OCI International Holdings Limited
東建國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 329)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 (the "Year") together with the comparative figures for the corresponding year in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017	2016
		HK$'000	*HK$'000*
Continuing operations			
Revenue and income			
Sales of goods		**50,033**	2,816
Financial advisory services income		**3,420**	—
Dividend income		**5,337**	—
Income from held-to-maturity investments		**18,021**	—
Gain on disposal of trading securities		**10,029**	—
		86,840	2,816
Cost of goods sold		**(45,700)**	(2,318)
		41,140	498
Other income		**64**	140
Other gains and losses	4	**649**	(422,484)
Selling and distribution costs		**(181)**	(184)
General and administrative expenses		**(41,026)**	(15,559)
Profit (loss) from operations		**646**	(437,589)
Finance costs		**(7,545)**	(144)
Share of loss of joint venture		**(427)**	—
Loss before taxation		**(7,326)**	(437,733)
Income tax expenses	5	**(412)**	(59)
Loss for the year from continuing operations	6	**(7,738)**	(437,792)
Discontinued operations			
Profit (loss) for the year from discontinued operations		**50,322**	(12,105)
Profit (loss) for the year		**42,584**	(449,897)

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Other comprehensive (expenses) income			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
Net movement in fair value reserve			
– Changes in fair value recognised during the year		**—**	(185,622)
– Reclassification adjustments for amounts transferred to profit or loss:			
Loss on disposal of available-for-sale investments		**—**	149,956
		—	(35,666)
Exchange differences arising on translation of foreign operations		**(1,312)**	(5,763)
Release of translation reserve upon disposal of a subsidiary		**(52,026)**	—
		(53,338)	(41,429)
Total comprehensive expenses for the year		**(10,754)**	(491,326)
Profit (loss) for the year attributable to:			
Equity shareholders of the Company		**42,584**	(449,897)
Non-controlling interests		**—**	—
		42,584	(449,897)
Total comprehensive expenses for the year attributable to:			
Equity shareholders of the Company		**(10,754)**	(491,326)
Non-controlling interests		**—**	—
		(10,754)	(491,326)
Earnings (loss) per share	8		
Basic and diluted			
– Continuing operations		**HK(0.73) cents**	HK(41.31) cents
– Discontinued operations		**HK4.75 cents**	HK(1.14) cents
		HK4.02 cents	HK(42.45) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,502**	648
Held-to-maturity investments		**234,000**	—
Interest in joint venture		**1,573**	—
Rental deposits		**1,968**	1,968
		240,043	2,616
Current assets			
Inventories		**12,790**	305
Trade receivables	9	**10,451**	29
Deposits, prepayments and other receivables		**32,776**	827
Trading securities		**82,940**	—
Bank balances and cash			
– Bank balances and cash		**254,497**	401,007
– Bank balances and cash of disposal group		**—**	13,256
		254,497	414,263
		393,454	415,424
Assets of disposal group classified as held for sale		**—**	28,305
		393,454	443,729
Current liabilities			
Trade payables	10	**3**	—
Accruals and other payables		**11,364**	12,815
Taxation payable		**442**	—
Borrowings		**234,000**	—
		245,809	12,815
Liabilities of disposal group classified as held for sale		**—**	34,949
		245,809	47,764
Net current assets		**147,645**	395,965
NET ASSETS		**387,688**	398,581
CAPITAL AND RESERVES			
Share capital		**10,598**	10,598
Reserves		**377,229**	387,983
Total equity attributable to equity shareholders of the Company		**387,827**	398,581
Non-controlling interests		**(139)**	—
TOTAL EQUITY		**387,688**	398,581

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Non-distributable reserve HK$'000 (note a)	Special reserve HK$'000 (note b)	Investment revaluation reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2016	10,598	217,190	59,343	24,737	3,142	35,666	539,231	889,907	–	889,907
Changes in equity for 2016:										
Loss for the year	–	–	–	–	–	–	(449,897)	(449,897)	–	(449,897)
Other comprehensive expenses for the year	–	–	(5,763)	–	–	(35,666)	–	(41,429)	–	(41,429)
Total comprehensive expenses	–	–	(5,763)	–	–	(35,666)	(449,897)	(491,326)	–	(491,326)
Balance at 31 December 2016	10,598	217,190	53,580	24,737	3,142	–	89,334	398,581	–	398,581
Balance at 31 December 2016 and 1 January 2017	**10,598**	**217,190**	**53,580**	**24,737**	**3,142**	**–**	**89,334**	**398,581**	**–**	**398,581**
Changes in equity for 2017:										
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**42,584**	**42,584**	**–**	**42,584**
Other comprehensive expenses for the year	**–**	**–**	**(53,338)**	**–**	**–**	**–**	**–**	**(53,338)**	**–**	**(53,338)**
Total comprehensive income (expenses)	**–**	**–**	**(53,338)**	**–**	**–**	**–**	**42,584**	**(10,754)**	**–**	**(10,754)**
Transaction with owners in their capacity as owners										
Derecognition of other reserves upon disposal of a subsidiary	**–**	**–**	**–**	**(24,737)**	**(3,142)**	**–**	**27,879**	**–**	**–**	**–**
Non-controlling interests arising on acquisition of an immaterial subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(139)**	**(139)**
Balance at 31 December 2017	**10,598**	**217,190**	**242**	**–**	**–**	**–**	**159,797**	**387,827**	**(139)**	**387,688**

Notes:

(a) The non-distributable reserve represents statutory reserves appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China ("PRC") under the PRC laws and regulations.

(b) The special reserve of the Group represents reserve arising pursuant to a group reorganisation that was effected in during the year ended 31 December 2000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) GENERAL INFORMATION

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 name was changed from "Dragonite International Limited" to "OCI International Holdings Limited" and the Company adopted a new Chinese name of "東建國際控股有限公司" to replace "叁龍國際有限公司".

The Company acts as an investment holding company. Its subsidiaries are principally engaged in securities trading and investments, provision of financial advisory services and trading of wines. During the year ended 31 December 2017, the Company sold its entire interest in the operations of pharmaceutical and healthcare businesses through the disposal of a wholly-owned subsidiary Captain Wise Limited. Their results of operations were classified as discontinued operations.

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

(2) APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(3) SEGMENT INFORMATION

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

The Group's reportable and operating segments in its continuing and discontinued operations under HKFRS 8 are as follows:

(a) securities trading and investments

(b) trading of wines

(c) financial advisory services

(d) healthcare products, which are mainly ginseng products (classified as discontinued operations during the years ended 31 December 2017 and 2016)

(e) pharmaceutical products, which are mainly licensed medicines (classified as discontinued operations during the years ended 31 December 2017 and 2016)

(f) money lending (classified as discontinued operations during the year ended 31 December 2016)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2017

	Continuing operations				Discontinued operations			
	Securities trading and investments	Trading of wines	Financial advisory services	Subtotal	Healthcare products	Pharmaceutical products	Subtotal	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Sales of goods	–	50,033	–	50,033	133	25,391	25,524	75,557
Financial advisory services income	–	–	3,420	3,420	–	–	–	3,420
Dividend income	5,337	–	–	5,337	–	–	–	5,337
Income from held-to-maturity investments	18,021	–	–	18,021	–	–	–	18,021
Gain on disposal of trading securities	10,029	–	–	10,029	–	–	–	10,029
	33,387	50,033	3,420	86,840	133	25,391	25,524	112,364
Segment profit (loss)	23,387	1,875	1,155	26,417	(8,398)	1,355	(7,043)	19,374
Other income				2			30	32
Unallocated corporate and other expenses				(25,773)			(2,372)	(28,145)
Gain on disposal of a subsidiary				–			62,298	62,298
Share of loss of joint venture				(427)			–	(427)
Finance costs				(7,545)			(2,591)	(10,136)
Profit (loss) before taxation				(7,326)			50,322	42,996
Income tax expenses				(412)			–	(412)
Profit (loss) for the year				(7,738)			50,322	42,584

For the year ended 31 December 2016

	Continuing operations			Discontinued operations				
	Securities trading and investments	Trading of wines	Subtotal	Healthcare products	Pharmaceutical products	Money lending	Subtotal	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Sales of goods	–	2,816	2,816	308	19,560	–	19,868	22,684
Interest income from loans receivable	–	–	–	–	–	9,540	9,540	9,540
	–	2,816	2,816	308	19,560	9,540	29,408	32,224
Segment (loss) profit	(422,456)	(778)	(423,234)	(21,942)	1,725	9,224	(10,993)	(434,227)
Other income			140				11	151
Unallocated corporate and other expenses			(14,495)				(1)	(14,496)
Finance costs			(144)				(346)	(490)
Loss before taxation			(437,733)				(11,329)	(449,062)
Income tax expenses			(59)				(776)	(835)
Loss for the year			(437,792)				(12,105)	(449,897)

Segment revenue includes proceeds from sales of goods, financial advisory services income, dividend income, income from held-to-maturity investments, gain on disposal of trading securities and interest income from loans receivable.

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

(4) OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Loss on disposal of property, plant and equipment	**(414)**	—
Unrealised gains on trading securities	**1,063**	—
Allowance for bad and doubtful debts	**—**	(28)
Loss on disposal of subsidiaries		
– Disposals of available-for-sale investments through disposal of subsidiaries	**—**	(104,934)
Impairment losses on available-for-sale investments (carried at cost)	**—**	(167,566)
Available-for-sale investments (carried at fair value): reclassified from equity		
– On disposals through disposal of subsidiaries	**—**	(147,419)
– On other disposals	**—**	(2,537)
	—	(149,956)
	649	(422,484)

(5) INCOME TAX EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax	**122**	59
PRC Enterprise Income Tax	**290**	—
	412	59

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these two jurisdictions.

The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong is 16.5% (2016: 16.5%). The PRC Enterprise Income Tax rate is 25% (2016: 25%).

(6) LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Staff costs		
Directors' emoluments		
– fees and other emoluments	**3,203**	3,734
Other staff costs		
– salaries, allowances and bonus	**12,130**	2,869
– retirement benefits scheme contributions	**305**	95
	15,638	6,698
Cost of inventories recognised as an expense	**45,700**	2,318
Direct costs incurred in trading securities	**1,414**	—
Depreciation of property, plant and equipment	**1,040**	612
Operating lease rentals in respect of land and buildings	**6,256**	1,727
Legal and professional expenses	**11,309**	3,020

(7) DIVIDENDS

The Board does not recommend any dividend payment for the year (2016: Nil).

(8) EARNINGS (LOSS) PER SHARE

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

Basic:

	2017	2016
	HK$'000	*HK$'000*
Profit (loss) attributable to equity shareholders of the Company		
– Continuing operations	**(7,738)**	(437,792)
– Discontinued operations	**50,322**	(12,105)
	42,584	(449,897)
Weighted average number of ordinary shares in issue	**1,059,749,920**	1,059,749,920

Diluted:

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares during the years ended 31 December 2017 and 2016. Therefore, the diluted earnings (loss) per share is the same as basic earnings (loss) per share.

(9) TRADE RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**10,451**	23,580
Transfer to assets of disposal group classified as held for sale	**—**	(23,523)
	10,451	57
Less: Allowance for doubtful debts	**—**	(28)
	10,451	29

The Group allows an average credit period from 90 to 120 days (2016: 60 to 270 days) to its trade customers.

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 60 days	**8,824**	29
61 to 90 days	**—**	—
91 to 180 days	**1,627**	—
	10,451	29

(10) TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The normal credit period allowed by suppliers for trade purchases is 30 to 60 days.

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**3**	63
Over 1 year	**—**	223
Transfer to liabilities of disposal group classified as held for sale	**—**	(286)
	3	—

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

CONTINUING OPERATIONS

Total revenue generated from continuing operations of HK$86.84 million for the Year (2016: HK$2.82 million). The increase in turnover was mainly due to the increase in sales of wine trading and increase in revenue from the investment business. The Group recorded consolidated net loss from continuing operations of HK$7.74 million for the Year (2016: loss of HK$437.79 million). The substantial reduction of losses was mainly due to the strong improvement in securities trading and investment operations contributing HK$23.39 million in operating profit. Besides, the Group recorded impairment losses on unlisted available-for-sale investments and losses on disposal of subsidiaries engaged in unlisted available-for-sale investments amounted to HK$422.46 million in the year 2016 but no such losses were recorded for the Year.

Securities trading and investments

The Group has been actively building up its securities and investment operations. Dividend income, income from held-to-maturity investments and gain on disposal of trading securities recognised under this segment amounted to HK$33.39 million for the Year (2016: Nil). Profit attributed to this business segment amounted to HK$23.39 million for the Year (2016: loss of HK$422.46 million).

The Group has been focusing on investing and trading in listed equity securities, fixed income products, private funds and private equity opportunities involving companies with strong underlying business fundamentals and/or prospects.

Equity securities

In terms of listed equity investment strategy, the Group focuses on issuers whose shares have high market liquidity but which the Group considers as undervalued by the market. Realised gain from trading of listed shares for the Year amounted to HK$10.03 million (2016: Nil) while unrealised changes in fair value for the listed securities investment amounted to HK$1.06 million for the Year (2016: Nil). Dividend income from the listed securities investment amounted to HK$5.34 million for the Year (2016: Nil). As at 31 December 2017, the portfolio comprised of nine companies with large capitalisation including PetroChina Company Limited (stock code: 0857), China Mobile Limited (stock code: 0941), Sinopharm Group Co. Limited (stock code: 1099), New China Life Insurance Company Ltd. (stock code: 1336), Man Wah Holdings Limited (stock code: 1999), Shanghai Electric Group Company Limited (stock code: 2727), China National Building Material Company Limited (stock code: 3323), China Resources Pharmaceutical Group Limited (stock code: 3320) and Huatai Securities Co., Ltd. (stock code: 6886). The market value of the portfolio amounts to HK$82.94 million as at 31 December 2017.

Fixed income products

The acquisition of US$15 million 10% senior secured guaranteed notes issued by Rundong Fortune Investment Limited and the subscription of US$15 million 8% senior secured guaranteed notes issued by Sanpower (Hong Kong) Company Limited were both approved at the extraordinary general meeting (the “EGM”) held on 17 July 2017 and 28 July 2017 respectively. These transactions were completed upon the fulfilment of all the conditions stipulated in the subscription agreements. As a result, the interest income, handling fee income, administrative fee income and arrangement fee income amounting to HK$18.02 million from these transactions have been recognised in the Group’s financial statements for the Year accordingly.

The subscription of US$10 million 5% convertible notes and US$10 million 7% guaranteed notes issued by C.banner International Holdings Limited was approved at the EGM held on 5 December 2017 and the transaction was completed on 17 January 2018 after all the conditions stipulated in the subscription agreement were fulfilled. Furthermore, the transaction for the participation in the total return swap (“TRS”) agreement was approved at the EGM held on 3 January 2018 and the transaction was in effect from 12 January 2018. Both of these transactions will contribute interest income for the Group in year 2018.

Wine trading

Sales performance of wine trading improved during the Year with a turnover of HK$50.03 million (2016: HK$2.82 million). Profit attributed to this business segment amounted to HK$1.88 million for the Year (2016: loss of HK$0.78 million), which reflected the improvement achieved by allocating more resources into this business sector.

Financial advisory services

In view of the prosperity of the financial industry in the PRC, the Group has commenced business in the provision of business consultation and advisory services in the PRC since the second half of 2017. The turnover generated in this business segment is HK$3.42 million (2016: Nil) and the profit recorded in the business segment is HK$1.16 million (2016: Nil).

DISCONTINUED OPERATIONS

Healthcare and pharmaceutical products

The performance of the healthcare and pharmaceutical products segment was included in the results of discontinued operations. Sales performance of this segment remained sluggish. It generated turnover of HK$25.52 million for the Year (2016: HK$19.87 million). The segment loss for the Year of HK$7.04 million (2016: HK$20.22 million) was mainly due to low turnover in healthcare products.

As disclosed in the 2016 annual report, the Group entered into an agreement to dispose of the entire issued share capital of Captain Wise Limited and its subsidiaries for the disposal of its entire interest in manufacturing and trading of pharmaceutical and healthcare business. The Group was granted an option to terminate the disposal at its sole discretion before the end of 2017. In November 2017, the Group has determined not to exercise the option and to proceed with the proposed disposal of the entire issued share capital of Captain Wise Limited (the "Disposal"). Upon the completion of the Disposal, the Group realised a gain on Disposal of HK$62.30 million for the Year. Following the completion of the Disposal, the Group ceased to engage in the healthcare and pharmaceutical operation.

Money lending business

The Group did not record any revenue and profit from the money lending business for the Year as the entire interest in its wholly-owned subsidiary which carried out the money lending business was disposed of in November 2016.

Available-for-sale investments

All the Group's available-for-sale ("AFS") investments had been realised in 2016 and there was no AFS investment held by the Group during the Year.

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 31 December 2017, the Group had an unsecured revolving facility of US$100 million from Cheer Hope Holdings Limited, one of our major Shareholders with amounts drawn maturing at the end of each year from drawdown and extendable twice by a written notice by one year each. US$30 million was drawn by the Company for operational use. Such borrowing was denominated in US dollars and thus, there was exposure to fluctuations in exchange rate. Furthermore, the Group was granted an unsecured revolving facility of HK$300 million by a local bank. No drawdown was made from this credit facility as at 31 December 2017. In early January 2018, the Group was granted an unsecured resolving facility of US$100 million from Orient Finance Holdings (Hong Kong) Limited, a subsidiary of one of the major Shareholders with amount drawn maturing within one year from drawdown and extendable twice.

Gearing ratio of the Group as at 31 December 2017 is 60.4% (2016: 2.8%). The calculation is based on total borrowings of HK$234.00 million as at 31 December 2017 (2016: HK$11.16 million) and shareholders' funds of HK$387.69 million as at 31 December 2017 (2016: HK$398.58 million).

Bank balances and cash as at 31 December 2017 amounted to HK$254.50 million (2016: HK$414.26 million). The total assets as at 31 December 2017 were HK$633.50 million (2016: HK$446.35 million).

The Group recorded net current assets as at 31 December 2017 of HK$147.65 million (2016: HK$395.97 million). Inventories increased from HK$0.31 million as at 31 December 2016 to HK$12.79 million as at 31 December 2017 as the Group stocked up inventory for its premium wine trading operation. The current ratio as at 31 December 2017 of 1.6 times (2016: 9.3 times) was calculated based on the current assets for the Year of HK$393.45 million (2016: HK$443.73 million) over the current liabilities of HK$245.81 million (2016: HK$47.76 million).

As at 31 December 2017 and 2016, the issued share capital of the Company was 1,059,749,920 shares of HK$0.01 each.

PROSPECTS FOR THE YEAR 2018 AND DEVELOPMENT PLAN

The Company disposed of the unpromising businesses and will focus on fixed income investment, wine trading as well as the development of asset management in the coming year.

The Company has equipped itself for the asset management business. The Group is applying for type 4 (advising on securities) and type 9 (asset management) licenses for the regulated activities under the Securities and Futures Ordinance. The Company expects to provide a series of asset management services which will form one of its main streams of operation in 2018.

The Group will maintain the same strategy in premium wine market in 2018. In relation to the mass market wine trading operations in the PRC, the Group has obtained the requisite license to sell wines in the PRC in December 2017 through its wholly-owned subsidiary in the PRC.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 9 November 2017, the Board resolved not to exercise the termination right and to proceed with the disposal of the entire equity interest in and shareholder's loan of Captain Wise Limited at the consideration of HK$10 million. An EGM was held on 21 December 2017 and the Disposal was approved by the shareholders. After the completion of the Disposal on 22 December 2017, the healthcare and pharmaceutical operation is no longer one of the business activities of the Group.

DIVIDEND

No dividends were paid, declared or proposed during the Year (2016: Nil). The Board does not recommend any dividend payment for the Year (2016: Nil).

PLEDGE OF ASSETS

As at 31 December 2017, the Company did not pledge any of its assets (31 December 2016: Nil).

CONTINGENT LIABILITIES

As at 31 December 2017, the Directors are not aware of any material contingent liabilities (31 December 2016: Nil).

EMPLOYEE POLICY

As at 31 December 2017, the Group employed 5 employees in the PRC and 18 employees in Hong Kong. The Group has maintained good relationship with its staff and has not experienced any major disruptions of its operations due to labour disputes. The Group contributed to the Mandatory Provident Fund Scheme of Hong Kong and provided medical benefits programme for its employees in Hong Kong. It also contributed to the retirement insurance, medicare, unemployment insurance and housing funds according to the applicable laws and regulations of the PRC for its employees in the PRC.

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 December 2017 (the "Year"), the Company has complied with the CG Code except for :

1. Mr. Lam Man Sum Albert was appointed as an Independent non-executive Director without specific term of office, which constitutes a deviation from A.4.1 of the CG Code.

2. Upon the appointment of Mr. Feng Hai, Mr. Li Yi and Ms. Xiao Qing on 11 November 2016 and 16 December 2016 respectively, no service contracts were entered into with the Company for their appointments as Directors, which constitutes a deviation of D.1.4 of the CG Code. On 6 July 2017, the Company fulfilled the requirement after entering into service contracts with them.

3. After Mr. Du Peng and Ms. Zheng Xiaosu were appointed as Non-executive Directors on 17 February 2017, the Company did not meet the requirement under Rule 3.10A which states that the Independent non-executive Directors shall represent at least one-third of the Board. On 16 May 2017, the Company fulfilled the requirement after appointing Mr. Tso Siu Lun Alan as an Independent non-executive Director.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Following enquiries with the Directors, the Company has received confirmation from each of the Directors confirming that he or she has complied with the required standard of dealings set out in the Model Code for the Year.

AUDIT COMMITTEE

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

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 2017 annual report will also be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website 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
Feng Hai
Executive Director (Chairman)

Hong Kong, 28 February 2018

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

Executive Directors
Mr. Feng Hai *(Chairman)*
Mr. Li Yi *(Chief Executive Officer)*
Ms. Xiao Qing *(Chief Operating Officer)*
Ms. Chan Mee Sze

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

Independent non-executive Directors
Mr. Lam Man Sum Albert
Mr. Chang Tat Joel
Mr. Wong Stacey Martin
Mr. Tso Siu Lun Alan