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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 SUBSCRIPTION OF CLASS A SHARES IN A SUB-FUND

THE SUBSCRIPTION

The Board announces after trading hour that on 2 March 2021, the Subsidiary (as subscriber) executed a subscription agreement (the “**Subscription Agreement**”), pursuant to which the Subsidiary agreed to subscribe for the Class A Shares attributable to the Sub-Fund in an aggregate amount of HK\$95,000,000. Class B Shareholder and Class C Shareholder will contribute HK\$80,000,000 and HK\$325,000,000 to subscribe for Class B Shares and Class C Shares, respectively. The financial results of the Sub-Fund will not be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As one or more 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.

THE SUBSCRIPTION

The Board announces that after trading hour on 2 March 2021, the Subsidiary (as subscriber) executed the Subscription Agreement.

Subscription Agreement

Pursuant to the Subscription Agreement, the Subsidiary has agreed to subscribe for 100 Class A Shares for HK\$95,000,000 in aggregate. Class B Shareholder and Class C Shareholder will contribute HK\$80,000,000 and HK\$325,000,000 to subscribe for Class B Shares and Class C Shares, respectively.

Completion of the Subscription is expected to take place on or before 31 March 2021 at which time full payment for the Subscription is to be made by the Subsidiary.

The Class A Shares are being subscribed for under the Subscription Agreement on terms set out in the Memorandum and Supplement. The Subscription will be funded by the Group's internal resources.

Information on the Sub-Fund

Pursuant to the Memorandum and the Supplement, further details of the Sub-Fund are as follows:

Sub-Fund:	OCI Equities Fund SP, a segregated portfolio of the SPC.
Classes of Participating Shares of the Sub-Fund:	The Sub-Fund has (and is offering) three classes of Participating Shares, namely Class A Shares, Class B Shares and Class C Shares. The target size of accepted subscription for Class A Shares, Class B Shares and Class C Shares are in aggregate HK\$95,000,000 (representing approximately 19% of the Investment Funds Raised), HK\$80,000,000 (representing approximately 16% of the Investment Funds Raised) and HK\$325,000,000 (representing approximately 65% of the Investment Funds Raised), respectively.
Expected return:	<p>Provided that the Sub-Fund has sufficient distributable assets,</p> <ul style="list-style-type: none">– each Class A Share is entitled in priority (over Class B Shares) to a simple fixed return of 5% per annum on its initial offer price or its subscription price as at the Closing Day or the relevant subscription day (“Class A Expected Fixed Return”). The Class A Expected Fixed Return will be payable annually;

- after payment of the Class A Expected Fixed Return, each Class B Share is entitled to a simple fixed return of 10.5% per annum on its initial offer price or its subscription price as at the Closing Day or the relevant subscription day (“**Class B Expected Fixed Return**”). The Class B Expected Fixed Return will be payable annually.

**Mandatory
Subscription:**

If the reserve of the Sub-Fund is insufficient to fund any accrued and unpaid Class A Expected Fixed Return, the Class C Shareholders shall be required to fund the shortage (“**Shortage**”) by mandatorily subscribing for additional Class C Shares in an amount that is sufficient to eliminate the Shortage (“**Mandatory Subscription**”). Class C Shareholder shall not be required to fund any shortage in funding the Class B Expected Fixed Return.

If the Class C Shareholders fail to make any part of the Mandatory Subscription, all or any Participating Shares may be compulsorily redeemed and the Sub-Fund may be terminated.

Redemption:

Class A Shareholder, Class B Shareholder and Class C Shareholder do not have the right to redeem their respective Participating Shares.

The directors of the SPC have the power to compulsorily redeem the Participating Shares for any reason or for no reason (“**Compulsory Redemption**”).

**Compulsory
Redemption:**

At any Compulsory Redemption, Participating Shares in the Sub-Fund will be redeemed in the following order:

1. first, 100% in cash to Class A Shareholder until it has received the initial offer price or the subscription price (as applicable) of each Class A Share;
2. second, as to any excess, 100% in cash to Class A Shareholder until it has received all accrued and unpaid Class A Expected Fixed Return calculated from the Closing Day up to and including the date of distribution;

3. third, as to any excess, 100% in cash to Class B Shareholder until it has received all accrued and unpaid Class B Expected Fixed Return calculated from the Closing Day up to and including the date of distribution; and
4. finally, as to any excess, based on the average sale price of the premises and the car parking space under the Target Project, in such proportion as specified in the Memorandum and Supplement to Class A Shareholder, Class B Shareholder and Class C Shareholder, respectively.

If the Sub-Fund does not have sufficient fund to pay initial offer price or subscription price of each Class A Share and/or any Class A Expected Fixed Return, the Class C Shareholders shall be required to make Mandatory Subscriptions. For the avoidance of doubt, Class C Shareholder shall not be required to fund payment to the holder of any Class B Share of its initial offer price or subscription price and/or any Class B Expected Fixed Return.

The Class C Shareholders will only receive distributions from the remaining net assets in the Sub-Fund, if any, after the Class A Shareholders have received their initial offer price or subscription price and Class A Expected Fixed Return and Class B Shareholders have received the Class B Expected Fixed Return in the order mentioned above.

Transferability:

Participating Shares may not be transferred without the prior written consent of the directors of the SPC.

Management

The directors of the SPC have overall responsibility for the management and administration of the SPC. However, in respect of the Sub-Fund, the directors of the SPC have delegated responsibility for day-to-day administrative functions to China Minsheng Banking Corp., Ltd. Hong Kong Branch (the “**Administrator**”) and responsibility for making day-to-day investment decisions to the Manager (as defined below) and the Co-Manager (as defined below).

Manager of the Sub-Fund:	Pursuant to the investment management agreement between OCI Asset Management Company Limited (“ Manager ”) and the SPC for and on behalf of the Sub-Fund, as amended, varied, supplemented or novated from time to time, the Manager has been appointed as the investment manager to provide portfolio advisory and discretionary management services to the SPC in relation to the management of the assets of the SPC on behalf of and for the account of the Sub-Fund.
Co-Manager of the Sub-Fund:	Vantage Asset Management Limited (“ Co-Manager ”) was appointed as co-manager to provide certain portfolio advisory and discretionary management services to the Sub-Fund in relation to the assets of the Sub-Fund subject to the terms and conditions set out in the co-management agreement by and among the Manager, the Co-Manager and the SPC for and on behalf of the Sub-Fund.
Fees, charges and expenses:	<p>(i) a management fee (equal to 1.8% per annum of the total subscription amount of each of Class A Shares, Class B Shares and Class C Shares, respectively) and a co-management fee (equal to 0.2% per annum of the total subscription amount of each of Class A Shares, Class B Shares and Class C Shares, respectively) will be paid to the Manager and the Co-Manager, respectively;</p> <p>(ii) the Manager and the Co-Manager will bear all costs and other fees and expenses incurred by the Sub-Fund (including but not limited to administration fee payable to the Administrator).</p>
Investment Objective of the Sub-Fund:	Achieve medium to long-term capital appreciation through direct or indirect acquisition, holding, and distribution or other disposition of the Target Project or the share of the Target Company.
Term of the Sub-Fund:	Three years from the Closing Day, unless terminated earlier. At the end of the investment term, the business of the Sub-Fund will be terminated, its remaining assets liquidated, its liabilities discharged, and any remaining assets distributed to Class A Shareholder, Class B Shareholder and Class C Shareholder as described above by way of Compulsory Redemption of the remaining outstanding shares.

PROVISION OF GUARANTEE

Mr. Li Xiaobin (“**Mr. Li**”), sole shareholder and sole director of the Class C Shareholder, has provided personal guarantee (the “**Guarantee**”) in favour of the Subsidiary and the SPC to guarantee the settlement of all liabilities and obligations of the Class C Shareholder due and payable to the SPC under the Memorandum, Supplement and/or the subscription agreement(s) pursuant to which the Class C Shareholder agreed to subscribe for the Class B Shares and Class C Shares attributable to the Sub-Fund, respectively.

FINANCIAL EFFECTS OF THE SUBSCRIPTION

Taking into account the amount contributed by the Subsidiary (representing approximately 19% of the Investment Funds Raised) and the characteristics of the Sub-Fund, the Company, after consulting with its auditor, are of the view that the Group has no control over the Sub-Fund. Accordingly, after Subscription the Sub-Fund will be accounted for as investments in the Group’s financial statements.

INFORMATION OF THE SPC, THE SUB-FUND, CLASS B SHAREHOLDER, CLASS C SHAREHOLDER, MR. LI, ADMINISTRATOR AND THE CO-MANAGER

SPC is an exempted company incorporated on 4 May 2018 with limited liability and registered as a segregated portfolio company in the Cayman Islands under the laws of the Cayman Islands. As a segregated portfolio company, the SPC is permitted to create one or more segregated portfolios in order to segregate the assets and liabilities of the SPC held in respect of one segregated portfolio from the assets and liabilities of the SPC held in respect of any other segregated portfolio and/or the general assets and liabilities of the SPC. Under Cayman Islands law, the assets of one segregated portfolio will not be available to meet the liabilities of another segregated portfolio. Notwithstanding the segregation of assets and liabilities between segregated portfolios, the SPC is a single legal entity and no segregated portfolio constitutes a legal entity separate from the SPC itself. Accordingly, the Sub-Fund, as a segregated portfolio of the SPC, is not a separate legal entity. The SPC is principally engaged in the business of investment.

The SPC has an authorised share capital of US\$50,000 which is made up of 100 management shares of US\$0.01 par value each and 4,999,900 Participating Shares of US\$0.01 par value each which may be issued in respect of different portfolios and in different classes. All management shares are held by OCI Management Limited. For more information on OCI Management Limited, please refer to the section headed “INFORMATION ON THE GROUP”.

The Sub-Fund was launched in May 2019 and has not commenced business yet.

As at date of this announcement, Class B Shareholder and Class C Shareholder are the same entity, which is Fast Reach Holding Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Li. Class C Shareholder may subsequent transfer the Class B Shares to an Independent Third Party.

Mr. Li is an individual and principally engaged in the property investment in Macau, Singapore, Malaysia, Hong Kong and the PRC with extensive experience in the real estate sector. As at the date of this announcement, he is the sole shareholder and sole director of the Class C Shareholder.

The Administrator is a joint stock company incorporated under the laws of the PRC with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 01988) and the Shanghai Stock Exchange (stock code: 600016). It is principally engaged in the provision of corporate and personal banking, treasury, leasing, fund and assets management, investment banking and other related financial services in the PRC.

The Co-Manager is a limited liability company incorporated in Hong Kong and is principally engaged in fund management and advisory investment services for professional investors such as corporations, institutions and individual investors. It is licensed by the Securities and Futures Commission in Hong Kong for type 9 (asset management) regulated activities with CE number BGY558. The ultimate beneficial owners of the Co-Manager are Mr. Cheung Che Kin and Chan Wing Yau George, which hold approximately 80% and 20% of the issued shares in the Co-Manager, respectively. The core management team member of the Co-Manager is as follows:

Mr. Cheng Yuk Lon Christopher (“Mr. Cheng”)

Mr. Cheng is the chief executive officer of the Co-Manager and has obtained a Bachelor of Business Administration in Banking and Finance. Prior to joining the Co-Manager, Mr. Cheng was the head of research at Capital Focus Asset Management Limited (CE No.: AOS685) since 2011, and was responsible for overseeing its fund operations and investment research. Mr. Cheng and his research team supported funds with market focus in equities and fixed-income products across Asia ex-Japan and the United States.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Sub-Fund, the SPC, Class B Shareholder, Class C Shareholder, Mr. Li, the Administrator, the Co-Manager and their ultimate beneficial owner(s) is an Independent Third Party.

INFORMATION OF THE SUB-FUND AND THE TARGET GROUP

Since the Sub-Fund was launched in May 2019 and has not commenced business operation yet, no financial statements has been prepared and the net asset value of the Sub-Fund as at the date of the announcement was nil. Neither financial information nor past performance of the Sub-Fund is presented in this announcement.

The Target Company is a company incorporated in the British Virgin Islands on 1 November 2017 as an investment holding vehicle. The Target Company, through its subsidiaries, is primarily engaged in the investment and development of properties in the PRC.

The Project Company is an indirect wholly-owned subsidiary of the Target Company. The Project Company holds the Target Project, which is a real estate development project in the PRC located at Land Lot A of East of Hujing North Road and South of Jihua 6th Road, Chancheng District, Foshan City* 佛山市禪城區湖景北路以東、季華六路以南A地塊 with gross floor area of approximately 18,143 square meters. The land is for commercial services and cultural, sports and entertainment use. The terms of the land use rights for commercial services expires on 30 December 2051 and for cultural, sports and entertainment use expires on 30 December 2061, respectively.

The market value of 100% equity interest in the Project Company, based on a valuation report prepared by an independent qualified valuer, is approximately HK\$505,300,000 as at 30 November 2020.

INFORMATION ON THE GROUP

The Subsidiary is incorporated under the laws of Hong Kong with limited liability and its principal activity is investment holding.

The Company is an investment holding company and its subsidiaries 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 Manager is a limited liability company incorporated in Hong Kong and is principally engaged in fund management and advisory investment services for professional investors such as corporations, institutions and individual investors. It is licensed by the Securities and Futures Commission in Hong Kong for type 4 (advising on securities) and type 9 (asset management) regulated activities with CE number BME17. The Manager is an indirect wholly-owned subsidiary of the Company. The core management team member of the Manager is as follows:

Ms. Ng Lu Yan (“Ms. Ng”)

Ms. Ng is a responsible officer and an executive director of the Manager. She is responsible for the risk management, information technology as well as monitoring the operation of the Asset Management Business and Financial Advisory Business. Ms. Ng holds a Bachelor of Computer Science & Electrical Engineering as conferred by the University of California, Los Angeles (UCLA), USA. She is a CFA charter holder since 2015 and holds the FRM certification since 2014. Ms. Ng has more than nine years of experience in financial services industry. Before joining the Group, she was the chief executive officer and responsible officer for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) with All Evergreen Securities Limited and All Evergreen Asset Management Limited from 2018 to 2019. Before that, she was the executive director and responsible officer licensed for Type 4 (advising on securities) and Type 9 (asset management) with Cupola Capital Limited. She held Type 9 (asset management) license with Formax Asset Management Limited from 2014 to 2015 and was licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) with Changjiang Asset Management (HK) Limited from 2012 to 2014.

OCI Management Limited is an investment holding company incorporated in the Cayman Islands with limited liability whose principal business is to act as the holder of management shares of the SPC. OCI Management Limited is an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group has endeavoured in exploring opportunities in achieving better return for its Shareholders. The Subscription presents a good opportunity for the Group to diversify its investment portfolio to a wider range of industries and to generate stable income for the Group. In addition, the Mandatory Subscription mechanism and the provision of the Guarantee by Mr. Li secures the safety of the funds and expected fixed return of the Company.

In the worst case scenario, if the Class C Shareholders fail to make any part of the Mandatory Subscription and/or Mr. Li defaults in his payment obligations under the Guarantee, the Group may not be able to recover part or all of its subscription amount of HK\$95,000,000 in the Class A Shares but may retain an interest in the Project Company. The Group considered that the risks involved in the Subscription is relatively low, taking into account (i) the Guarantee provided by Mr. Li; (ii) the business prospect of the Target Project; (iii) the Project Company is one of the leading large-scale property developers in Foshan; and (iv) the reputation, financial strength, and credibility of Class C Shareholders.

The amount for the Subscription was determined by the Directors taking into account various factors including the investment objective and potential of the Sub-Fund, a valuation report prepared by an independent qualified valuer on the market value of 100% equity interest in the Project Company, the return to be generated from the Subscription and the financial position of the Group.

Having regard to the above, the Directors are of the view that the terms of the Subscription and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more 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:

“Board”	the board of Directors;
“Class A Share”	a Participating Share designated as a Class A Share;
“Class A Shareholder”	holder(s) of Class A Share;
“Class B Share”	a Participating Share designated as a Class B Share;
“Class B Shareholder”	holder(s) of Class B Share;
“Class C Share”	a Participating Share designated as a Class C Share;
“Class C Shareholder”	holder(s) of Class C Share;
“Closing Day”	31 March 2021;
“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;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	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);
“Investment Funds Raised”	the aggregate amount of target funds size to be raised as at the date of this announcement, being HK\$500,000,000;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum”	the private placement memorandum issued by the SPC in March 2021 which sets out general information relating to the SPC and its structure (as may be modified, supplemented or amended from time to time);
“Participating Share(s)”	a participating, non-redeemable (except compulsorily in the discretion of the directors of the SPC), non-voting share of par value US\$0.01 in the capital of the SPC, including Class A Shares, Class B Shares and Class C Shares attributable to the Sub-Fund and being offered for subscription under the terms of the Memorandum and the Supplement;
“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;
“Project Company”	Foshan Hongxiang Real Estate Development Limited* (佛山鴻翔房地產開發有限公司), a company with limited liability incorporated in the PRC, an indirect wholly-owned subsidiary of the Target Company;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time;
“SPC”	OCI Global SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands under the laws of the Cayman Islands;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of 100 Class A Share of the Sub-Fund by the Subsidiary in the amount of HK\$95,000,000 in aggregate pursuant to the Subscription Agreement;
“Sub-Fund”	OCI Equities Fund SP, a segregated portfolio of the SPC;
“Subsidiary”	OCI Capital Limited, an indirect wholly-owned subsidiary of the Company;
“subsidiaries”	has the meaning ascribed to it by the Listing Rules;
“Supplement”	the document issued by the SPC in March 2021 which relates to the offering of Participating Shares attributable to the Sub-Fund, as may be amended and supplemented by the SPC from time to time;
“Target Company”	Chance Win Investment Development Limited (昌茂投資發展有限公司), a company with limited liability incorporated under the Laws of British Virgin Islands, being a wholly-owned subsidiary of the Class C Shareholder;
“Target Group”	the Target Company and the entities recognised in its financial statements as its subsidiaries;
“Target Project”	the real estate development project undertaken by the Target Company (held or made directly or indirectly through its subsidiary or special purpose vehicles) in relation to the property situated at Land Lot A of East of Hujing North Road and South of Jihua 6th Road, Chancheng District, Foshan City* (佛山市禪城區湖景北路以東、季華六路以南A地塊) with gross floor area of approximately 18,143 square meters, and reference to the Target Project shall include the message, erections and buildings thereon, if any;

“US\$” United States dollars, the lawful currency of the United States America;

“%” per cent.

* *For identification purpose only.*

By order of the Board
OCI International Holdings Limited
Wei Bin
Executive Director

Hong Kong, 2 March 2021

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

Executive Directors:

Mr. Wei Bin
Mr. Feng Hai

Non-executive Directors:

Ms. Zheng Xiaosu

Independent non-executive Directors:

Mr. Chang Tat Joel
Mr. Tso Siu Lun Alan
Mr. Fei John Xiang
Mr. Li Xindan