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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 TRANSACTIONS**

#### **(I) DISPOSAL OF THE GX NOTES**

#### **AND**

#### **(II) SUBSCRIPTION OF THE BOND LINKED NOTE**

##### **(I) DISPOSAL OF THE GX NOTES**

The Board announces that on 23 May 2019, OCI Capital has agreed to dispose of US\$10 million (face value) notes issued by Guangxi Financial Investment Group Co., Ltd (廣西金融投資集團有限公司) to the Note Issuer for a consideration of US\$9,912,064 (equivalent to approximately HK\$77,810,000).

##### **(II) SUBSCRIPTION OF THE BOND LINKED NOTE**

On 23 May 2019, OCI Capital subscribed for the Bond Linked Note in aggregate nominal amount of US\$10,000,000 (equivalent to approximately HK\$78,500,000) issued by the Note Issuer at US\$9,933,693 (equivalent to approximately HK\$77,979,000).

##### **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect to the Disposal and the Subscription exceed 5% but not more than 25%, each of the Disposal and the Subscription 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.

## The Subscription and the Disposal

On 23 May 2019, OCI Capital subscribed for a US\$ Bond Linked Leveraged Note (the “**Bond Linked Note**”) issued by the Note Issuer (as defined below) in aggregate nominal amount of US\$10,000,000 (equivalent to approximately HK\$78,500,000) at 99.33693056% of its nominal amount, i.e. approximately US\$9,933,693 (“**Subscription**”), which was determined with reference to the market value of the Reference Bonds on 23 May 2019 as set out below. The Bond Linked Note is issued pursuant to the US\$5,000,000,000 guaranteed structured note programme originally established by the Note Issuer on 15 February 2017 and is guaranteed by the Note Guarantor which is a holding company of the Note Issuer as described below.

The Bond Linked Note is linked to a portfolio of two Reference Bonds, including US\$10,000,000 (face value) of notes (“**GX Notes**”) issued by Guangxi Financial Investment Group Co., Ltd (廣西金融投資集團有限公司) which OCI Capital transferred to the Note Issuer, as described below. As at 23 May 2019, the aggregate market value (inclusive of accrued but unpaid interest) of the Reference Bonds quoted on Bloomberg is approximately US\$19,867,386. The effect of the Subscription is that OCI Capital obtains leverage indirectly to invest in the Reference Bonds without paying the full market value of those Reference Bonds.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Note Issuer, the Note Guarantor and the issuers of the Reference Bonds and its (their) controlling shareholders is an Independent Third Party.

In connection with the Subscription, on 23 May 2019, OCI Capital agreed to dispose of the GX Notes to the Note Issuer at a consideration of US\$9,912,064 (equivalent to approximately HK\$77,810,000) (“**Disposal**”). The consideration is determined with reference to the market price of the GX Notes quoted on Bloomberg on 23 May 2019. The book value of the GX Notes as at 31 December 2018 was HK\$72,046,000 and the Group is expected to record a gain of approximately HK\$5,764,000 from the Disposal.

The proceeds from the Disposal will be applied by way of set off to reduce the consideration payable by OCI Capital for the Subscription and the balance of US\$21,629 (equivalent to approximately HK\$170,000) will be paid by cash from the internal resources of the Group on completion of the Subscription and the Disposal, which is expected to be on or around 24 May 2019.

## PRINCIPAL TERMS OF THE BOND LINKED NOTE

The principal terms of the Bond Linked Note are summarized as follows:

<b>Trade date</b>	:	23 May 2019
<b>Issue date</b>	:	24 May 2019 (“ <b>Issue Date</b> ”)
<b>Note Issuer</b>	:	A company incorporated in Hong Kong which is principally engaged in (i) issuing structured notes and other structured products; and (ii) entering into derivative transactions through International Swaps and Derivatives Association standard documentation or the Global Master Repurchase Agreement and related documents issued by the International Capital Market Association (the “ <b>Note Issuer</b> ”).
<b>Note Guarantor</b>	:	<p>A company incorporated in Hong Kong which is the holding company of the Note Issuer (the “<b>Note Guarantor</b>”).</p> <p>The Note Guarantor is one of the leading Chinese securities companies and is principally engaged in (i) securities and futures dealing and broking services for various financial markets; (ii) corporate finance and equity capital market services; (iii) asset and fund management services; and (iv) financing services such as margin financing and other types of financing.</p>
<b>Nominal amount</b>	:	US\$10,000,000
<b>Issue price</b>	:	99.33693056% of the aggregate nominal amount
<b>Interest</b>	:	Zero coupon
<b>Maturity date</b>	:	24 May 2020 (the “ <b>Scheduled Maturity Date</b> ”)
<b>Interest to be received by the Noteholder</b>	:	<p>Interest (if any) will be payable to the Noteholder semi-annually, at the lower of:</p> <p>(a) aggregate cash distribution received by the Note Issuer and/or its affiliates in respect of each Reference Bond, net of taxes, levy and charges (“<b>Cash Distribution</b>”); and</p>

(b) (floored at zero)

(i) aggregate market bid price of each Reference Bond (inclusive of accrued but unpaid interest) as determined by the calculation agent in its sole and absolute discretion, plus

(ii) Cash Distribution, minus

(iii) aggregate Financing Amount together with accrued but unpaid financing costs calculated every three months commencing from the Issue Date at the Floating Rate with respect to the Financing Amount during the relevant interest period (“**Financing Costs**”), minus

(iv) the aggregate nominal amount of the Bond Linked Note as of 24 November and 24 May each year.

**Redemption by  
the Note Issuer**

: The Bond Linked Note may be redeemed by the Issuer:

(i) at the Final Redemption Amount (as set out below) on the Scheduled Maturity Date; or

(ii) at the Early Redemption Amount (as set out below)

(a) upon the occurrence of an early redemption event with respect to a Reference Bond including the customary events of change in law, payment default, force majeure, illegality, insolvency, early redemption of the Reference Bond by the relevant issuer, and also when the market bid price of a Reference Bond (exclusive of accrued but unpaid interest), as determined by the calculation agent in its sole and absolute discretion, falls at or below 80% of par; or

(b) at the option of the Note Issuer with respect to the whole but not part of the Bond Linked Note on a day that is 3 business days after 24 November 2019 by giving prior written notice to the Noteholder.

**Redemption by the Noteholder** : The Bond Linked Note may be redeemed, in whole but not in part at the Early Redemption Amount (as set out below), at the option of the Noteholder on a day that is 3 business days after 24 August 2019, 24 November 2019 or 24 February 2020, by given prior written notice to the Note Issuer.

**Final Redemption Amount** : An amount equal to (floored at zero):

- (i) market value of the Reference Bonds realised by the Issuer or its affiliate, minus
- (ii) aggregate Financing Amount together with the Financing Costs for the relevant period, plus
- (iii) aggregate Cash Distribution unpaid to the Noteholder.

**Early Redemption Amount** : An amount equal to (floored at zero):

- (i) highest firm bid quotation (inclusive of accrued interest) of the relevant Reference Bond obtained by the calculation agent, minus
- (ii) aggregate Financing Amount together with the Financing Costs for the relevant period, plus
- (iii) the Cash Distribution with respect to the relevant Reference Bond unpaid to the Noteholder.

**Portfolio** : As at the Issue Date, the portfolio comprises the following Reference Bonds

Reference Bond issuer:	New Metro Global Limited (新城環球有限公司)	Guangxi Financial Investment Group Co., Ltd (廣西金融投資集團有限公司)
Guarantor:	Seazen Holdings Co., Ltd. (新城控股集團股份有限公司)	N/A
Maturity:	20 May 2022	23 January 2021

Coupon:	6.5%	5.75%
Initial notional amount:	US\$10 million	US\$10 million
Financing amount:	US\$4,977,661	US\$4,956,032

## **REASONS, BENEFITS AND RISK OF THE DISPOSAL AND SUBSCRIPTION**

The Company is an investment holding company and its subsidiaries, including OCI Capital, are 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.

As mentioned above, the Subscription enables the Group to obtain leverage indirectly to invest in the Reference Bonds without paying the full market value of those Reference Bonds. At the same time the Disposal allows the Group to realise value of its investment in the GX Notes and recognise the gain on disposals through its revenue. Based on the terms of the Bond Linked Note, the Group can earn the potential return through distribution by the Note Issuer during the term of the Bond Linked Note and upon redemption based on returns from the Reference Bonds (in absence of default or a significant reduction of market value of the Reference Bonds) while the amount of investment made in the Bond Linked Note is less than the face value of the Reference Bonds.

If the market value of the Reference Bond(s) drops to zero and/or the issuer of a Reference Bond fails to redeem the Reference Bond(s), or the Note Issuer and the Note Guarantor defaults in their payment obligations under the Bond Linked Note, the Company will not be able to recover its investment of US\$ 9,933,693 in the Bond Linked Note.

The Group considered that the risk of the occurrence of any of the above scenario is relatively low, taking into account that (i) the Note Guarantor is a well-established financial services provider with S&P credit rating of “BBB+” and it is a wholly-owned subsidiary of a company listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange; (ii) Guangxi Financial Investment Group Co., Ltd is wholly-owned by the State-owned Assets Supervision and Administrative Commission of Guangxi Zhuang Autonomous Region Government; (iii) Seazen Holdings Co., Ltd. is a leading property developer in the Yangtze River Delta, focusing primarily on the development of quality residential properties and mixed-use complex projects. It ranked among the top 20 real estate developers in the PRC by China Real Estate Industry Federation (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心) in 2018.

The terms of the Disposal and the Subscription were determined basing on arm's length negotiation between OCI Capital and the Note Issuer on normal commercial terms. Having considered the terms of the Disposal and the Subscription and the potential benefit as set out above, the Directors are of the view that the terms of the Disposal and the Subscription are fair and reasonable and the Disposal and the Subscription are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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## **DEFINITIONS**

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

“Board”	the board of Directors;
“Company”	OCI International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 329);
“Director(s)”	the director(s) of the Company;
“Floating Rate”	the 3-month US dollar London Interbank Offered Rate (LIBOR) plus 2.5% per annum;
“Financing Amount”	US\$9,933,693, being the difference between the market value of the Reference Bonds (inclusive of accrued but unpaid interest) as at 23 May 2019 (i.e. US\$19,867,386) and the issue price of the Bond Linked Note (i.e. US\$9,933,693);
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, 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);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Noteholder(s)”	holder(s) of the Bond Linked Note;
“OCI Capital”	OCI Capital Limited, a wholly-owned subsidiary of the Company, which is engaged in investment holding;
“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;
“Reference Bonds”	collectively, (a) the US\$300,000,000 (total issue size) 6.5% guaranteed senior notes due 2022 issued by New Metro Global Limited (新城環球有限公司); and (b) the US\$500,000,000 (total issue size) 5.75% bonds due 2021 issued by Guangxi Financial Investment Group Co., Ltd (廣西金融投資集團有限公司), and each a “Reference Bond”  New Metro Global Limited (新城環球有限公司) is a special purpose vehicle incorporated for bond issues. Guangxi Financial Investment Group Co., Ltd (廣西金融投資集團有限公司) through its subsidiaries is principally engaged in the provision of micro and small loans, credit guarantees, property insurance, financial leasing and other businesses, including asset management, internet finance, fund management, venture investment and urban construction;
“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;



“subsidiaries”	has the meaning ascribed to it by the Listing Rules;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of the United States America;
“%”	per cent

*Save for the above and for illustrative purposes only, conversion of US\$ into HK\$ is made at the following exchange rate: US\$1.00 = HK\$7.85. No representation is made that any amounts can be or could have been converted at the relevant dates at the above rate or any other rates at all.*

By order of the Board  
**OCI International Holdings Limited**  
**Chen Bo**  
*Executive Director (Chairman)*

Hong Kong, 23 May 2019

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

*Executive Directors:*

Mr. Chen Bo (*Chairman*)  
Mr. Li Yi (*Chief Executive Officer*)  
Ms. Xiao Qing (*Chief Operating Officer*)

*Independent non-executive Directors:*

Mr. Chang Tat Joel  
Mr. Wong Stacey Martin  
Mr. Tso Siu Lun Alan  
Mr. Fei John Xiang

*Non-executive Directors:*

Mr. Du Peng  
Ms. Zheng Xiaosu