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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF US\$15,000,000 BONDS ISSUED BY HUAXIN PHARMACEUTICAL (HONG KONG) CO., LIMITED

BACKGROUND

On 13 April 2018, OCI Capital, being a wholly-owned subsidiary of the Company, subscribed from CSI Financial the Bond Linked Notes in the nominal amount of US\$7,500,000. The Bond Linked Notes were linked to the Bonds issued by Huaxin Pharmaceutical (Hong Kong) Co., Limited (i.e. the Issuer) in the face value of US\$15,000,000 due 2021. The Bond Linked Notes were due on 12 April 2019.

ACQUISITION

On 11 April 2019, OCI Capital placed an instruction order to acquire from CSI Global, a fellow subsidiary of CSI Financial, the Bonds at the consideration of US\$14,560,000. The consideration was settled in cash by internal resources of the Group.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect to the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

BACKGROUND

On 13 April 2018, OCI Capital, being a wholly-owned subsidiary of the Company, subscribed from CSI Financial the Bond Linked Notes in the nominal amount of US\$7,500,000. The Bond Linked Notes were linked to the Bonds issued by Huaxin Pharmaceutical (Hong Kong) Co., Limited (i.e. the Issuer) in the face value of US\$15,000,000 due 2021. The Bond Linked Notes were due on 12 April 2019. The subscription of the Bond Linked Notes is the subject of the announcement of the Company dated 3 April 2018.

ACQUISITION

On 11 April 2019, OCI Capital placed an instruction order to acquire from CSI Global, a fellow subsidiary of CSI Financial, the Bonds at the consideration of US\$14,560,000. The consideration was determined with reference to the market value of the Bonds quoted on Bloomberg on 9 April 2019, being the same date as set out in the terms of the Bond Linked Notes with respect to the determination of the redemption amount of the Bond Linked Notes, and was settled in cash by internal resources of the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of CSI Global and its ultimate beneficial owner(s) is an Independent Third Party.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as below:

Issuer	:	Huaxin Pharmaceutical (Hong Kong) Co., Limited
Bonds	:	US\$15,000,000 6.8 per cent bonds due 2021 (Total issue size: US\$206,000,000)
Guarantor	:	Taizhou Huaxin Pharmaceutical Investment Co., Ltd.
Initial issue date	:	15 March 2018
Maturity date	:	15 March 2021
Interest	:	6.8 % per annum payable in arrears on 15 March and 15 September each year from 15 September 2018 to 15 March 2021

Rating	:	BB+ by Fitch Rating Ltd
Exchange Listed	:	Stock Exchange
Event of default	:	Upon the occurrence and continuation of certain events specified in the terms and conditions of the Bonds (including those relating to non-payment or non-compliance with the terms of the contract documentation relating to the Bonds, unenforceability of any of those documents or insolvency related events including cross default, winding up, illegality), the trustee of the Bonds at its discretion may, and if so requested in writing by holders of at least 25 per cent of the aggregate principal amount of the Bonds then outstanding or if so directed by an extraordinary resolution, shall (provided in any such case that the trustee of the Bonds shall have been indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable, at their principal amount together (if applicable) with any accrued interest.
Redemption for change of control	:	At any time following the occurrence of a Change of Control (as set out below), the holder of any of the Bonds will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds at 101 per cent of the principal amount of the Bonds, together with accrued interest.

A "Change of Control" occurs when:

- (i) The State-owned Assets Supervision and Administration Commission of Taizhou, Jiangsu Province, of PRC or its successor ceases to directly or indirectly hold or own at least 71.1 per cent. of the issued share capital of the Guarantor; or
- (ii) the Guarantor ceases to directly or indirectly hold or own 100 per cent of the issued share capital of the Issuer.

INFORMATION OF THE ISSUER, THE GUARANTOR AND CSI GLOBAL

According to the offering circular of the Bonds, (i) the Issuer is a wholly-owned subsidiary of the Guarantor, and has not engaged, since its incorporation, in any material activities other than those relating to the issue of the Bonds and the on-lending of the proceeds thereof to the Guarantor or its subsidiaries; (ii) the Guarantor is a state-owned enterprise located in the Taizhou Medical High-tech Industrial Development Zone in Jiangsu Province with a registered capital of RMB5,328.5 million. Operating through its key subsidiary, the Guarantor and its subsidiaries are operating in the industry of sales and distribution of pharmaceutical products. In addition, the Guarantor and its subsidiaries have progressively developed logistics service for various pharmaceutical companies and medical equipment manufacturers operating in the Taizhou Medical Zone, focusing on providing warehousing and transportation services.

CSI Global operates as a special purpose company and provides financial products, as well as investment and management services.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of the Issuer, the Guarantor and their ultimate beneficial owner(s) is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in securities trading and investments, provision of asset management services including portfolio management and investment advice to qualified corporate and individual professional investors, provision of financial advisory services in the PRC and trading of wines in Hong Kong and the PRC.

The Group acquired the Bonds for investment purpose. The Acquisition could generate investment income and a reasonable return to the Group. Having considered the acquisition price and the terms of the Bonds, the Directors are of the view that the terms of the Acquisition and the Bonds are fair and reasonable and the Acquisition is in the interest of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect to the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Bonds by OCI Capital
“Board”	the board of Directors
“Bonds”	a guaranteed bond in the face value of US\$15,000,000 with coupon rate of 6.8% per annum issued by the Issuer and due on 15 March 2021
“Bond Linked Notes”	US\$ notes issued pursuant to the US\$10,000,000,000 medium term note programme of CSI Financial and were linked to the Bonds
“Company”	OCI International Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 329)
“CSI Financial”	CSI Financial Products Limited
“CSI Global”	CSI Global Markets Limited
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Taizhou Huaxin Pharmaceutical Investment Co., Ltd.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a person or a company which is a third party, independent of the Company and its connected person(s)(as defined under the Listing Rules)
“Issuer”	Huaxin Pharmaceutical (Hong Kong) Co., Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OCI Capital”	OCI Capital Limited, a wholly-owned subsidiary of the Company

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States America
“%”	per cent

By order of the Board
OCI International Holdings Limited
Feng Hai
Executive Director (Chairman)

Hong Kong, 16 April 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