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## OCI International Holdings Limited

東建國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 329)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### FINANCIAL HIGHLIGHTS

(HK\$'000)

	2021	2020	Change in %
Revenue	<b>73,232</b>	126,834	(42.3%)
From asset management	<b>85,450</b>	66,751	28.0%
From investment and financial advisory services	<b>4,030</b>	1,128	257.3%
Sales of goods	<b>46,509</b>	8,469	449.2%
Gross Profit	<b>1,441</b>	73,931	(98.1%)
Net profit (loss) from operations	<b>(107,218)</b>	10,912	(1,082.6%)
Net loss for the year	<b>(122,622)</b>	(19,599)	(525.7%)
EBITDA	<b>(101,146)</b>	17,194	(688.3%)
Loss per share			
– basic (HK cents)	<b>(8.18)</b>	(1.69)	(384.0%)
Total Asset	<b>544,669</b>	956,622	(43.1%)
Net Asset	<b>372,793</b>	495,004	(24.7%)

Revenue decreased by approximately 42.3% to HK\$73.23 million (2020: HK\$126.83 million), as the increase of income from asset management, investment and financial advisory services and sales of goods for the year ended 31 December 2021 offset by loss on disposal and change in fair value on financial investment amounting to HK\$82.13 million.

For the same token, the gross profit for the Year decreased by approximately 98.1% to HK\$1.44 million (2020: HK\$73.93 million).

After a provision for post-completion guarantee amounting to HK\$58.57 million, loss from operations for the Year amounted to HK\$107.22 million (2020: profit HK\$10.91 million).

For the same token, loss for the Year increased from HK\$19.60 million for the year 2020 to HK\$122.62 million for the year 2021, and the EBITDA also turned around from profit to loss of HK\$101.15 million (2020: profit HK\$17.19 million).

Loss per share (basic) attributable to owner of the company was increased from HK1.69 cents for the year 2020 to HK8.18 cents for the year 2021.

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 2021 (the “Year”) together with the comparative figures for the corresponding year in 2020 as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31 December 2021**

*(Expressed in Hong Kong dollars)*

	NOTE	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Revenue</i>	4		
Revenue from asset management		<b>85,450</b>	66,751
Revenue from investment and financial advisory services		<b>4,030</b>	1,128
Sales of goods		<b>46,509</b>	8,469
(Loss) income from securities trading and investments		<b>(62,757)</b>	50,486
		<b>73,232</b>	126,834
Cost of sales and services rendered		<b>(71,791)</b>	(52,903)
		<b>1,441</b>	73,931
Other income	5	<b>2,902</b>	1,344
Selling and distribution costs		<b>(53)</b>	(16)
General and administrative expenses		<b>(48,985)</b>	(47,306)
Impairment loss on financial assets		<b>(3,958)</b>	(17,041)
Provision for post-completion guarantee		<b>(58,565)</b>	–
<b>Loss from operations</b>		<b>(107,218)</b>	10,912
Finance costs	6(a)	<b>(10,063)</b>	(29,278)
<b>Loss before taxation</b>	6	<b>(117,281)</b>	(18,366)
Income tax	7	<b>(5,341)</b>	(1,233)
<b>Loss for the year</b>		<b>(122,622)</b>	(19,599)
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(122,622)</b>	(19,556)
Non-controlling interests		–	(43)
<b>Loss for the year</b>		<b>(122,622)</b>	(19,599)
<b>Loss per share</b>	9		
– Basic and diluted		<b>HK(8.18) cents</b>	HK(1.69) cents

	NOTE	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss for the year</b>		<b>(122,622)</b>	(19,599)
<b>Other comprehensive income (expense)</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>411</u>	<u>(384)</u>
<b>Total comprehensive expense for the year</b>		<b><u>(122,211)</u></b>	<b><u>(19,983)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(122,211)</b>	(19,940)
Non-controlling interests		<u>–</u>	<u>(43)</u>
<b>Total comprehensive expense for the year</b>		<b><u>(122,211)</u></b>	<b><u>(19,983)</u></b>

**Consolidated Statement of Financial Position**  
(Expressed in Hong Kong dollars)

	NOTE	As at 31 December 2021 HK\$'000	As at 31 December 2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		5,583	11,716
Debt investments at amortised cost	10	–	25,535
Rental deposits		–	2,116
		<u>5,583</u>	<u>39,367</u>
<b>Current assets</b>			
Inventories		7,293	5,646
Trade receivables	11	9,463	7,763
Deposits, prepayments and other receivables		11,942	26,025
Current tax recoverable		–	872
Debt investments at amortised cost	10	51,638	110,793
Financial assets at fair value through profit or loss	12	145,744	428,146
Pledged bank deposits		–	249,535
Cash and cash equivalents		313,006	88,475
		<u>539,086</u>	<u>917,255</u>
<b>Current liabilities</b>			
Contract liabilities		9,169	12,675
Accruals and other payables		6,961	14,915
Obligations under repurchase agreements		–	77,525
Borrowings		85,768	341,060
Provision for post-completion guarantee		58,565	–
Lease liabilities		5,823	5,807
Current tax payable		5,590	3,993
		<u>171,876</u>	<u>455,975</u>
<b>Net current assets</b>		<u>367,210</u>	<u>461,280</u>
<b>Total assets less current liabilities</b>		<b>372,793</b>	<b>500,647</b>
<b>Non-current liability</b>			
Lease liabilities		–	5,643
<b>NET ASSETS</b>		<u><b>372,793</b></u>	<u><b>495,004</b></u>

	NOTE	As at 31 December 2021 <i>HK\$'000</i>	As at 31 December 2020 <i>HK\$'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital		14,998	14,998
Reserves		<u>357,795</u>	<u>480,006</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>372,793</b>	495,004
<b>Non-controlling interests</b>		<u>–</u>	<u>–</u>
<b>TOTAL EQUITY</b>		<b><u>372,793</u></b>	<b><u>495,004</u></b>

**Consolidated Statement of Changes in Equity**  
**for the year ended 31 December 2021**  
*(Expressed in Hong Kong dollars)*

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Translation reserve	Other reserve	(Accumulated losses) retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2020	10,598	217,190	(33)	-	2,108	229,863	(710)	229,153
Changes in equity for 2020:								
Loss for the year	-	-	-	-	(19,556)	(19,556)	(43)	(19,599)
Other comprehensive expense for the year	-	-	(384)	-	-	(384)	-	(384)
Total comprehensive expense	-	-	(384)	-	(19,556)	(19,940)	(43)	(19,983)
Issuance of shares	4,400	281,600	-	-	-	286,000	-	286,000
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	-	(919)	-	(919)	753	(166)
Balance at 31 December 2020 and 1 January 2021	<u>14,998</u>	<u>498,790</u>	<u>(417)</u>	<u>(919)</u>	<u>(17,448)</u>	<u>495,004</u>	<u>-</u>	<u>495,004</u>
Changes in equity for 2021:								
Loss for the year	-	-	-	-	(122,622)	(122,622)	-	(122,622)
Other comprehensive income for the year	-	-	411	-	-	411	-	411
Total comprehensive income (expense)	-	-	411	-	(122,622)	(122,211)	-	(122,211)
Balance at 31 December 2021	<u>14,998</u>	<u>498,790</u>	<u>(6)</u>	<u>(919)</u>	<u>(140,070)</u>	<u>372,793</u>	<u>-</u>	<u>372,793</u>

## Notes to the Financial Statements

### 1. GENERAL

OCI International Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 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 asset management, provision of investment and financial advisory services, securities trading and investments and trading of wines and beverage.

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

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with 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 disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 3. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*, none of the developments have had a material effect on how the Group’s results and financial position for the current or prior accounting periods have been prepared or presented.

#### ***Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)***

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limited from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 January 2021.

#### 4. REVENUE AND SEGMENT REPORTING

##### (a) Revenue

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Asset management	85,450	66,751
– Investment and financial advisory services	4,030	1,128
– Trading of wines and beverage	46,509	8,469
	<u>135,989</u>	<u>76,348</u>
<b>Revenue from other sources</b>		
Income from debt investments:		
– Interest income from debt investments at amortised cost	3,181	15,326
– Income from debt investments at fair value through profit or loss	9,992	26,087
	13,173	41,413
Change in fair value of financial assets at fair value through profit or loss	(69,502)	2,801
Dividend income	6,200	6,240
Gain on disposal of debt investments at amortised cost	464	1,447
Loss on disposal of financial assets at fair value through profit or loss	(13,092)	(1,415)
	<u>(62,757)</u>	<u>50,486</u>
Total	<u><u>73,232</u></u>	<u><u>126,834</u></u>

##### (b) Segment reporting

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

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

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



## Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

### *For the year ended 31 December 2021*

	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>
<b>Revenue from contracts with customers:</b>					
– At a point in time	–	–	–	46,509	46,509
– Over time	85,450	4,030	–	–	89,480
	85,450	4,030	–	46,509	135,989
<b>Revenue from other sources</b>	–	–	(62,757)	–	(62,757)
Reportable segment revenue (loss)	<u>85,450</u>	<u>4,030</u>	<u>(62,757)</u>	<u>46,509</u>	<u>73,232</u>
Segment (loss) profit	<u>30,481</u>	<u>4,030</u>	<u>(130,722)</u>	<u>2,119</u>	(94,092)
Other income					2,902
Unallocated corporate and other expenses					(16,028)
Finance costs					<u>(10,063)</u>
Loss before taxation					(117,281)
Income tax					<u>(5,341)</u>
Loss for the year					<u><u>(122,622)</u></u>

**For the year ended 31 December 2020**

	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>
<b>Revenue from contracts with customers:</b>					
– At a point in time	–	–	–	8,469	8,469
– Over time	<u>66,751</u>	<u>1,128</u>	<u>–</u>	<u>–</u>	<u>67,879</u>
	66,751	1,128	–	8,469	76,348
<b>Revenue from other sources</b>	<u>–</u>	<u>–</u>	<u>50,486</u>	<u>–</u>	<u>50,486</u>
Reportable segment revenue	<u>66,751</u>	<u>1,128</u>	<u>50,486</u>	<u>8,469</u>	<u>126,834</u>
Segment profit (loss)	<u>5,583</u>	<u>–</u>	<u>23,344</u>	<u>(2,952)</u>	25,975
Other income					1,344
Unallocated corporate and other expenses					(16,407)
Finance costs					<u>(29,278)</u>
Loss before taxation					(18,366)
Income tax					<u>(1,233)</u>
Loss for the year					<u>(19,599)</u>

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.

## 5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	169	184
Income from termination of a memorandum of understanding	3,201	–
Government grants	–	1,150
Loss on disposal of property, plant and equipment	(469)	–
Sundry income	1	10
	<u>2,902</u>	<u>1,344</u>

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging (crediting):

### (a) Finance costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank borrowings	1,093	4,814
Interest on other borrowings	7,300	15,025
Interest on lease liabilities	381	629
Other borrowing costs	1,289	8,810
	<u>10,063</u>	<u>29,278</u>

### (b) Staff costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' emoluments		
– fees and other emoluments	3,600	2,139
Other staff costs		
– salaries, allowances and bonus	17,082	15,153
– retirement benefits scheme contributions	633	507
	<u>21,315</u>	<u>17,799</u>

(c) **Other items**

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Depreciation charge		
– owned property, plant and equipment	307	557
– right-of-use assets	5,765	5,725
	<b>6,072</b>	6,282
Impairment loss recognised (reversed)		
– debt investments	4,535	16,803
– trade and other receivables	(577)	238
	<b>3,958</b>	17,041
Auditors' remunerations		
– audit services	1,196	1,296
– other services	170	170
	<b>1,366</b>	1,466
Legal and professional expenses	6,874	9,058
Commission fee relating to asset management business	29,600	43,125
Cost of inventories	42,191	9,778
	<u><b>42,191</b></u>	<u>9,778</u>

**7. INCOME TAX**

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	5,341	1,233
	<u><b>5,341</b></u>	<u>1,233</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these two jurisdictions.
- (b) For the years ended 31 December 2021 and 2020, 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 (2020: Nil).

## 9. BASIC AND DILUTED LOSS PER SHARE

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss attributable to equity shareholders of the Company	<u>(122,622)</u>	<u>(19,556)</u>
Weighted average number of ordinary shares at 31 December	<u><b>1,499,749,920</b></u>	<u>1,154,722,598</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 year ended 31 December 2021, 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.

There were no dilutive potential ordinary shares during the year ended 31 December 2020, and therefore, diluted loss per share are the same as the basic loss per share.

## 10. DEBT INVESTMENTS AT AMORTISED COST

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Corporate debt securities	<b>239,990</b>	289,145
Receivable under a loan facility	<u>–</u>	<u>31,000</u>
	<b>239,990</b>	320,145
Less: Loss allowance	<u>(188,352)</u>	<u>(183,817)</u>
Total debt investments at amortised cost, net of loss allowance	<u><b>51,638</b></u>	<u>136,328</u>
	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Analysed for reporting purpose, net of loss allowance</b>		
– Non-current portion	–	25,535
– Current portion	<u><b>51,638</b></u>	<u>110,793</u>
	<u><b>51,638</b></u>	<u>136,328</u>

## 11. TRADE RECEIVABLES

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Trade debtors in respect of wines and beverage trading	–	487
Fees receivable from asset management	<u>9,463</u>	<u>7,276</u>
	<b><u>9,463</u></b>	<b><u>7,763</u></b>

All of the trade receivables are carried at amortised cost.

### 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:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
0 to 60 days	<b>9,463</b>	7,276
61 to 90 days	–	–
91 to 180 days	–	280
181 to 365 days	<u>–</u>	<u>207</u>
	<b><u>9,463</u></b>	<b><u>7,763</u></b>

The Group allows an average credit period from 90 to 120 days (2020: 90 to 120 days) to its trade customers in respect of wines and beverage 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

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
US Dollar bond linked notes	–	143,247
Corporate debt securities	–	119,202
HK Dollar fund linked note	<b>20,000</b>	–
Unlisted investment funds		
– ICBC US Dollar Debt Fund SP	<b>28,827</b>	165,697
– OCI Equities Fund SP	<b>96,917</b>	–
	<u>145,744</u>	<u>428,146</u>
Total financial assets at fair value through profit or loss	<b><u>145,744</u></b>	<b><u>428,146</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

During the year ended 31 December 2021 (the “Year Under Review”), the Group focused on the development of asset management and investment and financial advisory business. 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”) were granted to the Group in May 2018, our application for Type 1 (dealing in securities) license was approved by SFC and the Type 1 license was granted by SFC on 28 July 2021. Our asset management business and the financial advisory business target high-net-worth individuals and institutional investors. The high-net-worth individuals are individuals or corporations that have high risk appetite and possess assets which worth over US\$1 million, while the institutional investors comprise banks, financial institutions, asset management companies and other investment companies. Over the past three years, assets under management (AUM) managed by the Group increased from US\$662 million with 2 funds as at 31 December 2018 to US\$736 million with 3 funds as at 31 December 2019, representing an increment of 11.2% and further to US\$824 million with 6 funds as at 31 December 2020, representing an increment of 12.0%. The AUM as at 31 December 2021 is US\$668 million with leveraged AUM amounted to US\$924 million and the number of funds under our management increased to 16.

Our wines and beverage trading business turn around as the Group decided to expand its wine product portfolio to a broader range and other beverage categories to capture the demand of young consumer in addition to the existing target group of customers. Besides trading of red wine, trading of white wine, champagne and sparkling wine, whisky, Moutai and Chinese tea leaf were recorded in the Year Under Review.

The Group recorded total revenue of HK\$73.23 million for the Year Under Review (year ended 31 December 2020: HK\$126.83 million). The decrease in revenue was mainly due to increase in turnover from asset management, investment and financial advisory services and trading of wines and beverage offset by the loss on disposal and change in fair value on financial investments amounting to HK\$82.13 million (year ended 31 December 2020: HK\$2.83 million gain).

The consolidated net loss of HK\$122.62 million was incurred by the Group for the Year Under Review (year ended 31 December 2020: HK\$19.60 million). 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, Sanpower (Hong Kong) Company Limited and the guaranteed bonds issued by CFLD (Cayman) Investment Ltd. amounting to HK\$17.37 million, reversal of HK\$12.69 million and HK\$0.14 million respectively (year ended 31 December 2020: HK\$2.42 million, HK\$1.31 million and HK\$13.07 million) and the change in fair value of investments amounting to HK\$69.50 million loss (year ended 31 December 2020: HK\$2.80 million gain) and provision for a post-completion value guarantee amounting to HK\$58.57 million (year ended 31 December 2020: nil).

### **Asset Management Services**

Since May 2018 the Group carries on its asset management business through providing a range of asset management services and investment advisory services to qualified corporate and financial institutional professional investors under Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC. After our application for Type 1 (dealing in securities) license was approved by SFC and the Type 1 license was granted by SFC on 28 July 2021, the Group is able to provide underwriting, sub-underwriting and placing of securities to funds under management. On 12 August 2021, OCI Asset Management Company Limited participated as Joint Bookrunners in the issuance of US\$700,000,000 corporate bonds by Shaoxing City Investment Group Limited (紹興市城市建設投資集團有限公司). On 16 September 2021, OCI Asset Management Company Limited participated as Joint Bookrunners in the issuance of US\$160,000,000 corporate bonds by Zensun Enterprises Limited. These two Joint Bookrunners exercises provided opportunities for the Group to build up relationship with leaders in underwriting business and acquaint with the market practice in underwriting business.

Apart from (“Project Funds”) and (“Bond Funds”), the Group introduced a new fund type, the (“IPO Funds”) during the Year Under Review. The IPO Funds are established for subscribing for initial public offering (“IPO”) shares through international placing and usually have lifespan ranging from 6 to 12 months. The investment targets of the IPO Funds are those IPO shares with high subscription rate in the market which the investors can only get a small allocation of shares through public offerings. Three IPO funds were launched in the Year Under Review with fund size from US\$3 million to US\$18 million.



As at 31 December 2021, the asset management subsidiary is engaged in management of 16 funds including the self invested US Dollar Debt Fund with fund size varying from US\$1 million to US\$386.5 million. The number of clients increased from 13 to 35 institutional investors. Asset management income of HK\$85.45 million was recorded for the Year Under Review (year ended 31 December 2020: HK\$66.75 million).

### **Investment and Financial Advisory Services**

Our investment advisory services mainly relate to advising US dollar debts related investments. As at 31 December 2021, the asset management subsidiary is engaged in advising 3 funds with fund size from US\$19.05 million to US\$60.39 million.

Investment advisory services fee amounting to HK\$4.03 million was recorded as income for the Group for the Year Under Review (year ended 31 December 2020: HK\$1.13 million).

### **Trading of wines and beverage**

Despite the COVID-19 pandemic prevention and control measures like entry restrictions, compulsory quarantine for inbound travelers, social distancing practices and restrictions on group gathering, which have had hindered most of the consumption activities during the Year Under Review, the Group recorded a turnover of HK\$46.51 million (year ended 31 December 2020: HK\$8.47 million). Profit attributable to this business segment amounted to HK\$2.12 million for the Year Under Review (year ended 31 December 2020: HK\$2.95 million loss).

During the Year Under Review, the Group expanded its wine product portfolio to a broader range and other beverage categories to capture the demand of young consumer in addition to the existing target group of customers. Besides trading of red wine, trading of white wine, champagne and sparkling wine, whisky, Moutai and Chinese tea leaf were recorded in the Year Under Review.

The Group is conducting its sales through three channels: (i) direct sales; (ii) online sales; and (iii) wholesale. The Group maintains the alliance with a reputable distributor for sale of premium wine.

## Fund Investment

As at 31 December 2021, the Group has the following investment in funds:

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

On 23 June 2021, the Company as the Vendor and Orient Finance Holdings (Hong Kong) Limited (“Orient Finance”) as the Purchaser entered into a Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and Orient Finance conditionally agreed to purchase the Company’s entire right, title and interest in certain amount of Class B Shares (“Sale Shares”) in the Sub-Fund of SPC at the Consideration of no more than US\$8,000,000 (equivalent to approximately HK\$62,400,000) with a post-completion guarantee clause that in the event that the SPC redeems the participating shares held by the Purchaser at the expiry of the investment term of the Sub-Fund (i.e. 2 June 2022), the sum of entitlement of the Purchaser as the holder of the Sale Shares comprising the aggregate of all the returns, distributions, income, and other payments received or accrued on the Sale Shares since Completion plus the redemption proceeds paid or payable to the Purchaser is less than the Consideration paid by the Purchaser, the Vendor shall pay to the Purchaser such shortfall within five (5) business days upon receipt of written notice from the Purchaser. Proceeds of the Disposal will be used to repay the outstanding loan in the amount of US\$6,000,000 (equivalent to approximately HK\$46,590,000), together with all accrued interest, owing from the Company to Orient Finance under a revolving loan facility granted by Orient Finance to the Company on 1 January 2018 pursuant to the Facility Agreement. As Orient Finance is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. The transaction was approved by Independent Shareholders in an EGM held on 12 August 2021. At 27 August 2021, 7,900 shares was sold to Orient Finance at the consideration of US\$7.51 million.

As at 31 December 2021, the fair value of the fund investment was HK\$28.83 million (31 December 2020: HK\$165.70 million), representing 5.3% of the total asset of the Group (31 December 2020: 17.3%). The Fund’s fair value dropped substantially on the last quarter of 2021 due to the market value of those bonds issued by PRC properties developers in the Fund’s portfolio decreased sharply upon the PRC government’s tightened control policies over credit.

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

- ii) The Group launched a US dollar debt fund (the “US Dollar Debt Fund”) in February 2020 through injection of two investment bonds valued at approximately US\$15.42 million at the date of injection. The aim of the US Dollar Debt Fund is to invest in medium to long term notes to obtain steadily interest income as well as capital appreciation. The US Dollar Debt Fund is open to external professional investors and is managed by OCI Asset Management Company Limited, the Group’s asset management subsidiary. The fund manager closely monitors the market value of the investment notes within the portfolio of the fund and try to capture any opportunities to acquire investment notes at low value and to dispose those investment notes at a higher price to obtain capital gain in addition to obtain interest return. Further details of the investment portfolio of the US Dollar Debt Fund is set out under “Securities Trading and Investments – US Dollar Debt Fund” below.
- iii) On 2 March 2021, OCI Capital Limited (“the Subsidiary”) executed a subscription agreement, pursuant to which the Subsidiary agreed to subscribe for the Class A Shares attributable to OCI Equities Fund SP (“the Sub-Fund”) in an aggregate amount 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. After payment of the Class A Expected Fixed Return, each Class B Share is entitled to a simple fixed return of 10.5% per annum on its initial offer price or its subscription price as at the Closing Day or the relevant subscription day (“Class B Expected Fixed Return”). The Class B 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 the Target Project or the share of the Target Company through the three years term. The Sub-Fund is managed by the Group’s asset management subsidiary with a management fee equal to 1.8% per annum of the total subscription amount of the Sub-Fund.

Details of the Sub-Fund subscription are disclosed in the Company’s announcement date 2 March 2021.

As at 31 December 2021, the fair value of the fund investment was HK\$96.92 million (31 December 2020: nil), representing 17.8% of the total Asset of the Group (31 December 2020: nil). The fair value is determined by the expected cash flows with the appropriate discount rate of each cash flow.

## **Securities Trading and Investments**

After disposal of the entire listed equity securities investment during the year 2020, the Group focus on investing in fixed income products in 2021. Dividend income, income from debt investments, gain or loss on disposal of financial assets, and the change in fair value of the financial assets recognized under this segment for the Year Under Review amounted to negative HK\$62.76 million (year ended 31 December 2020: HK\$50.49 million). Losses attributed to this business segment amounted to HK\$130.72 million (year ended 31 December 2020: Profit HK\$23.34 million), mainly due to the change in fair value of investments amounting to HK\$69.50 million loss (year ended 31 December 2020: HK\$2.80 million gain) and a provision for post-completion value guarantee of approximately HK\$58.57 million (2020: nil).

### ***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.

The Group obtains leverage on the fixed income products through entering into financial arrangements with financial institutions through US dollar bond linked notes and repurchase agreements. Through these arrangements, the Company only needs to pay part of the market value of the underlying assets as upfront payment, upon maturity, the Company will receive the return of the underlying asset net of the pre-agreed funding cost.

As at 31 December 2021, the Group held interests in the following debt securities which are recognised as debt investments carried at amortised costs and at fair value in the consolidated statement of financial position of the Group as at that date:

- (i) US\$15 million 10% senior secured guaranteed notes (“RD Note”) issued by Rundong Fortune Investment Limited (“RD Note Issuer”) matured on 15 April 2019. The RD Note was secured by a charge over 78,000,000 shares of China Rundong Auto Group Limited (China Rundong Charged Shares), a company listed on the Stock Exchange (stock code: 1365). The Group issued an EOD Notice to the RD Note Issuer and demanded for payment from RD Note Issuer on 16 April 2019. Then the Group sold 2,019,000 China Rundong Charged Shares and subsequently also contracted with LanHai International Trading Limited (覽海國際貿易有限公司) and Ms. Ding Yi (丁怡) (“RD Charged Share Purchasers”), to sell the remaining 75,981,000 China Rundong Charged Shares (“Remaining RD Shares”) for HK\$80 million. On 16 August 2019, a Writ of Summons to RD Charged Share Purchasers was filed to the High court of Hong Kong Special Administrative Region, for details, please refer to our annual report 2019. Up to the date of this report, 8,310,000 RD Charges Shares was disposed in open market for cash return of HK\$8.76 million. The total exposure as at 31 December 2021 was HK\$107.53 million (31 December 2020: HK\$108.14 million) after amounts recovered from the sale of part of collateral.

The legal proceedings between the Group against the RD Charged Share Purchasers is still in progress. During the year ended 31 December 2020, the Company attended the mediation but no agreement was reached with the RD charges Share Purchasers. Further Witness Statement was exchanged and our case management conference hearing was held on 29 November 2021.

The case trial date is now fixed on 5 October 2023.

As at 31 December 2021, the carrying amount of the RD Note was HK\$NIL (31 December 2020: HK\$17.98 million), after a provision for impairment loss as at 31 December 2021 of HK\$107.53 million (31 December 2020: HK\$90.17 million), representing NIL% of the consolidated total assets of the Group (31 December 2020: 1.9%).

As the trading of the RD Charged Share was suspended since 1 April 2021 and the chance of trading resumption is remote, full impairment provision is made against RD Note.

- (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.

The Group issued in October 2018 an EOD Notice to the SP Note Issuer and demanded 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 (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 please refer to our 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 Plan scheduled to resolve the defaulted debts and part of the related interest due through business restructuring and improving fund pool through disposal of certain assets or investments. The Restructuring Plan will last through 2021 to 2028. The Company is registered as one of the Sanpower’s debtors and will be notified by Sanpower Group for their updates on the Restructuring Plan.

The total exposure of the SP Note as at 31 December 2021 was HK\$101.36 million (31 December 2020: HK\$100.78 million). As at 31 December 2021, the carrying amount of the SP Note was HK\$33.47 million (31 December 2020: HK\$20.24 million), after a provision for impairment loss as at 31 December 2021 of HK\$67.89 million (31 December 2020: provision HK\$80.55 million), representing 6.1% of the consolidated total asset of the Group (31 December 2020: 2.1%).

Valuation of the carrying amount of the SP Note was based on the closing price as at 31 December 2021 of 131,000,000 C.banner Shares (31 December 2020: 131,000,000) that secured the SP Note of HK\$0.365 per share (31 December 2020: HK\$0.22) and a lack of marketability discount of 30% (31 December 2020: 30% discount) was applied.

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

As at 31 December 2021, the Group is the only investor of this fund and all the debt investments in this fund is regarded as proprietary trade in the Group's financial statements. Carrying value of each of those debt investments in the fund is less than 5% of the consolidated total assets of the Group. The details of the debt investments in the US Dollar Debt Fund as at 31 December 2021 are as follows:

- (i) US\$2.69 million (face value) of 9% guaranteed bond 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. Independent valuer is engaged to assess the expected credit loss of the CFLD Note in major credit rating agencies.

As at 31 December 2021, the carrying amount of the CFLD Note was HK\$8.03 million (31 December 2020: HK\$8.41 million), after a provision for impairment loss from expected credit loss assessment as at 31 December 2021 of HK\$12.93 million (31 December 2020: HK\$13.07 million), representing 1.5% of the consolidated total assets of the Group (31 December 2020: 0.9%).

- (ii) US\$1.3 million (face value) of 7.25% senior unsecured bond issued by Greenland Global Investment Limited maturing on 12 March 2022 ("GL Note");

As at 31 December 2021, the carrying amount of the GL Note is HK\$10.14 million (31 December 2020: HK\$10.03 million), representing 1.9% of the consolidated total assets of the Group (31 December 2020: 1.0%).

### ***US dollar bond linked notes***

All brought forward investments in US dollar bond linked notes were redeemed upon maturity in the Year Under Review.



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

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

On 27 December 2021 half of the investment in OCI Real Estate Fund I SP was redeemed by the Issuer, hence the Group also redeemed 10,000,000 units in the said HK Dollar Fund Linked Note in early January 2022. Interest income from the HK Dollar Fund Linked Note amounted HK\$1.05 million for the Year Under Review.

### **Equity Securities**

The Group did not re-activate its listed securities investment portfolio during the Year Under Review in view of the downturn of the market sentiment due to the outbreak of the COVID-19 pandemic after the Group disposed of the entire listed securities investment portfolio to cut losses on stocks with adverse performance in the last quarter of 2020. Hence, there is no turnover and income or loss for the Year Under Review from listed securities investment (year ended 31 December 2020: realised loss of HK\$4.48 million) and there is no dividend income from listed equity investment for the Year Under Review (year ended 31 December 2020: HK\$0.40 million).

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

As at 31 December 2021, the Group has one fixed-rate, unsecured revolving facilities of US\$100 million from Cheer Hope Holdings Limited, one of our substantial shareholders. The outstanding principal amount of the loan as at 31 December 2021 amounted to US\$11 million. Other outstanding loans brought forward from last year were settlement within the Year Under review upon maturity.

The gearing ratio of the Group as at 31 December 2021 is 24.6% (31 December 2020: 86.9%), calculated based on total borrowings (including borrowings, obligations under Repo and lease liabilities) of HK\$91.59 million (31 December 2020: HK\$430.04 million) divided by shareholders' equity of HK\$372.79 million (31 December 2020: HK\$495.00 million) as at that date.

The Group's bank balances and cash as at 31 December 2021 amounted to HK\$313.01 million (31 December 2020: HK\$338.01 million). Its total assets as at the same date were HK\$544.67 million (31 December 2020: HK\$956.62 million).

The Group recorded net current asset of HK\$367.21 million (31 December 2020: HK\$461.28 million) and inventories increased from HK\$5.65 million as at 31 December 2020 to HK\$7.29 million as at 31 December 2021. The current ratio of 3.1 times (31 December 2020: 2.0 times) is calculated based on the current assets of HK\$539.09 million (31 December 2020: HK\$917.26 million) over the current liabilities of HK\$171.88 million (31 December 2020: HK\$455.98 million).

As at 31 December 2021 and 31 December 2020, the issued capital of the Company was HK\$15 million.

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITION AND DISPOSAL**

Saved as disclosed in the consolidated financial statements and in this announcement, the Group did not carry out any material acquisition nor disposal of any subsidiary during the Year Under Review.

## **PROSPECTS FOR THE YEAR 2022 AND DEVELOPMENT PLAN**

Global economy has been affected by the coronavirus pandemic for over two years and is still ongoing! However, economic recovery started from the lows of mid-2020 with high levels of both monetary and fiscal policy support from central governments. The world has changed over the last two years and many economies are still struggling to readjust. High rates of inflation are an important symptom of this readjustment process. To a large extent, they reflect a mismatch between the recovery of demand and supply. We can see this in disruption to global production and supply chains but also in labour markets.

Strong growth rates in 2021 are likely to be followed by only a slight moderation in 2022. The Asian's economic dynamism will make for an exciting 2022 after a challenging 2021. Chinese economic stabilisation is likely to benefit many regional assets while the US region's economic growth will slow down in face of interest rise and monetary tightening.

The Group will stay focus on development of asset management business. The Group targets to structure more project funds for the asset management business as HKEX's creation of a listing regime for special purpose acquisition companies (SPACs) takes effect on 1 January 2022. That is a good mechanism to facilitate the Group to turn some of these structured project funds into listed companies. The Group has submitted an application to HKEX for listing of a SPAC, named Pisces Acquisition Corporation, on 2 March 2022.

On the other hand, the Group will build up more licensed business in PRC through strategic acquisition or joint venture with PRC corporations.

Meanwhile, more resources will be allocated for the development of Type 1 (securities trading) business as asset management is our main stream for income generation. We need to improve our hardware and software for the changing business environment for this sector.

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. Management intend to accept crypto currency as one of the settlement means for trading of wine and other beverages in 2022 and hope that can improve the trading performance. We expect to keep the same pace of 2021 as the existing pandemic condition prevail.

## **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 2020: Nil). The Board did not recommend any dividend payment for the Year Under Review (year ended 31 December 2020: Nil).

## **PLEDGE OF ASSETS**

As at 31 December 2021, no secured borrowings were outstanding after the secured term loan of HK\$155 million with a local bank was fully settled when fall due.

## **CAPITAL COMMITMENTS**

As at 31 December 2021, no capital commitments were reported (31 December 2020: Nil).

## **CONTINGENT LIABILITIES**

As at 31 December 2021 and 31 December 2020, the Directors are not aware of any material contingent liabilities.

## **EMPLOYEE POLICY**

As at 31 December 2021, the Group employed 5 employees in the PRC and employed 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.

## **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 "CG Code") during the Year Under Review as set out in Appendix 14 to the Listing Rules with the following exceptions.

The Code Provision A.2.1 in respect of the separation of roles of the chairman of the Board and chief executive of the Company. During the Year, the role of Chief Executive Officer of the Company has been performed by Mr. Wu Guangze. During the period from 1 November 2020 to 7 March 2021, the Company did not have a chairman, the role of the chairman was carried out by the executive Directors.

Following the appointment of Mr. Jiao Shuge ("Mr. Jiao") as the Chairman of the Board on 8 March 2021, the roles of the Chairman and the Chief Executive Officer are served by different individuals to achieve a balance of authority and power, which is in compliance with the Code Provision A.2.1 of the CG Code.

The Code Provisions A.1.3 and A.7.1 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, and the agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least three days before the intended date of a board or board committee meeting (or such other period as agreed).

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

The Code provision A.2.7 of the CG code provides that the Chairman should at least annually hold meetings with the independent non-executive Directors of the Company (the "INED") without the presence of other directors. During the Year, no meeting was held between Mr. Jiao, the Chairman, and the INEDs without the presence of other directors due to business engagements. Since the INEDs have communicated and discussed with the Chairman directly from time to time to share their view on the Company's affairs, therefore, the Company considered that there were sufficient channels and communication for discussion of the Company's affairs between the Chairman and INEDs.

The Code Provision C.1.2 of the CG Code, stipulates that the management shall provide all members of the Board with monthly updates. During the Year, the executive Directors and chief financial officer have provided and will continue to provide to all Directors updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the Code Provision C.1.2.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 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 Under Review.

## **AUDIT COMMITTEE**

The annual financial results for the Year Under Review 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. Tso Siu Lun Alan, Mr. Li Xindan and Dr. Lo Wing Yan, William.

## **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 2021 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](http://www.hkexnews.hk) and the Company's website at [www.oci-intl.com](http://www.oci-intl.com). The 2021 annual report will also be published on the website of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of Company at [www.oci-intl.com](http://www.oci-intl.com) and will be despatched to the Shareholders in due course.

## **APPRECIATION**

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

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

Hong Kong, 31 March 2022

*As at the date of this announcement, the Directors are Mr. Jiao Shuge\* (Chairman), Mr. Wu Guangze (Chief Executive Officer), Mr. Feng Hai, Mr. Wei Bin, Ms. Zheng Xiaosu\*, Mr. Chang Tat Joel\*\*, Mr. Tso Siu Lun Alan\*\*, Mr. Li Xindan\*\* and Dr. Lo Wing Yan William\*\*.*

\* *Non-executive Director*

\*\* *Independent non-executive Director*