENT PLAN

Trade tensions, political changes and other issues had slow down the growth of the world economy at large with unemployment rates going on the rising trend in 2019. This trend is expected to continue in 2020 and may even worsen by the middle-east turmoil. The condition was worsen further with the outbreak of novel coronavirus (COVID-19) by end of 2019. The World Health Organisation has characterised COVID-19 outbreak as a pandemic on 12 March 2020 because of the speed and scale of transmission globally. There will be a negative impact on consumption and tourism. This situation will last till the spreading condition of the novel coronavirus is under control. Interest rate cut and accommodative monetary policy measures are expected from most of the central banks of developed countries to stimulate growth.

The global economic downturn triggers delayed investment till we recognise the right time to reinvest along our core businesses. As those unfavourable events are testing businesses to the limit, sustainable/valuable business will emerge as our targets when the crisis are over.

The Group will be cautious on business development for 2020 in view of the prevailing uncertainties that are affecting the growth of the world economy. The Group will remain focused on investing in the Greater China area which will continue to grow as China will continue to monitor the economic growth of the country through monetary and fiscal relief measures. Apart from focusing on investing in fixed income financial products issued by large state-owned enterprises with municipal background or companies operating in the various sectors, the Group will allocate more resources towards the development of its asset management business and wine trading business, which will be the group's core business sectors for further expansion. More investment funds will be structured in the coming future. The Group will explore the possibilities of conducting other licensed business, which have underlying synergies with the existing asset management and securities investment business.

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 Euro, Sterling Pound, and Hong Kong dollars. However, the operations of our 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 2018: Nil). The Board did not recommend any dividend payment for the Year Under Review (year ended 31 December 2018: Nil).

PLEDGE OF ASSETS

As at 31 December 2019 and 31 December 2018, no secured borrowings were reported.

CAPITAL COMMITMENTS

As at 31 December 2019, no capital commitments were reported as the Group acquired the entire shareholding of Tyee-OCI Capital (Cayman) Limited and become a wholly-owned subsidiary of the Group. (31 December 2018: HK$100 million).

CONTINGENT LIABILITIES

As at 31 December 2019 and 31 December 2018, the Directors are not aware of any material contingent liabilities.

EMPLOYEE POLICY

As at 31 December 2019, the Group employed 3 employees in the PRC and 20 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 of the Company to the remuneration committee of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties with written terms of reference. Save as disclosed below, the Company has complied with all code provisions of the Corporate Governance Code (the "Code") during the Year as set out in Appendix 14 to the Listing Rules.

Under the Code Provision A.6.7, all independent non-executive directors and non-executive directors should attend general meetings of the Company and develop a balanced understanding of shareholders' view. For the annual general meeting held on 17 May 2019, Mr. Chang Tat Joel and Mr. Tso Siu Lun Alan were unable to attend due to other business engagement.

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 10 of the Listing Rules. Following enquiries with 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.

AUDIT COMMITTEE

The annual financial results for the Year have been reviewed by the audit committee of the Company. The audit committee comprises four Independent non-executive Directors of the Company, namely Mr. Chang Tat Joel, Mr. Wong Stacey Martin, Mr. Tso Siu Lun Alan and Mr. Fei John Xiang.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA 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 Crowe (HK) CPA 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 and the Company's website at www.oci-intl.com. The 2019 annual report will also be published on the website of Stock Exchange at www.hkexnews.hk and the website of Company at www.oci-intl.com and will be despatched to the Shareholders 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
Chen Bo
Executive Director (Chairman)

Hong Kong, 20 March 2020

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

Executive Directors
Mr. Chen Bo *(Chairman)*
Mr. Li Yi *(Chief Executive Officer)*
Ms. Xiao Qing *(Chief Operating Officer)*

Non-executive Directors
Mr. Du Peng
Ms. Zheng Xiaosu

Independent non-executive Directors
Mr. Chang Tat Joel
Mr. Wong Stacey Martin
Mr. Tso Siu Lun Alan
Mr. Fei John Xiang