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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) SUBSCRIPTION OF A NEW BOND LINKED NOTE**

#### **(II) EARLY REDEMPTION OF EXISTING BOND LINKED NOTES**

#### **SUBSCRIPTION OF A NEW BOND LINKED NOTE AND EARLY REDEMPTION OF TWO EXISTING BOND LINKED NOTES**

On 2 July 2019, OCI Capital subscribed for the New Bond Linked Note in aggregate nominal amount of US\$12,000,000 (equivalent to approximately HK\$94.2 million) to be issued by the Note Issuer at approximately US\$12,179,486 (equivalent to approximately HK\$95.6 million). The portfolio of the New Bond Linked Note is to comprise three Reference Bonds, two of which are the reference bonds underlying the May 2019 Bond Linked Note and one is a reference bond underlying the July 2018 Bond Linked Note. Both Existing Bond Linked Notes are to be redeemed (with the agreement of OCI Capital) by their respective issuers, on 2 July 2019 prior to their respective scheduled maturity date for approximately US\$10,137,791 (equivalent to approximately HK\$79.6 million) in total.

#### **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect to the Subscription on a standalone basis and as aggregated with the subscription of the May 2019 Bond Linked Note exceed 5% but not more than 25%, 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.

## **SUBSCRIPTION OF A NEW BOND LINKED NOTE AND EARLY REDEMPTION OF THE EXISTING BOND LINKED NOTES**

On 2 July 2019, OCI Capital agreed to subscribe for the New Bond Linked Note in the aggregate nominal amount of US\$12,000,000 (equivalent to approximately HK\$94.2 million) to be issued by the Note Issuer at approximately 101.496% of its nominal amount, i.e. approximately US\$12,179,486 (equivalent to a portfolio of approximately HK\$95.6 million) (“**Subscription**”). The New Bond Linked Note is linked to three Reference Bonds, namely, US\$10,000,000 (face value) notes issued by Guangxi Financial Investment Group Co., Ltd (廣西金融投資集團有限公司) (“**GX Notes**”); US\$10,000,000 (face value) notes issued by New Metro Global Limited (新城環球有限公司) (“**New Metro Notes**”); and US\$10,000,000 notes (face value) issued by Logan Property Holdings Company Limited (龍光地產控股有限公司) (“**Logan Notes**”). The consideration for the Subscription was determined with reference to the loan to value ratio of 60% and the aggregate market value (inclusive of accrued but unpaid interest) of the GX Notes, the New Metro Notes and the Logan Notes quoted on Bloomberg on 2 July 2019 of approximately US\$30,448,715. The New Bond Linked Note will be issued pursuant to the US\$5,000,000,000 guaranteed structured note programme originally established by the Note Issuer on 15 February 2017 and guaranteed by the Note Guarantor which is a holding company of the Note Issuer as described below.

In view of the Subscription, on 2 July 2019, OCI Capital agreed to the early redemption of the May 2019 Bond Linked Note (the subscription of which was the subject of the Company’s announcement dated 23 May 2019) on 2 July 2019 at approximately US\$10,321,771 (equivalent to approximately HK\$81.0 million), which is based on the aggregate market value quoted on Bloomberg on 2 July 2019 (inclusive of accrued but unpaid interest) of the GX Notes and the New Metro Notes underlying the May 2019 Bond Linked Note.

Similarly, OCI Capital also agreed on 2 July 2019 to the early redemption of the July 2018 Bond Linked Note (the subscription of which was the subject of the Company’s announcement dated 3 July 2018) on 2 July 2019 at approximately US\$8,765,379 (equivalent to approximately HK\$68.8 million) which is based on to the market value quoted on Bloomberg on 2 July 2019 (inclusive of accrued and unpaid interest) on the Logan Notes that are the reference bonds underlying the July 2018 Bond Linked Note.

In both cases, the redemption amount was determined on a basis consistent with the terms of the relevant Existing Bond Linked Note up to the agreed early redemption date. The management of the Company estimates a gain of approximately US\$1,469,477 may be recorded in the financial statements of the Group in connection with the early redemption of the two Existing Bond Linked Notes.

The effect of the Subscription and the early redemption of the Existing Bond Linked Notes is to enable OCI Capital to end earlier financing arrangements under the Existing Bond Linked Notes and to consolidate and obtain higher leverage under the New Bond Linked Note for its indirect investment 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, the issuer and guarantor of the July 2018 Bond Linked Note and the issuers of the Reference Bonds and its (their) controlling shareholders is an Independent Third Party.

## **PRINCIPAL TERMS OF THE NEW BOND LINKED NOTE**

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

<b>Trade date</b>	:	2 July 2019
<b>Issue date</b>	:	3 July 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\$12,000,000

<b>Issue price</b>	:	approximately 101.496% 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> <ul style="list-style-type: none"> <li>(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</li> <li>(b) (floored at zero) <ul style="list-style-type: none"> <li>(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</li> <li>(ii) Cash Distribution, minus</li> <li>(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 (“<b>Financing Costs</b>”), minus</li> <li>(iv) the aggregate nominal amount of the New Bond Linked Note as of 24 November and 24 May each year.</li> </ul> </li> </ul>
<b>Redemption by the Note Issuer</b>	:	<p>The New Bond Linked Note may be redeemed by the Note Issuer:</p> <ul style="list-style-type: none"> <li>(i) at the Final Redemption Amount (as described below) on the Scheduled Maturity Date; or</li> </ul>

- (ii) 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) expressed as a percentage of par, as determined by the calculation agent in its sole and absolute discretion, falls at or below 80% of par; or
- (iii) at the option of the Note Issuer with respect to the whole but not part of the New 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 New 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 giving 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)	Logan Property Holdings Company Limited (龍光地產控股有限公司)
Guarantor:	Seazen Holdings Co., Ltd. (新城控股集團股份有限公司)	N/A	Certain subsidiaries of the Logan Notes issuer
Maturity:	20 May 2022	23 January 2021	24 April 2021
Coupon:	6.5%	5.75%	6.875%
Initial notional amount:	US\$10 million	US\$10 million	US\$10 million
Financing amount:	US\$6,065,333	US\$6,010,833	US\$6,193,063

## **REASONS, BENEFITS AND RISK OF THE SUBSCRIPTION AND THE EARLY REDEMPTION OF THE EXISTING BOND LINKED NOTES**

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.

The Subscription of the New Bond Linked Note enables the Group to obtain higher leverage from the Note Issuer to invest indirectly in the Reference Bonds without paying the full market value of those Reference Bonds, and earn the potential return through distribution by the Note Issuer during the term of and upon the redemption of the New Bond Linked Note (in absence of default or a significant reduction of market value of the Reference Bonds). At the same time, the Group will also recognise a modest gain on early redemption of the Existing Bond Linked Notes.

If the market value of the Reference Bond(s) drops to zero and/or any of 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 New Bond Linked Note, the Company will not be able to recover its investment of US\$12,179,486 in the New Bond Linked Note.

The Group considered that the risk of the occurrence of any of the above scenario is relatively low, after taking into account the fact 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; and (iv) Logan Property Holdings Company Limited is a company whose shares are listed on the Stock Exchange (stock code: 3380).

The terms of the Subscription were determined based on arm’s length negotiation between OCI Capital and the Note Issuer on normal commercial terms. Having considered the terms of the Subscription and the potential benefit as set out above, the Directors are of the view that the terms of the Subscription are fair and reasonable and the Subscription are in the interests of the Company and its 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 Subscription on a standalone basis and as aggregated with the subscription of the Existing Bond Linked Note exceed 5% but not more than 25%, 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.

## 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;
“Existing Bond Linked Notes”	the May 2019 Bond Linked Note and July 2018 Bond Linked Note;
“May 2019 Bond Linked Note”	the bond-linked leverage note in the aggregate nominal amount of US\$10,000,000 issued by the Note Issuer to OCI Capital on 23 May 2019 which were the subject of the Company’s announcement dated 23 May 2019
“Floating Rate”	the 3-month US dollar London Interbank Offered Rate (LIBOR) plus 2.5% per annum;
“Financing Amount”	US\$18,269,229, being the difference between (a) the market value of the GX Notes, the New Metro Notes and the Logan Notes (inclusive of accrued but unpaid interest) as at 2 July 2019 (i.e. US\$30,448,715); and (b) the issue price of the New Bond Linked Note (i.e. US\$12,179,486);
“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);



“July 2018 Bond Linked Note”	The bond-linked leverage note in the aggregate nominal amount of US\$7,500,000 issued by CSI Financial Products Limited on 6 July 2018 which were the subject of the Company’s announcement dated 3 July 2018;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Bond Linked Note”	the bond-linked leverage notes in the aggregate nominal amount of US\$12,000,000 expected to be issued by the Note Issuer to OCI Capital on 3 July 2019;
“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\$10,000,000 (face value) 6.5% guaranteed senior notes due 2022 issued by New Metro Global Limited (新城環球有限公司) with total issue size of US\$300,000,000; (b) the US\$10,000,000 (face value) 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) with total issue size of US\$500,000,000; and (c) the 6.875% guaranteed senior notes due 2021 issued by Logan Property Holdings Company Limited (龍光地產控股有限公司) with total issue size of US\$300,000,000, 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. Its obligations under the New Metro Notes are guaranteed by Seazen Holdings Co., Ltd.

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.

Logan Property Holdings Company Limited (龍光地產控股有限公司) is a company listed on the Stock Exchange (stock code: 3380) and is an investment holding company principally engaged in property development, property investment and construction in the PRC. Its payment obligations under the Logan Notes are guaranteed by certain of its subsidiaries;

“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**  
**Lai Pik Chi Peggy**  
*Company Secretary*

Hong Kong, 2 July 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