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 2018

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 2018 (the "Year") together with the comparative figures for the corresponding year in 2017 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Continuing operations			
Revenue	4		
Sales of goods		**27,145**	50,033
Revenue from financial advisory services		**—**	3,420
Revenue from asset management		**51,907**	—
Income from securities trading and investments		**45,562**	34,450
		124,614	87,903
Cost of sales		**(38,791)**	(45,700)
		85,823	42,203
Other income		**697**	64
Other gains and losses	5	**—**	(414)
Selling and distribution costs		**(144)**	(181)
General and administrative expenses		**(69,770)**	(41,026)
Loss allowance on debt investments		**(54,282)**	—
(Loss) profit from operations		**(37,676)**	646
Finance costs	6(a)	**(22,579)**	(7,545)
Share of loss of joint venture		**(158)**	(427)
Loss before taxation		**(60,413)**	(7,326)
Income tax expenses	7	**(419)**	(412)
Loss for the year from continuing operations	6	**(60,832)**	(7,738)
Discontinued operations			
Profit for the year from discontinued operations		**—**	50,322
(Loss) profit for the year		**(60,832)**	42,584

	Note	**2018**	2017
		HK$'000	*HK$'000*
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**5**	(1,312)
Release of translation reserve upon disposal of a subsidiary		**—**	(52,026)
		5	(53,338)
Total comprehensive expenses for the year		**(60,827)**	(10,754)
(Loss) profit for the year attributable to:			
Equity shareholders of the Company		**(60,792)**	42,584
Non-controlling interests		**(40)**	—
		(60,832)	42,584
Total comprehensive expenses for the year attributable to:			
Equity shareholders of the Company		**(60,787)**	(10,754)
Non-controlling interests		**(40)**	—
		(60,827)	(10,754)
(Loss) earnings per share	9		
Basic and diluted			
– Continuing operations		**HK(5.74) cents**	HK(0.73) cents
– Discontinued operations		**—**	HK4.75 cents
		HK(5.74) cents	HK4.02 cents

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**1,848**	2,502
Debt investments at amortised cost	10	**103,015**	—
Held-to-maturity investments	10	**—**	234,000
Financial assets at fair value through profit or loss	12	**40,228**	—
Interest in joint venture		**1,415**	1,573
Rental deposits		**1,968**	1,968
		148,474	240,043
Current assets			
Inventories		**17,273**	12,790
Trade receivables	11	**1,635**	10,451
Deposits, prepayments and other receivables		**19,398**	32,776
Debt investments at amortised cost	10	**259,655**	—
Financial assets at fair value through profit or loss	12	**173,919**	82,940
Cash and cash equivalents		**185,058**	254,497
		656,938	393,454
Current liabilities			
Trade payables		**—**	3
Contract liabilities		**15,671**	—
Accruals and other payables		**30,747**	11,364
Taxation payable		**558**	442
Obligations under repurchase agreements		**78,918**	—
Borrowings		**352,657**	234,000
		478,551	245,809
Net current assets		**178,387**	147,645
NET ASSETS		**326,861**	387,688

	Note	2018	2017
		HK$'000	*HK$'000*
CAPITAL AND RESERVES			
Share capital		**10,598**	10,598
Reserves		**316,442**	377,229
Total equity attributable to equity shareholders of the Company		**327,040**	387,827
Non-controlling interests		**(179)**	(139)
TOTAL EQUITY		**326,861**	387,688

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Attributable to equity shareholders 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$'000* (note b)	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 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 (expenses) income	—	—	(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
Balance at 31 December 2017 and 1 January 2018	**10,598**	**217,190**	**242**	**—**	**—**	**159,797**	**387,827**	**(139)**	**387,688**
Changes in equity for 2018:									
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(60,792)**	**(60,792)**	**(40)**	**(60,832)**
Other comprehensive income for the year	**—**	**—**	**5**	**—**	**—**	**—**	**5**	**—**	**5**
Total comprehensive (expenses) income	**—**	**—**	**5**	**—**	**—**	**(60,792)**	**(60,787)**	**(40)**	**(60,827)**
Balance at 31 December 2018	**10,598**	**217,190**	**247**	**—**	**—**	**99,005**	**327,040**	**(179)**	**326,861**

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

OCI International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suite 811, Level 8, One Pacific Place, 88 Queensway, Hong Kong respectively.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in securities trading and investments, asset management, provision of 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. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

Details of the changes in accounting policies are discussed in Note 3(a) for HKFRS 9 and Note 3(b) for HKFRS 15.

(a) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

There is no material impact of transition to HKFRS 9 on the Group's retained earnings and reserves at 1 January 2018.

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

(i) *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVTOCI) and at fair value through profit or loss (FVTPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amount of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017	Reclassification	HKFRS 9 carrying amount at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Financial assets carried at amortised cost			
Debt investments at amortised cost *(Note)*	—	234,000	234,000
Financial assets classified as held-to-maturity under HKAS 39 ***(Note)***	234,000	(234,000)	—

Note: Corporate debt securities that were previously classified as held-to-maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1 January 2018.

(ii) *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and debt investments at amortised cost).

The Group has assessed that the difference between the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 and the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018 is immaterial.

(iii) *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. There is no material impact on the carrying amounts of financial assets resulting from the adoption of HKFRS 9. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(b) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of HKFRS 15 does not have any material impact on the Group's financial position and results of operations.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Trading of wines	**27,145**	50,033
– Financial advisory services	**—**	3,420
– Asset management	**51,907**	—
	79,052	53,453
Revenue from other sources		
Income from debt investments	**47,709**	—
Income from held-to-maturity investments	**—**	18,021
Change in fair value of financial assets at fair value through profit or loss	**7,021**	1,063
Dividend income	**1,485**	5,337
Gain on disposal of debt investments at amortised cost	**113**	—
(Loss) gain on disposal of financial assets at fair value through profit or loss	**(10,766)**	10,029
	45,562	34,450
Total	**124,614**	87,903

(b) Segment reporting

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

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

(a) securities trading and investments

(b) trading of wines

(c) financial advisory services

(d) asset management

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

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

Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2018 and 2017 is set out below.

For the year ended 31 December 2018

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

For the year ended 31 December 2017

	Continuing operations				Discontinued operations			
	Securities trading and investments *HK$'000*	Trading of wines *HK$'000*	Financial advisory services *HK$'000*	Subtotal *HK$'000*	Healthcare products *HK$'000*	Pharmaceutical products *HK$'000*	Subtotal *HK$'000*	Total *HK$'000*
Revenue from contracts with customers:								
– At a point in time	—	50,033	3,420	53,453	133	25,391	25,524	78,977
– Over time	—	—	—	—	—	—	—	—
	—	50,033	3,420	53,453	133	25,391	25,524	78,977
Revenue from other sources	34,450	—	—	34,450	—	—	—	34,450
Reportable segment revenue	34,450	50,033	3,420	87,903	133	25,391	25,524	113,427
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

Revenue are allocated to the reportable segments with reference to revenue generated by those segments.

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

5. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Loss on disposal of property, plant and equipment	**—**	(414)

6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

Loss before taxation is arrived after charging/(crediting):

(a) Finance costs

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings	**2,268**	—
Interest on other borrowings	**13,209**	4,684
Other borrowing costs	**7,102**	2,861
Total interest expense on financial liabilities not at fair value through profit or loss	**22,579**	7,545

(b) Staff costs

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Directors' emoluments		
– fees and other emoluments	**4,884**	3,203
Other staff costs		
– salaries, allowances and bonus	**30,773**	12,130
– retirement benefits scheme contributions	**1,455**	305
	37,112	15,638

(c) Other items

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Cost of inventories recognised as an expense	**24,391**	45,700
Commission fee relating to asset management business	**14,400**	—
Auditors' remuneration		
– audit services	**1,296**	1,350
– other services	**200**	1,440
	1,496	2,790
Loss allowance on debt investments	**54,282**	—
Depreciation of property, plant and equipment	**1,103**	1,040
Operating lease charges:		
minimum lease payments	**6,497**	6,256
Legal and professional expenses	**15,218**	11,309
Bank interest income (included in other income)	**(666)**	(64)

7. INCOME TAX EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax	**418**	122
PRC Enterprise Income Tax	**1**	290
	419	412

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

The PRC Enterprise Income Tax rate is 25% (2017: 25%).

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

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%.

For the year ended 31 December 2018, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. 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%.

For the year ended 31 December 2017, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

The directors of the Company are in the view that the impact of the two-tiered profits tax rates regime on the Group's current and deferred tax position is not material.

8. DIVIDENDS

The Board does not recommend any dividend payment for the year (2017: Nil).

9. (LOSS) EARNINGS PER SHARE

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

Basic:

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit attributable to equity shareholders of the Company		
– Continuing operations	**(60,792)**	(7,738)
– Discontinued operations	**—**	50,322
	(60,792)	42,584
Weighted average number of ordinary shares in issue	**1,059,749,920**	1,059,749,920

Diluted:

Diluted (loss) earnings 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 2018 and 2017. Therefore, the diluted (loss) earnings per share is the same as basic (loss) earnings per share.

10. DEBT INVESTMENTS AT AMORTISED COST/HELD-TO-MATURITY INVESTMENTS

	2018	2017
	HK$'000	*HK$'000*
Corporate debt securities		
– Held-to-maturity	**—**	234,000
– At amortised cost	**385,952**	—
	385,952	234,000
Receivable under a loan facility	**31,000**	—
	416,952	234,000
Less: Loss allowance	**(54,282)**	—
Total debt investments at amortised cost, net of loss allowance	**362,670**	234,000

	2018	2017
	HK$'000	*HK$'000*
Analysed for reporting purpose, net of loss allowance		
– Non-current portion	**103,015**	234,000
– Current portion	**259,655**	—
	362,670	234,000

11. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade debtors from trading of wines	**1,635**	10,451
Less: Allowance for doubtful debts	**—**	—
Financial assets measured at amortised cost	**1,635**	10,451

(a) Ageing analysis

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

	2018	2017
	HK$'000	*HK$'000*
0 to 60 days	**914**	8,824
61 to 90 days	**—**	—
91 to 180 days	**721**	1,627
	1,635	10,451

The Group allows an average credit period from 90 to 120 days (2017: 90 to 120 days) to its trade customers.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Non-current		
US Dollar Bond Linked Notes	**40,228**	—
Current		
US Dollar Bond Linked Notes	**123,446**	—
Total return swaps ("TRS")	**27,955**	—
Listed equity securities held for trading		
– In Hong Kong	**22,518**	82,940
	173,919	82,940
Total financial assets at fair value through profit or loss	**214,147**	82,940

13. COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

In the current year, change in fair value of financial assets at fair value through profit or loss (2017: unrealised gains on trading securities) are reclassified from under "Other gains and losses" to under "Revenue" as the management believes the current classification could provide better presentation to the user of the financial information to evaluate the Group's operating performance. Accordingly, certain comparative information related to revenue and other gains and losses has been re-presented.

BUSINESS REVIEW

The Group recorded consolidated net loss of HK$60.83 million for the year ended 31 December 2018 (the "Year") (2017: loss of HK$7.74 million from continuing operations). Total revenue generated from continuing operations of HK$124.61 million for the Year (2017: HK$87.90 million). The increase in turnover was mainly due to the increase in revenue from investment operations and asset management income. The consolidated losses from operations were mainly due to the impairment losses in relation to the fixed income investment in the secured guaranteed notes issued by Sanpower (Hong Kong) Company Limited amounting to HK$53.40 million (2017: Nil) and the increase in operation costs for the Year.

Securities Trading and Investments

The Group continued to build up its securities and fixed income investment portfolio. Dividend income, interest income, arrangement and handling fee, loss/gain from disposal and termination of financial assets, and the change in fair value of the financial assets recognised under this segment amounted to HK$45.56 million (2017: HK$34.45 million). Losses attributed to this business segment amounted to HK$27.28 million (2017: profit of HK$23.39 million) mainly due to the impairment losses on fixed income investment notes amounted to HK$54.28 million (2017: Nil).

Fixed Income Products

The Group actively invested in the fixed income products during the Year. The Group usually considers a number of factors when assessing the investment in fixed income products. The key factors included, but are not limited to, (i) the credit rating of the issuers; (ii) the financial position and financial performance of the underlying assets; (iii) the returns offered by and the relevant costs incurred/in connection with the fixed income products; (iv) the maturities of the fixed income products; (v) any guarantor or collaterals offered by the fixed income products; (vi) leverage which can be applied in the fixed income products; (vii) the economic environment; and (viii) government policies. The Company developed a fixed income portfolio in order to manage the interest rate risk.

One of the investment strategies of the Group is to obtain leverage on the fixed income products through entering into financial arrangements with financial institutions such as total return swap ("TRS") agreements and US Dollar Bond Linked Notes. Through these financial arrangements, the Company can obtain the economic benefits including the interest and capital gain of an underlying asset by paying only part of the market value of that underlying asset and thus increase the investment returns of the Group's capital. The financial institution will pay the Company the return of the underlying asset net of the funding cost pre-agreed between the Company and the financial institution.

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

As at 31 December 2018, the Group held interests in the following five debt securities which are recognised as debt investments at amortised cost in the consolidated balance sheet of the Group as at that date.

(i) US$15 million 10% senior secured guaranteed notes ("RD Note") issued by Rundong Fortune Investment Limited ("RD Note Issuer") maturing on 15 April 2019. As at 31 December 2018, the carrying amount of the RD Note was HK$117.50 million (2017: HK$117.00 million), representing 14.6% of the consolidated total assets of the Group (2017: 18.5%).

(ii) After the Group disposed of US$2 million (face value) 8% senior secured guaranteed notes ("SP Note") issued by Sanpower (Hong Kong) Company Limited ("SP Note Issuer") maturing on 30 July 2019 with a right to extend the maturity date by further 12 months exercisable by the Company, to an independent third party at the consideration of US$2 million. The remaining US$13 million SP Note was kept as at 31 December 2018.

The Group issued in October 2018 an Event of Default Notice of Repayment ("EOD Notice") to the SP Note Issuer and demands for payment on the Sanpower Group Co., Ltd, (the "Corporate Guarantor") and Mr. Yuan Yafei (the "Personal Guarantor") as guarantors, in respect of all outstanding sums owing by the SP Note Issuer under the SP Note, when they failed to provide additional collateral requested by the Company pursuant to the terms of 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 Hong Kong listed company (including 70,000,000 C.banner Shares that were charged as additional collateral during the Year). The Company has noted from an announcement of a PRC listed subsidiary of the Corporate Guarantor that certain shares held by the Corporate Guarantor and shares in two PRC listed companies held by that PRC listed subsidiary were subject to freezing orders due to disputes involving amongst others the Corporate Guarantor and the Personal Guarantor. As far as the Company is aware, the C.banner Shares charged to the Company are not subject to any freezing order.

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

As at 31 December 2018, the carrying amount of the SP Note was HK$48.43 million (2017: HK$117.00 million), representing 6.0% of the total asset of the Group (2017: 18.5%). Accordingly, in relation to the SP Note, the Group made a provision for impairment loss as at 31 December 2018 of HK$53.40 million and professional expenses of approximately HK$7.78 million (incurred during the year ended 31 December 2018) in relation to its debt recovery efforts.

(iii) US$10 million 6.5% guaranteed bonds issued by Zunyi New District Investment Co., Ltd. maturing on 12 February 2019 ("ZY Note") which are subject to a Repo arrangement ("Zunyi Repo") between the Company and GF Global Capital Limited. Pursuant to the Zunyi Repo, the Group sold the ZY Note to the GF Global Capital Limited for a consideration of US$5.08 million and agreed to repurchase the ZY Note on repurchase date as set out in the Zunyi Repo at the pre-agreed price. The ZY Note was fully settled on 13 February 2019.

As at 31 December 2018, the carrying amount of the ZY Note was HK$77.91 million (2017: Nil), representing 9.7% of the total asset of the Group (2017: Nil).

(iv) US$2.20 million (face value) of 6.95% guaranteed notes, issued by Zhongrong International Bond 2016 Limited ("Zhongrong") maturing on 21 June 2019 ("ZR Note"), were distributed to the Group upon termination in October 2018 of a TRS transaction (concluded in January 2018) with Haitong International Global Strategic Investment Limited ("HIGSI"). The Group recognised total loss of US$0.70 million in respect of the TRS transaction and its termination, being the difference between (a) the total interest income of US$0.63 million received by the Group and the consideration of US$6.49 million received by the Group following termination and (b) the total costs and expenses (including break costs and unwind costs) of US$7.82 million paid by the Group to HIGSI, based on the pricing mechanism set out in the agreement for that TRS.

As at 31 December 2018, the carrying amount of the ZR Note was HK$15.82 million (2017: Nil), representing 2.0% of the total asset of the Group (2017: Nil).

(v) US$10 million (face value) of 5.75% bonds issued by Guangxi Financial Investment Group Co., Ltd. (廣西金融投資集團有限公司) maturing on 23 January 2021 ("GX Note"), which are subject to a Repo arrangement ("Guangxi Repo") between the Group and CEBI Financial Products Limited ("CEBI"). Pursuant to the Guangxi Repo the Group sold the GX Note to CEBI for a consideration of US$5.00 million and agreed to repurchase the GX Note on repurchase date as set out in the Guangxi Repo at the pre-agreed price.

As at 31 December 2018, the carrying amount of the GX Note was HK$72.05 million (2017: Nil), representing approximately 8.9% of the total asset of the Group (2017: Nil).

Brief information on the TRS and US Dollar Bond Linked Notes held by the Group as at 31 December 2018 are as follows:

Date of announcement	**3 April 2018**
Brief nature of the financial instrument in which the Group invested	A guaranteed note ("HX Note") issued by the issuer named below, the amount payable upon redemption of which is linked to the US Dollar reference bond described below.
Amount invested	US$7.5 million
Fair value as at 31 December 2018	US$7.85 million, equivalent to HK$61.48 million, representing 7.6% of the total assets of the Group as at 31 December 2018 (2017: Nil).
Note Issuer	CSI Financial Products Limited ("CSI")
Guarantor	CITIC Securities International Company Limited
Coupon	Zero
Reference bond	US$15 million in principal amount of the 6.80% guaranteed notes issued by Huaxin Pharmaceutical (Hong Kong) Co., Limited due on 15 March 2021. As at 3 April 2018, the market value of the reference bond was US$15.00 million.

Date of announcement	3 April 2018
Amount payable by the note issuer on redemption	On redemption upon maturity being 12 April 2019 or earlier due to an early termination event (which includes drop in market value, and default of the reference bond) the amount payable by CSI is to be calculated by a pre-agreed formula that can be summarised as follows: a) The aggregate of market value of the reference bond plus interest and principal (net of tax) received by CSI minus the aggregate of US$7.59 million (as hypothetical loan notional amount) plus hypothetical interest thereon at the rate of 4.64% per annum; less b) In case of early redemption, cost and expenses incurred by CSI and/or affiliates in connection with the redemption of the HX Note. In the worst case scenario, for example, when market value of the reference bond drops to zero and/or CSI is in default in payment of interest and principal amount to the Company, the redemption amount can be zero, in which case the Company will not recover its investment.

Date of announcement	3 April 2018
Benefits	Taking into account the terms of the HX Note, including the potential return upon redemption based on returns from the reference bond (in the absence of default or a significant reduction of market value of the reference bond) and the amount of investment made in the HX Note, which is less than the face value of the reference bond, and the credit rating of the reference bond issuer and the creditability of CSI and guarantor (whose A shares are listed on the Shanghai Stock Exchange and H shares are listed on the Hong Kong Stock Exchange), the Company believes that the investment in the HX Note may generate investment income (based on the Group's income recognition policy in accordance with HKFRS) and a reasonable return to the Group through the amount receivable on redemption of the HX Note.

Date of announcement	26 June 2018
Brief nature of the financial instrument in which the Group invested	TRS transaction with CEBI Financial Products Limited ("CEBI") whereby: a) the Company paid CEBI 1/3 of the agreed market value of the reference bond (described below) on 27 June 2018 (the "GL Notional Amount") being the initial exchange date of the TRS and agreed to pay the balance of the GL Notional Amount on final exchange (see below), and

Date of announcement	**26 June 2018**
	b) during the term of the TRS transaction, the Company will receive from CEBI the equivalent coupon amounts (payable semi-annually under the reference bond) from 100% of the reference bond and is required to pay to CEBI an annual interest at an interest rate of 4.9% on US$6.67 million, being 2/3 of the GL Notional Amount of the reference bond.
Amount invested	Initial exchange amount of US$3.33 million (i.e. 1/3 of the GL Notional Amount)
Fair value	US$3.57 million, equivalent to HK$27.96 million, representing 3.5% of the total assets of the Group as at 31 December 2018 (2017: Nil).
Reference bond	US$10 million (face value) in the principal amount of the 7.875% senior unsecured bond issued by Greenland Hong Kong Holdings Limited (337.HK) due on 25 June 2019. As at 26 June 2018, the market value of the reference bond was US$10.01 million. In the worst case scenario, for example, if market value of the reference bond drops to zero and/or CEBI is default in payment of coupon to the Group and/or the reference bond issuer fails to redeem the reference bond, the Group will not recover its investment (totalling US$3.33 million) plus interest but will nevertheless be required to pay for the remainder of the GL Notional Amount (i.e. it will have to pay for the market value of the reference bond at the initial exchange date) plus break/unwind costs.

Date of announcement	26 June 2018
Benefits	Considering the terms of the TRS agreement, the potential return on the redemption of the reference bond that is to be delivered to the Company on final exchange and coupon payments from the reference bond (in the absence of default or a significant reduction of market value of the reference bond) and the amount of investment made by the Group under the TRS agreement to date which is less than the face value of the reference bonds, the creditability of CEBI, whose holding company is listed on both the Shanghai Stock Exchange and the Hong Kong Stock Exchange and the creditability of the reference bond issuer Greenland Hong Kong Limited, which is listed on the Main Board of the Stock Exchange and its ultimate holding company, Greenland Holdings Corporation Limited (600606.SH), is a state-owned enterprise under the management of the State-owned Asset Supervision and Administration Commission of Shanghai Municipal Government and listed on the Shanghai Stock Exchange. The Company believes that the investment in the TRS transaction may generate investment income (based on the Group's income recognition policy in accordance with HKFRS) and a reasonable return to the Group through the amount receivable during the term of the TRS transaction and on final exchange.

Date of announcement	3 July 2018
Brief nature of the financial instrument in which the Group invested	A guaranteed note ("LP Note") issued by the issuer named below, the amount payable upon redemption of which is linked to the reference bond described below.
Amount invested	US$7.5 million
Fair value	US$7.91 million, equivalent to HK$61.97 million, representing 7.7% of the total assets of the Group as at 31 December 2018 (2017: Nil).
Note Issuer	CSI
Guarantor	CITIC Securities International Company Limited
Coupon	Zero
Reference bond	US$15 million in the principal amount of the 6.875% guaranteed senior notes issued by Logan Property Holdings Company Limited (3380.HK) due on 24 April 2021. As at 3 July 2018, the market value of the reference bond was US$14.59 million.
Amount payable by the note issuer on redemption	On redemption upon maturity being 5 July 2019 or earlier due to an early termination event (which includes drop in market value, acceleration or default, adverse rating changes of the reference bond) the amount payable by the issuer is to be calculated by a pre-agreed formula that can be summarised as follows: a) The aggregate of market value of the reference bond plus interest and principal (net of tax) received by CSI minus the aggregate of US$7.39 million (as hypothetical loan notional amount) plus hypothetical interest thereon at the rate of 4.86% per annum; less

Date of announcement	3 July 2018
	b) In case of early redemption, cost and expenses incurred by CSI and/or affiliates in connection with the redemption of the LP Note. In the worst case scenario, for example, if market value of the reference bond drops to zero and/or CSI is in default in payment of interest and principal amount to the Company, the redemption amount can be zero in which case the Company will not recover its investment.
Benefits	Taking into account the terms of the LP Note, including the potential return upon redemption based on returns from the reference bond (in the absence of default or a significant reduction of market value of the reference bond) and the amount of investment made in the LP Note, which is less than the face value of the reference bond, and the credit rating of the reference bond issuer and the creditability of the note issuer and guarantor (whose A shares are listed on the Shanghai Stock Exchange and H shares are listed on the Hong Kong Stock Exchange), the Company believes that the investment in the note may generate investment income (based on the Group's income recognition policy in accordance with HKFRS) and a reasonable return to the Group through the amount receivable on redemption of the LP Note.

Date of announcement	12 October 2018 and amended on 18 October 2018
Brief nature of the financial instrument in which the Group invested	A guaranteed note ("KWG Note") issued by the issuer named below, the amount payable upon redemption of which is linked to the reference bond described below.
Amount invested	US$5.03 million
Fair value	US$5.14 million, equivalent to HK$40.23 million, representing 5.0% of the total assets of the Group as at 31 December 2018 (2017: Nil).
Note Issuer	HIGSI
Guarantor	Haitong International Securities Group Limited
Coupon	Zero
Reference bond	US$10 million in the principal amount of the 7.875% senior notes issued by KWG Group Holdings Limited (1813.HK) due on 9 August 2021. As at 12 October 2018, the market value of the reference bond was US$10.05 million.
Amount payable by the note issuer on redemption	On redemption upon maturity being 16 August 2021 or earlier due to an early termination event (which includes drop in market value, acceleration or default, adverse rating changes of the reference bond) the amount payable by the issuer is to be calculated by a pre-agreed formula that can be summarised as follows: a) The aggregate of market value of the reference bond plus interest and principal (net of tax) received by HIGSI minus the aggregate of US$5.03 million (as hypothetical loan notional amount) plus hypothetical interest thereon at the rate of USD3-month LIBOR-BBA (floored at zero) plus 2.7% per annum; less

Date of announcement	**12 October 2018 and amended on 18 October 2018**
	b) In case of early redemption, cost and expenses incurred by HIGSI and/or affiliates in connection with the redemption of the KWG Note. In the worst case scenario, for example, if market value of the reference bond drops to zero and/or HIGSI is in default in payment of interest and principal amount to the Company, the redemption amount can be zero in which case the Company will not recover its investment.
Benefits	Taking into account the terms of the KWG Note, including the potential return upon redemption based on returns from the reference bond (in the absence of default or a significant reduction of market value of the reference bond) and the amount of investment made in the KWG Note, which is less than the face value of the reference bond (whose shares is listed the Hong Kong Stock Exchange) and the ultimate holding company of the note guarantor (whose shares are listed on the Shanghai Stock Exchange (600837.SH) and H shares are listed on the Hong Kong Stock Exchange (6837.HK)), the Company believes that the investment in the note may generate investment income (based on the Group's income recognition policy in accordance with HKFRS) and a reasonable return to the Group through the amount receivable on redemption of the KWG Note.

Equity Securities

During the Year, the Group maintained the listed securities investment portfolio brought forward from the previous year to capture investment appreciation opportunity in the stock market. In view of the downturn of the market sentiment due to world trade tension and interest rate hike, the Group had disposed part of the listed securities investment portfolio to realise gain and cut losses on stocks with adverse performance. Realised losses from trading of listed equity for the Year amounted to HK$5.24 million (2017: profit HK$10.03 million) while loss on changes in fair value for these listed equity investment amounted to HK$1.54 million as at 31 December 2018 (2017: profit of HK$1.06 million). Dividend income from listed equity investments amounted to HK$1.49 million for the Year (2017: HK$5.34 million). As at 31 December 2018, the portfolio comprised of three companies with large capitalisation including Sinopharm Group Co., Ltd. (stock code: 1099), China Resources Pharmaceutical Group Limited (stock code: 3320) and Huatai Securities Co., Ltd. (stock code: 6886). The market value of the portfolio amounted as at that date to HK$22.52 million (2017: HK$82.94 million).

Wine Trading

Sales performance of wine trading was affected by the downturn of market growth during the Year with a turnover of HK$27.15 million (2017: HK$50.03 million). Loss attributable to this business segment amounted to HK$0.49 million for the Year (2017: profit HK$1.88 million) with the profit margin maintained.

Financial Advisory Services

The Group has commenced the provision of business consultation and advisory services in the PRC since the second half of 2017. However, due to the changes in the PRC's monetary measures during the Year, no contract was signed with any client and no revenue was recorded in this business segment for the Year (2017: HK$3.42 million).

Asset Management Services

With the registration of the Group's asset management subsidiary for type 4 (advising on securities) and 9 (asset management) regulated activities by the Securities and Future Commission of Hong Kong (the "SFC") on 9 May 2018, the Group commenced its asset management business through providing a range of asset management services and investment advisory services to qualified corporate, individual and financial institutional professional investors. Two funds managed by the Group were launched during the Year from which the Group generated management fee income amounting to HK$51.91 million for the Year.

LIQUIDITY, FINANCIAL ANALYSIS AND CAPITAL STRUCTURE

As at 31 December 2018, the Group had two fixed-rate, unsecured revolving facilities of US$100 million each. One from Cheer Hope Holdings Limited, one of our substantial shareholders of the Company, and the other one from Orient Finance Holdings (Hong Kong) Limited, a subsidiary of one of the substantial shareholders of the Company. The outstanding principal amount of the loans as at 31 December 2018 amounted to US$15 million and US$20 million respectively. In addition, the Group was granted an unsecured revolving facility of HK$500 million from a local bank, in respect of which HK$78.50 million in principal amount was outstanding as at 31 December 2018.

The gearing ratio of the Group as at 31 December 2018 is 132.0 % (2017: 60.4%), calculated based on total borrowings of HK$431.58 million (2017: HK$234.00 million) and shareholders' funds of HK$326.86 million (2017: HK$387.69 million) as at that date.

The Group's bank balances and cash as at 31 December 2018 amounted to HK$185.06 million (2017: HK$254.50 million). Its total assets as at the same date were HK$805.41 million (2017: HK$633.50 million).

The Group recorded net current assets of HK$178.39 million (2017: HK$147.65 million), inventories increased from HK$12.79 million as at 31 December 2017 to HK$17.27 million as at 31 December 2018 as the Group stocked up inventory for its premium wine trading operation. The current ratio of 1.4 times (2017: 1.6 times) calculated based on the current assets of HK$656.94 million (2017: HK$393.45 million) over the current liabilities of HK$478.55 million (2017: HK$245.81 million).

As at 31 December 2018 and 2017, the issued capital of the Company was HK$10.60 million.

DETAILS OF MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

PROSPECTS FOR THE YEAR 2019 AND DEVELOPMENT PLAN

2019 will be a challenging year for us all as prolonged market volatility in the closing weeks of 2018 suggested that 2019 will be more uncertain as markets struggle to reassess the new investment reality, given a range of apparently intractable geopolitical risks, most obviously US/China trade relations. A slow down of global economic growth is expected by most international financial institutions.

However, the Group is confident that it can achieve desirable performance in 2019 as the Group will focus on investing in the Greater China area which the Group expects to continue to have economic growth, as China will continue actively to support the economy through both monetary and fiscal easing measures.

The Group will continue its strategy of investing in fixed income financial products issued by large state-owned companies with municipal background or companies operating in the real estate, educational, renewable energy and consumables sectors or associated arrangements such as Repo or bond-linked notes to generate sufficient income stream to cover the Group's operation costs. The Group will also invest further in equity securities when suitable opportunities for value investment arise. The Group will be allocating more resources towards the development of its asset management business, including structuring and offering new investment funds for potential professional investors, in which the Group may also make seed or house investments so as to provide the Group with medium to long term returns.

For the Group's wine trading segment, the Group will continue its business model of concentrating on the trading of premium wines. In view of the uncertain economic environment globally and its impact on China, the Group has determined not to pursue the development of mass market wine trading in the PRC.

FOREIGN EXCHANGE RISKS

The Group's operations are conducted (and its offshore borrowings are denominated) in Hong Kong dollars and US dollars while wine trading billings are mainly settled in Euro, Sterling Pound, Singapore dollars and Hong Kong dollars. However, the operations of our PRC subsidiary 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 (2017: Nil). The Board did not recommend any dividend payment for the Year (2017: Nil).

PLEDGE OF ASSETS

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

CAPITAL COMMITMENTS

On 21 December 2017, the Group entered into the subscription agreement with the TYEE-OCI General Partner Limited, pursuant to which the Group agreed to subscribe for and purchase limited partnership interests in an offshore fund at a total capital contribution of HK$100 million.

CONTINGENT LIABILITIES

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

EMPLOYEE POLICY

As at 31 December 2018, the Group employed 6 employees in the PRC and 21 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 (the "Remuneration Committee").

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 2018 (the "Year"), the Company has complied with the CG Code except for 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. On 7 May 2018, the Company fulfilled requirement after Mr. Lam retired.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

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 2018 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
Feng Hai
Executive Director (Chairman)

Hong Kong, 28 February 2019

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)*

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

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