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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 SUBSCRIPTION OF A NEW BOND LINKED NOTE

SUBSCRIPTION OF A NEW BOND LINKED NOTE

On 25 May 2020, OCI Capital subscribed for the 2020 New Bond Linked Note in nominal amount of US\$12,000,000 (equivalent to approximately HK\$92.6 million) to be issued by the Note Issuer at approximately US\$11,493,861 (equivalent to approximately HK\$88.7 million) upon the maturity of the 2019 Bond Linked Note on 24 May 2020. The portfolio of the 2020 New Bond Linked Note is linked to the Bond Portfolio with an Optional restructure proposed by the Noteholder. As with the 2019 Bond Linked Note, the Bond Portfolio is comprised of three underlying 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); US\$10,000,000 (face value) notes issued by New Metro Global Limited (新城環球有限公司); and US\$10,000,000 notes issued by Logan Property Holdings Company Limited (龍光地產控股有限公司) but with an additional Cash Asset Amount.

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 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

On 25 May 2020, OCI Capital agreed to subscribe for the 2020 New Bond Linked Note in the nominal amount of US\$12,000,000 (equivalent to approximately HK\$92.64 million) to be issued by the Note Issuer at approximately 95.78% of its nominal amount, i.e. approximately US\$11,493,861 (equivalent to approximately HK\$88.7 million) (the “**Subscription**”) upon the maturity of the 2019 Bond Linked Note on 24 May 2020. The portfolio of the 2020 New Bond Linked Note is linked to the Bond Portfolio with an Optional restructure proposed by the Noteholder. As with the 2019 Bond Linked Note, the Bond Portfolio is currently comprised of three reference bonds, (i) GX Notes; (ii) New Metro Notes; and (iii) Logan Notes. In addition, the Bond Portfolio also comprises the Cash Asset Amount. The consideration for the Subscription was determined with reference to a loan to value ratio of approximately 60% and the aggregate market value (inclusive of accrued but unpaid interest) of the Bond Portfolio quoted on Bloomberg on 25 May 2020 of approximately US\$29,631,000. The 2020 New Bond Linked Note will be issued pursuant to the US\$15,000,000,000 guaranteed structured note programme originally established by the Note Issuer on 3 December 2019 and is guaranteed by the Note Guarantor which is a holding company of the Note Issuer as described below.

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.

PRINCIPAL TERMS OF THE 2020 NEW BOND LINKED NOTE

The principal terms of the 2020 New Bond Linked Note are summarised as follows:

Issue date	:	26 May 2020 (“ Issue Date ”)
Note Issuer	:	Guotai Junan Financial Products Limited, 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 “ Note Issuer ”).
Note Guarantor	:	Guotai Junan International Holdings Limited, a company incorporated in Hong Kong which is the holding company of the Note Issuer (the “ Note Guarantor ”).

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.

- Nominal amount** : US\$12,000,000 (the “**Nominal Amount**”)
- Issue price** : approximately 95.78% of the Nominal Amount
- Maturity date** : 28 May 2021 (the “**Scheduled Maturity Date**”), being the third business day following 25 May 2021
- Bond Portfolio** : the portfolio which comprises (i) the Reference Bonds and (ii) the Cash Asset Amount, subject to any adjustment as described in “Optional restructure proposed by the Noteholder” below. (the “**Bond Portfolio**”)
- Interest to be received by the Noteholder** : Interest (if any) will be payable to the Noteholder semi-annually, at the lower of:
- (a) aggregate cash distribution received by the Note Issuer or its affiliates in respect of each Reference Bond, net of taxes, costs, levy and charges (“**Cash Distribution**”); minus the aggregate sum of accrued but unpaid financing costs calculated every six months commencing from the Issue Date at a fixed rate of 4% per annum with respect to the Financing Amount during the relevant interest period (“**Financing Costs**”); and
 - (b) (floored at zero)
 - (i) aggregate market bid price of the Bond Portfolio (inclusive of accrued but unpaid interest) as determined by the calculation agent in its sole and absolute discretion and the Cash Asset Amount, plus
 - (ii) Cash Distribution, minus

(iii) aggregate Financing Amount together with the Financing Costs, minus

(iv) the Nominal Amount of the 2020 New Bond Linked Note as of 25 November and 25 May each year.

Redemption by the Note Issuer : The 2020 New Bond Linked Note may be redeemed by the Note Issuer:

- (i) at the Final Redemption Amount (as described below) on the Scheduled Maturity Date; or
- (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 occurrence of the stop loss event, i.e. the market bid price of any Reference Bond in the Bond Portfolio (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.

Optional restructure proposed by the Noteholder : Note Issuer to restructure the 2020 New Bond Linked Note in the following manner:

- (a) to substitute all or part of the Cash Asset Amount with a substitute reference bond of a specified notional amount; or
- (b) to substitute all or part of the then current nominal amount of a Reference Bond with an amount which will constitute the Cash Asset Amount.

By making a restructuring proposal, the Noteholder is deemed to have acknowledged that the Note Issuer has the sole and absolute discretion to adjust the hedging arrangement to reflect a restructuring request and the adjustments made by the Note Issuer may differ from the requests of the Noteholder and are final, conclusive and binding on the Noteholder.

For the avoidance of doubt, following any restructure and from and including the relevant restructure date, the aggregate Financing Amount shall remain unchanged.

**Final Redemption
Amount**

: An amount equal to (floored at zero):

- (i) market value of the Bond Portfolio realised by the Issuer or its affiliate and the Cash Asset Amount, minus
- (ii) aggregate Financing Amount together with the Financing Costs for the relevant period, plus
- (iii) aggregate Cash Distribution unpaid to the Noteholder, minus
- (iv) unwind costs

**Early Redemption
Amount**

An amount equal to (floored at zero):

- (i) aggregate market value of the Bond Portfolio of each Reference Bond and the Cash Asset Amount, 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.
- (iv) unwind costs

Bond Portfolio

: As at the Issue Date, the Cash Asset Amount is zero and the initial Bond 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\$6,097,721	US\$5,920,225	US\$6,251,283

REASONS, BENEFITS AND RISK OF THE 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 investment and financial advisory services and trading of wines.

The Subscription is essentially an extension of the financing arrangement under the 2019 Bond Linked Note which enables the Group to continue to benefit from the leverage from the Note Issuer at a lower interest rate in its indirect investment in the Reference Bonds in the Bond Portfolio without paying the full market value of those Reference Bonds. It is expected that the Group can earn the potential return through distribution by the Note Issuer during the term of the 2020 New 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 2020 New Bond Linked Note is less than the face value of the Reference Bonds. Under the terms of the 2020 New Bond Linked Note, the Group is also allowed to substitute, subject to the consent of the Note Issuer, the Reference Bond on or before its maturity date with any other reference bond not in the Bond Portfolio.

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 2020 New Bond Linked Note, the Group will not be able to recover its investment of US\$11,493,861 in the 2020 New 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; and (iv) Logan Property Holdings Company Limited is a company listed on the Stock Exchange (stock code: 3380).

The terms of the Subscription were determined basing on arm's length negotiation between OCI Capital and the Note Issuer and are 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 is 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 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:

“2019 Bond Linked Note”	the bond linked leverage notes in the aggregate nominal amount of US\$12,000,000 issued by the Note Issuer to OCI Capital on 2 July 2019, details of which are set out in the announcement of the Company dated 2 July 2019
“2020 New Bond Linked Note”	the bond linked leverage notes in the aggregate nominal amount of US\$12,000,000 issued by the Note Issuer to OCI Capital on 26 May 2020
“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);
“Cash Asset Amount	the synthetic amount in USD in the Bond Portfolio that is not invested in the Reference Bonds, subject to any adjustment as described in “Optional restructure proposed by the Noteholder”. With respect to the Issue Date, the Cash Asset Amount is zero.
“Director(s)”	the director(s) of the Company;

“Financing Amount”	US\$18,269,229, being the difference between (a) the market value of the Reference Bonds in the Bond Portfolio (inclusive of accrued but unpaid interest) as at 25 May 2020 (i.e. US\$29,763,090); and (b) the issue price of the 2020 New Bond Linked Note (i.e. US\$11,493,861) subject to any adjustment following a restructure pursuant to the Optional restructure proposed by the Noteholder;
GX Notes	<p>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</p> <p>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.</p>
“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;
“Logan Notes”	the US\$10,000,000 (face value) 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.

	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;
“New Metro Notes”	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. 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.
“Noteholder(s)”	OCI Capital, being the holder of the 2020 New 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”	the relevant bonds initially comprised of (a) New Metro Notes; (b); GX Notes; and (c) Logan Notes, subject to any adjustment following a restructure as described in “Optional restructure proposed by the Noteholder” and each a “Reference Bond”.
“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\$7.72. 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, 25 May 2020

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

Executive Directors:

Mr. Chen Bo (*Chairman*)
 Ms. Xiao Qing (*Chief Operating Officer*)
 Mr. Liu Zheng

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