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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 2022

FINANCIAL HIGHLIGHTS

(HK\$'000)

	2022	2021	Change in %
Revenue	30,645	73,232	(58.2%)
From asset management	28,274	85,450	(66.9%)
From investment and financial advisory services	531	4,030	(86.8%)
From underwriting and placing of securities	1,560	–	NA
Sales of goods	29,341	46,509	(36.9%)
From securities trading and investments	(29,061)	(62,757)	(53.7%)
Net loss from operations	(73,229)	(107,218)	(31.7%)
Net loss for the year	(78,211)	(122,622)	(36.2%)
EBITDA	(65,859)	(101,146)	(34.9%)
Loss per share			
– basic (HK cents)	(5.05)	(8.18)	(38.3%)
Total Assets	417,562	544,669	(23.3%)
Net Assets	293,640	372,793	(21.2%)

Revenue for the year ended 31 December 2022 (the “Year Under Review”) decreased by approximately 58.2% to HK\$30.65 million (2021: HK\$73.23 million). The decrease in revenue was mainly due to the decrease in income from asset management services, investment and financial advisory services and trading of wine and beverage which was offset by the decrease in net loss from securities trading and investments business.

After impairment loss on financial assets of HK\$25.11 million (2021: HK\$3.96 million) and provision for post-completion guarantee of nil (2021: HK\$58.57 million), loss from operations for the Year Under Review amounted to HK\$73.23 million (2021: HK\$107.22 million).

For the same token, loss for the Year Under Review decreased from HK\$122.62 million for the year ended 31 December 2021 to HK\$78.21 million. EBITDA was a loss of HK\$65.86 million for the Year Under Review (2021: loss of HK\$101.15 million).

Loss per share (basic) attributable to owner of the Company decreased from HK8.18 cents for the year ended 31 December 2021 to HK5.05 cents for the Year Under Review.

The board of directors (the “Board”) of OCI International Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 together with the comparative figures for the corresponding year in 2021 as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2022**

(Expressed in Hong Kong dollars)

	NOTE	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue</i>	4		
Revenue from asset management		28,274	85,450
Revenue from investment and financial advisory services		531	4,030
Income from underwriting and placing of securities		1,560	–
Sales of goods		29,341	46,509
Loss from securities trading and investments		(29,061)	(62,757)
		<u>30,645</u>	<u>73,232</u>
Cost of sales and services rendered		(35,459)	(71,791)
		(4,814)	1,441
Other income	5	8,249	2,902
Selling and distribution costs		(71)	(53)
General and administrative expenses		(51,486)	(48,985)
Impairment losses on financial assets		(25,107)	(3,958)
Provision for post-completion guarantee		–	(58,565)
Loss from operations		(73,229)	(107,218)
Finance costs	6(a)	(5,993)	(10,063)
Share of profits of joint venture		1,011	–
Loss before taxation	6	(78,211)	(117,281)
Income tax	7	–	(5,341)
Loss for the year		(78,211)	(122,622)
Attributable to:			
Equity shareholders of the Company		(75,708)	(122,622)
Non-controlling interests		(2,503)	–
Loss for the year		(78,211)	(122,622)
Loss per share	9		
– Basic and diluted		HK(5.05) cents	HK(8.18) cents

	NOTE	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year		(78,211)	(122,622)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(946)</u>	<u>411</u>
Total comprehensive expense for the year		<u>(79,157)</u>	<u>(122,211)</u>
Attributable to:			
Equity shareholders of the Company		(76,482)	(122,211)
Non-controlling interests		<u>(2,675)</u>	<u>–</u>
Total comprehensive expense for the year		<u>(79,157)</u>	<u>(122,211)</u>

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

	NOTE	As at 31 December 2022 HK\$'000	As at 31 December 2021 HK\$'000
Non-current assets			
Property, plant and equipment		22,360	5,583
Interest in joint venture		5,101	–
Rental deposits		1,086	–
		<u>28,547</u>	<u>5,583</u>
Current assets			
Inventories		6,256	7,293
Trade receivables	11	7,431	9,463
Deposits, prepayments and other receivables		17,150	11,942
Debt investments at amortised cost	10	17,350	51,638
Financial assets at fair value through profit or loss	12	110,260	145,744
Cash and cash equivalents		230,568	313,006
		<u>389,015</u>	<u>539,086</u>
Current liabilities			
Contract liabilities		1,548	9,169
Accruals and other payables		12,022	6,961
Amount due to a related party		46,930	–
Borrowings		46,861	85,768
Provision for post-completion guarantee		–	58,565
Lease liabilities		7,089	5,823
Current tax payable		337	5,590
		<u>114,787</u>	<u>171,876</u>
Net current assets		<u>274,228</u>	<u>367,210</u>
Total assets less current liabilities		302,775	372,793
Non-current liability			
Lease liabilities		9,135	–
NET ASSETS		<u><u>293,640</u></u>	<u><u>372,793</u></u>

	NOTE	As at 31 December 2022 <i>HK\$'000</i>	As at 31 December 2021 <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		14,998	14,998
Reserves		<u>285,663</u>	<u>357,795</u>
Total equity attributable to equity shareholders of the Company		300,661	372,793
Non-controlling interests		(7,021)	<u>–</u>
TOTAL EQUITY		<u>293,640</u>	<u>372,793</u>

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Non- controlling interests	Total equity
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>		
Balance at 1 January 2021	14,998	498,790	(417)	(919)	(17,448)	495,004	-	495,004
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>
Changes in equity for 2022:								
Loss for the year	-	-	-	-	(75,708)	(75,708)	(2,503)	(78,211)
Other comprehensive expense for the year	-	-	(774)	-	-	(774)	(172)	(946)
Total comprehensive expense	-	-	(774)	-	(75,708)	(76,482)	(2,675)	(79,157)
Contributions by non-controlling shareholders to newly incorporated subsidiaries	-	-	-	-	-	-	4	4
Partial disposal of a subsidiary to a non-controlling shareholder	-	-	-	4,350	-	4,350	(4,350)	-
Balance at 31 December 2022	<u>14,998</u>	<u>498,790</u>	<u>(780)</u>	<u>3,431</u>	<u>(215,778)</u>	<u>300,661</u>	<u>(7,021)</u>	<u>293,640</u>

Notes to the Financial Statements

1. GENERAL

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

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

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with 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 HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Asset management	28,274	85,450
– Investment and financial advisory services	531	4,030
– Income from underwriting and placing of securities	1,560	–
– Trading of wines and beverage	29,341	46,509
	<u>59,706</u>	<u>135,989</u>
Revenue from other sources		
Income from debt investments:		
– Interest income from debt investments at amortised cost	145	3,181
– Income from debt investments at fair value through profit or loss	950	9,992
	<u>1,095</u>	<u>13,173</u>
Change in fair value of financial assets at fair value through profit or loss	(30,156)	(69,502)
Dividend income	–	6,200
Gain on disposal of debt investments at amortised cost	–	464
Loss on disposal of financial assets at fair value through profit or loss	–	(13,092)
	<u>(29,061)</u>	<u>(62,757)</u>
Total	<u>30,645</u>	<u>73,232</u>

(b) Segment reporting

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

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

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

Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 are set out below.

For the year ended 31 December 2022

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

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

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 certain other income, finance costs and unallocated corporate and other expenses. This is the information reported to the CODM for the purposes of resources allocation and performance assessment.

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank Interest income	178	169
Income from termination of a memorandum of understanding	6,386	3,201
Government grants	468	–
Gain (loss) on disposal of property, plant and equipment	120	(469)
Sundry income	1,097	1
	8,249	2,902

6. LOSS BEFORE TAXATION

Loss before taxation is arrived after charging (crediting):

(a) Finance costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	–	1,093
Interest on other borrowings	4,881	7,300
Interest on lease liabilities	304	381
Interest on amount due to a related party	164	–
Other borrowing costs	644	1,289
	<u>5,993</u>	<u>10,063</u>

(b) Staff costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Directors' emoluments		
– fees and other emoluments	3,630	3,600
Other staff costs		
– salaries, allowances and bonus	17,864	17,082
– retirement benefits scheme contributions	750	633
	<u>22,244</u>	<u>21,315</u>

(c) **Other items**

	2022 HK\$'000	2021 <i>HK\$'000</i>
Depreciation charge		
– owned property, plant and equipment	338	307
– right-of-use assets	6,021	5,765
	6,359	6,072
Impairment losses recognised (reversed)		
– debt investments	24,326	4,535
– trade and other receivables	781	(577)
	25,107	3,958
Auditors' remunerations		
– audit services	1,228	1,196
– other services	170	170
	1,398	1,366
Legal and professional expenses	6,247	6,874
Commission fee relating to asset management business	8,400	29,600
Cost of inventories		
– cost of sales	27,059	42,191
– general and administrative expenses	1,539	–
	28,598	42,191

7. INCOME TAX

	2022 HK\$'000	2021 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	5,341
	–	5,341

- (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) No provision for Hong Kong Profits Tax has been provided for in the consolidated financial statements as the Group has no estimated assessable profits for the year ended 31 December 2022.

For the year ended 31 December 2021, 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 (2021: Nil).

9. BASIC AND DILUTED LOSS PER SHARE

	2022 HK\$'000	2021 HK\$'000
Loss attributable to equity shareholders of the Company	<u>(75,708)</u>	<u>(122,622)</u>
Weighted average number of ordinary shares in issue	<u>1,499,749,920</u>	<u>1,499,749,920</u>

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

For the years ended 31 December 2022 and 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.

10. DEBT INVESTMENTS AT AMORTISED COST

	2022 HK\$'000	2021 HK\$'000
Corporate debt securities	230,856	239,990
Less: Loss allowance	<u>(213,506)</u>	<u>(188,352)</u>
Total debt investments at amortised cost, net of loss allowance	<u>17,350</u>	<u>51,638</u>

11. TRADE RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade debtors in respect of wines and beverage trading	34	–
Fees receivable from asset management, net of loss allowance	<u>7,397</u>	<u>9,463</u>
	<u>7,431</u>	<u>9,463</u>

All of the trade receivables are carried at amortised cost.

Ageing analysis

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 to 60 days	<u>34</u>	<u>–</u>
	<u>34</u>	<u>–</u>

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 to 60 days	889	3,669
61-90 days	484	1,517
91-180 days	1,466	3,093
181-365 days	1,739	1,182
Over 365 days	<u>2,819</u>	<u>2</u>
	<u>7,397</u>	<u>9,463</u>

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

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$'000	2021 <i>HK\$'000</i>
HK Dollar Fund linked note	–	20,000
Unlisted investment funds		
– ICBC US Dollar Debt Fund SP	–	28,827
– OCI Equities Fund SP	92,013	96,917
– OCI Real Estate Fund SP	4,620	–
Investments in listed securities	13,540	–
Investments in listed warrants	<u>87</u>	<u>–</u>
Total financial assets at fair value through profit or loss	<u>110,260</u>	<u>145,744</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the year ended 31 December 2022 (the “Year Under Review”), the Group continued to focus on the development of asset management and investment and financial advisory businesses. Apart from Type 4 (advising on securities) and Type 9 (asset management) licenses issued by the Securities and Future Commission of Hong Kong (the “SFC”) which were granted to the Group in May 2018, the Group had obtained Type 1 (dealing in securities) license granted by SFC on 28 July 2021. The Group’s asset management and financial advisory businesses target high-net-worth individuals and institutional investors such as financial institutions, asset management companies and other investment companies. Over the past few years, assets under management (“AUM”) managed by the licensed asset management subsidiary of the Group, namely OCI Asset Management Company Limited (“OCIAM”), 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 increased 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 was US\$668 million and the number of funds under our management increased to 16. However, the AUM managed by OCIAM as at 31 December 2022 lowered to US\$270 million from 11 funds mainly due to partial redemption of investment by investors, maturity and termination of funds.

The Group had expanded its wine product portfolio to a broader range and other beverage categories (including red wine, white wine, champagne and sparkling wine, whisky, Moutai and Chinese tea leaf) to capture the demand of young consumer in addition to the existing target group of customers. However, affected by the COVID-19 pandemic and related government control policies, revenue from trading of wines and beverage decreased to HK\$29.34 million for the Year Under Review as compared to HK\$46.51 million for last year.

On 29 March 2022, the Company entered into a non-legally binding strategic cooperation agreement with Beijing Bicai Big Data Technology Company Limited and Bicai Big Data Technology (HK) Company Limited (“BicaiHK”) for Fintech related business. Subsequent to entering into the cooperation agreement, a Hong Kong company was established in April 2022 owned as to 50% by the Group and 50% by BicaiHK. The strategic cooperation was in an early stage and yet to generate any revenue for the Year Under Review.

Facilitated by the creation of a listing regime by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for special purpose acquisition companies (“SPACs”) taking effect on 1 January 2022, the Group has submitted an application to the Stock Exchange for listing of a SPAC, named Pisces Acquisition Corporation, on 2 March 2022. Pisces Acquisition Corporation is a Cayman Islands exempted company and is incorporated for the purpose of effecting an initial business combination with one or more businesses. Up to the date of this announcement, the application of listing was still in progress.

The Group recorded total revenue of HK\$30.65 million for the Year Under Review (year ended 31 December 2021: HK\$73.23 million). The decrease in revenue was mainly due to the decrease in income from asset management services, investment and financial advisory services and trading of wine and beverage which was offset by the decrease in net loss from securities trading and investments business.

The consolidated net loss of HK\$78.21 million was incurred by the Group for the Year Under Review (year ended 31 December 2021: HK\$122.62 million). The decrease in consolidated net loss was mainly due to the decrease in provision for a post-completion value guarantee from HK\$58.57 million for the year ended 31 December 2021 to nil for the Year Under Review which was offset by the decrease in revenue as discussed above and the increase in impairment loss on financial assets by HK\$21.15 million (mainly arising from the Group’s investment in the senior secured guaranteed notes issued by Sanpower (Hong Kong) Company Limited and the guaranteed bonds issued by CFLD (Cayman) Investment Limited).

Asset Management Services

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

As at 31 December 2022, OCIAM was engaged in the management of 11 funds (31 December 2021: 16) including the self-invested US Dollar Debt Fund with fund size varying from US\$0.22 million to US\$83.77 million. The number of institutional investors reduced from 35 to 24. Asset management income for the Year Under Review was HK\$28.27 million (year ended 31 December 2021: HK\$85.45 million). The decrease in number of funds and the asset management income was mainly attributed to the partial redemption of investment by investors, maturity and termination of funds.

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

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

Investment and Financial Advisory Services

The Group’s investment advisory services mainly relate to advising US dollar debts related investments. As at 31 December 2022, OCIAM was not engaged in advising any funds (31 December 2021: was engaged in advising 3 funds with fund size from US\$19.05 million to US\$60.39 million).

Investment advisory services fee income amounting to HK\$0.53 million was recorded by the Group for the Year Under Review (year ended 31 December 2021: HK\$4.03 million).

Underwriting and Placing Services

After obtaining Type 1 (dealing in securities) license granted by SFC on 28 July 2021, the Group is able to provide underwriting, sub-underwriting and placing of securities services. The Group had participated in total of 5 bond issuance transactions during the Year Under Review (year ended 31 December 2021: 2). These provided opportunities for the Group to build up relationship with leaders in underwriting business and acquaint with the market practice in underwriting business. During the Year Under Review, the Group recorded income from underwriting and placing of securities of HK\$1.56 million (year ended 31 December 2021: nil).

Trading of wines and beverage

The COVID-19 pandemic prevention and control measures like entry restrictions, compulsory quarantine for inbound travelers, social distancing practices and restrictions on group gathering had hindered most of the consumption activities during the Year Under Review, the Group recorded a turnover of HK\$29.34 million (year ended 31 December 2021: HK\$46.51 million). Loss attributable to this business segment amounted to HK\$1.12 million for the Year Under Review (year ended 31 December 2021: profit of HK\$2.12 million).

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

Fund Investment

As at/during the year ended 31 December 2022, the Group had the following investment in funds:

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

On 23 June 2021, the Company as the Vendor and Orient Finance Holdings (Hong Kong) Limited (“Orient Finance”) as the Purchaser entered into a Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and Orient Finance conditionally agreed to purchase the Company’s entire right, title and interest in certain amount of Class B (“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.

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

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

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

For the provision of the post-completion guarantee of US\$7.51 million payable to Orient Finance, US\$1.50 million was settled during the Year Under Review. Based on the repayment terms agreed with Orient Finance, the remaining balance of US\$6.01 million (equivalent to HK\$46.93 million) will be settled within the year 2023.

- (ii) The Group launched a US dollar debt fund (the “US Dollar Debt Fund”) in February 2020 through injection of two investment bonds valued at approximately US\$15.42 million at the date of injection. The aim of the US Dollar Debt Fund is to invest in medium to long term notes to obtain steadily interest income as well as capital appreciation. The US Dollar Debt Fund is open to external professional investors and is managed by OCIAM. The fund manager closely monitors the market value of the investment notes within the portfolio of the fund and try to capture any opportunities to acquire investment notes at low value and to dispose those investment notes at a higher price to obtain capital gain in addition to obtain interest return. Further details of the investment portfolio of the US Dollar Debt Fund is set out under “Securities Trading and Investments – US Dollar Debt Fund” below.
- (iii) On 2 March 2021, the Group through its subsidiary, OCI Capital Limited, subscribed for 100 Class A Shares of OCI Equities Fund SP (“the Sub-Fund”) at a consideration of HK\$95,000,000 (representing approximately 19% of the investment funds raised). Class B shareholder and Class C shareholder will contribute HK\$80,000,000 (representing approximately 16% of the investment funds raised) and HK\$325,000,000 (representing approximately 65% of the investment funds raised) to subscribe for Class B Shares and Class C Shares, respectively.

Provided that the Sub-Fund has sufficient distributable assets, each Class A Share is entitled in priority (over Class B Shares) to a simple fixed return of 5% per annum on its initial offer price or its subscription price as at the closing day or the relevant subscription day (“Class A Expected Fixed Return”). The Class A Expected Fixed Return will be payable annually. 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. The Group received the first annual Class A Expected Fixed Return of HK\$4.75 million in April 2022.

Investment objective of the Sub-Fund is to achieve medium to long-term capital appreciation through direct or indirect acquisition, holding, and distribution or other disposition of a properties development project in Foshan, the PRC through the three years term.

As at 31 December 2022, the fair value of the fund investment was HK\$92.01 million (31 December 2021: HK\$96.92 million), representing 22.0% of the total asset of the Group (31 December 2021: 17.8%). The fair value was determined by the present value of expected cash flows with the appropriate discount rate of each cash flow and adjusted for fund specific credit risk.

Securities Trading and Investments

Dividend income, income from debt investments, 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, in total, amounted to a loss of HK\$29.06 million (year ended 31 December 2021: HK\$62.76 million). Loss attributed to this business segment amounted to HK\$58.30 million (year ended 31 December 2021: HK\$130.72 million), mainly due to the fair value loss of investments amounting to HK\$30.16 million (year ended 31 December 2021: HK\$69.50 million), impairment loss on fixed income investment notes amounting to HK\$24.33 million (year ended 31 December 2021: HK\$4.54 million), and a provision for post-completion value guarantee of nil (31 December 2021: HK\$58.57 million).

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 2022, the Group held interests in the following investments which were recognised as debt investments at amortised cost or financial assets at fair value through profit or loss in the consolidated statement of financial position of the Group:

- (i) US\$15 million 10% senior secured guaranteed notes (“RD Note”) issued by Rundong Fortune Investment Limited (“RD Note Issuer”) matured on 15 April 2019. The RD Note was secured by a charge over 78,000,000 shares of China Rundong Auto Group Limited (China Rundong Charged Shares), a company listed on the Stock Exchange (stock code: 1365). The Group issued an EOD Notice to the RD Note Issuer and demanded for payment from RD Note Issuer on 16 April 2019. Then the Group sold 2,019,000 China Rundong Charged Shares and subsequently also contracted with LanHai International Trading Limited (覽海國際貿易有限公司) and Ms. Ding Yi (丁怡) (“RD Charged Share Purchasers”), to sell the remaining 75,981,000 China Rundong Charged Shares (“Remaining RD Shares”) for HK\$80 million. On 16 August 2019, a Writ of Summons to RD Charged Share Purchasers was filed to the high court of Hong Kong Special Administrative Region, details of which was set out in the Group’s annual report 2019. Up to the date of this announcement, 8,310,000 China Rundong Charged Shares was disposed in open market for cash return of HK\$8.76 million. The total exposure as at 31 December 2022 was HK\$108.33 million (31 December 2021: HK\$107.53 million) after amounts recovered from the sale of part of collateral and exchange difference arising from translation of US\$ to HK\$.

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 Charged Share Purchasers. Further Witness Statement was exchanged and our case management conference hearing was held on 29 November 2021.

The case trial date is fixed on 5 October 2023.

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

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

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

The total exposure of the SP Note as at 31 December 2022 was HK\$101.53 million (31 December 2021: HK\$101.36 million).

As at 31 December 2022, the carrying amount of the SP Note was HK\$15.04 million (31 December 2021: HK\$33.47 million), after a provision for impairment loss as at 31 December 2022 of HK\$86.49 million (31 December 2021: provision HK\$67.89 million), representing 3.6% of the consolidated total asset of the Group (31 December 2021: 6.1%).

Valuation of the carrying amount of the SP Note was based on the closing price as at 31 December 2022 of 131,000,000 C.banner Shares (31 December 2021: 131,000,000) that secured the SP Note of HK\$0.164 per share (31 December 2021: HK\$0.365) and a lack of marketability discount of 30% (31 December 2021: 30% discount) was applied.

US Dollar Debt Fund

As at 31 December 2022, the Group was the only investor of this fund and all the debt investments in this fund were regarded as proprietary trade in the Group's financial statements. Carrying value of each of those debt investments in the fund was less than 5% of the consolidated total assets of the Group. The details of the debt investments in the US Dollar Debt Fund were as follows:

- (i) US\$2.69 million (face value) of 9% guaranteed bond was issued by CFLD Cayman Investment Ltd. maturing on 31 July 2021 ("CFLD Note"). On 9 March 2021, the Group received a notification from our fund administrator that the CFLD Note was defaulted due to a cross default terms of the CFLD Note. On 24 January 2023, a restructuring scheme was approved by the court, under which the creditors were offered with different new bonds for selection by 9 January 2024 to exchange for the CFLD Note. Up to the date of this announcement, the Group was making assessment on the offer and yet to decide the selection of the new bonds. Independent valuer was engaged to assess the expected credit loss of the CFLD Note.

As at 31 December 2022, the carrying amount of the CFLD Note was HK\$2.31 million (31 December 2021: HK\$8.03 million), after a provision for impairment loss from expected credit loss assessment as at 31 December 2022 of HK\$18.68 million (31 December 2021: HK\$12.93 million), representing 0.6% of the consolidated total assets of the Group (31 December 2021: 1.5%).

- (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 December 2021, the carrying amount of the GL Note was HK\$10.14 million, representing 1.9% of the consolidated total assets of the Group.

During the Year Under Review, the GL Note was redeemed upon maturity.

HK Dollar fund linked note

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

balance by the Issuer pursuant to the PPM Supplement of the Fund.

On 27 December 2021, half of the investment in the Fund was redeemed by the Issuer, hence the Group also redeemed half of investment, i.e. HK\$10 million in the said HK Dollar Fund Linked Note in early January 2022. Income from the HK Dollar Fund Linked Note amounted to HK\$1.05 million was recognised for the year ended 31 December 2021.

On 27 June 2022, 40% of the remaining investment in the Fund was redeemed by the Issuer, hence the Group also redeemed 40% of investment, i.e. HK\$4 million in the said HK Dollar Fund Linked Note.

During the second half year of 2022, the Group redeemed all remaining investment in the said HK Dollar Fund Linked Note in exchange of corresponding linked Class B participating shares of the Fund. Income from the HK Dollar Fund Linked Note amounted to approximately HK\$0.95 million was recognised for the Year Under Review. As at 31 December 2022, the carrying amount of the Group's investment in the Fund was HK\$4.62 million.

Equity Securities

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

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

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

The gearing ratio of the Group as at 31 December 2022 was 21.5% (31 December 2021: 24.6%), calculated based on total borrowings (including borrowings and lease liabilities) of HK\$63.09 million (31 December 2021: HK\$91.59 million) divided by total equity of HK\$293.64 million (31 December 2021: HK\$372.79 million) as at that date.

The Group's bank balances and cash as at 31 December 2022 amounted to HK\$230.57 million (31 December 2021: HK\$313.01 million). Its total assets as at the same date were HK\$417.56 million (31 December 2021: HK\$544.67 million).

The Group recorded net current asset of HK\$274.23 million (31 December 2021: HK\$367.21 million) and inventories decreased from HK\$7.29 million as at 31 December 2021 to HK\$6.26 million as at 31 December 2022. The current ratio of 3.4 times (31 December 2021: 3.1 times) is calculated based on the current assets of HK\$389.02 million (31 December 2021: HK\$539.09 million) over the current liabilities of HK\$114.79 million (31 December 2021: HK\$171.88 million).

As at 31 December 2022 and 31 December 2021, 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

Saved as disclosed in Fund Investment above and in this announcement, there is no other significant investment held at 31 December 2022.

MATERIAL ACQUISITION AND DISPOSAL

As disclosed in the Business Review section above, on 23 May 2022, the Group acquired 60% paid up capital of Shandong Civil Aviation Dongsheng from a third party at a cash consideration of RMB3.15 million.

On 27 June 2022, the Group transferred 49% equity interest of Title Success Limited which indirectly hold 60% equity interest of Shandong Civil Aviation Dongsheng to a BVI company wholly owned by a senior management of Shandong Civil Aviation Dongsheng at nil consideration as a motivation of such senior management to continuously enhance the market competitiveness of Shandong Civil Aviation Dongsheng on the conditions that he shall remain as the legal representative, director and general manager of Shandong Civil Aviation Dongsheng within three years from 27 June 2022.

Saved as disclosed above and elsewhere in this announcement, the Group did not carry out any material acquisition nor disposal of subsidiaries, associates and joint ventures during the Year Under Review.

PROSPECTS FOR THE YEAR 2023 AND DEVELOPMENT PLAN

Global economy has been affected by the COVID-19 pandemic for over three years. Following the relaxation of most of the pandemic-related control measures and reopening of borders all over the world, most of the commercial activities have gradually resumed normal. However, economic recovery and long-term prosperity have been loomed over by various uncertainties, including but not limited to, the pace and extent of interest rate hikes and monetary tightening by major central banks amid persistent global inflationary pressures; worries about global economic slowdown; prolonged geopolitical risks related to Ukraine; and energy supply issues in Europe, etc. Looking ahead, the general economies and the Group's operations and development are still challenging.

The Group will stay focus on development of asset management business and actively optimize its investment portfolio with high potential with a view to realizing synergetic effect with existing clients and strategic partners in order to help investors to achieve their wealth appreciation goals through asset management. During the Year Under Review, the Healthcare Investment Fund was set up with a targeted capital commitment to be raised ranging from US\$1.5 billion to US\$1.9 billion, and is expected to invest in the healthcare industry. On the other hand, in addition to the acquisition of 60% equity interest in Shandong Civil Aviation Dongsheng on 23 May 2022, the Group will continue to explore other potential business in the PRC so as to expand the existing business and enhance the Group's performance.

The creation of a listing regime by the Stock Exchange for SPAC since 1 January 2022 provides another means for the Group to expand its asset management business through turning structured project funds into listed companies. The Group has already submitted an application to the Stock Exchange for listing of a SPAC, named Pisces Acquisition Corporation, on 2 March 2022, and the application of listing was still in progress.

The Group had obtained Type 1 (dealing in securities) license granted by SFC on 28 July 2021, more resources will be allocated for the development of this business, including participating in underwriting, sub-underwriting and placing of securities transactions, to diversify the income source of the Group.

For trading of wines and beverages, the Group will keep on with the existing strategy in expanding its wine product portfolio to a broader range and other beverage categories. Attributed to the recent relaxation of most of the pandemic-related control measures in Hong Kong and reopening of borders, especially with Mainland China, it is expected that both commercial and social activities will gradually resume normal, leading to an increase in demand and consumption of wine and beverage products. In order to capture the sales opportunities, the Group has hired additional sales person and plans to conduct more marketing and promotion activities, such as wine tasting campaigns, in the year 2023.

In addition to the existing businesses, the Board will cautiously and diligently explore new potential expansion opportunities, such as Fintech related business, in order to diversify income sources, bring in profits and sustainable growth to the Group.

FOREIGN EXCHANGE RISKS

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

DIVIDEND

No dividends were paid, declared or proposed during the Year Under Review (year ended 31 December 2021: Nil). The Board did not recommend any dividend payment for the Year Under Review (year ended 31 December 2021: Nil).

PLEDGE OF ASSETS

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

As at 31 December 2021, no capital commitments were reported.

CONTINGENT LIABILITIES

As at 31 December 2022 and 31 December 2021, the Directors are not aware of any material contingent liabilities.

EMPLOYEE POLICY

As at 31 December 2022, the Group employed 7 employees in the PRC and employed 26 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 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 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.

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, 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 currently comprises four Independent non-executive Directors of the Company, namely Mr. Chong Ka Yee (chairman of the audit committee), Mr. Tso Siu Lun Alan, Mr. Li Xindan and Dr. Lo Wing Yan, William.

PUBLIC FLOAT

Based on information that was publicly available to the Company and to the best knowledge of the Board, as at the date of this announcement, the Company maintained the prescribed public float of no less than 25% under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 2022 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 2022 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
Jiao Shuge
Non-executive Director (Chairman)

Hong Kong, 31 March 2023

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

* *Non-executive Director*

** *Independent non-executive Director*