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## **OCI International Holdings Limited**

**東建國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 329)**

### **DISCLOSEABLE TRANSACTION SUBSCRIPTION FOR NOTES**

The Board is pleased to announce that on 28 May 2019 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Notes in the principal amount of US\$18 million (equivalent to approximately HK\$141,300,000).

#### **IMPLICATIONS OF THE SUBSCRIPTION UNDER THE LISTING RULES**

As the highest applicable ratio for the Subscription under Rule 14.07 exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Subscription is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the assets ratio (as defined under Rule 14.07(1) of the Listing Rules) for the Subscription exceeds 8%, this announcement is made also for the purposes of compliance with Rules 13.13 and 13.15 of the Listing Rules.

**As completion of the Subscription Agreement is subject to the fulfilment and/or waiver of certain conditions, accordingly the Subscription may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).**

## **INTRODUCTION**

The Board is pleased to announce that on 28 May 2019 (after trading hours), the Subscriber and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Notes in the principal amount of US\$18 million (equivalent to approximately HK\$141,300,000).

## **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT**

### **Date**

28 May 2019 (after trading hours)

### **Parties**

- (1) Subscriber as the subscriber; and
- (2) Issuer as the issuer.

### **Subject matter**

Pursuant to the Subscription Agreement, the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe the Notes in the principal amount of US\$18 million (equivalent to approximately HK\$141,300,000).

### **Conditions precedent**

Closing is subject to and conditional upon:

- (a) the Subscriber having received all necessary documents and evidence in form and substance satisfactory to it on or prior to the Closing Date;
- (b) the representations and warranties of the Issuer contained in the Subscription Agreement and other ancillary transaction documents to which it is a party being true, accurate and correct in all material respects and not misleading in any material respect on the Closing Date;
- (c) there is no material adverse effect on (i) the business, operations, or financial condition of the Issuer's Group as a whole, (ii) the ability of any Issuer's Affiliated Persons to perform its obligations under the Transaction Documents, or (iii) the validity or enforceability of the Transaction Documents or the rights or remedies of the Subscriber thereunder;

- (d) none of the Issuer's Affiliated Persons has failed to perform any of the obligations under any of the Transaction Documents to which it is a party; and
- (e) no event of default (as described below) is continuing or would result from the proposed issue of the Notes by the Issuer to the Subscriber.

In the event that any of the conditions precedent referred to above is not fulfilled or waived in full on or before the Long Stop Date (or such later date as may be agreed between the Issuer and the Subscriber in writing), the Subscription Agreement shall lapse immediately and thereafter, neither party shall have any claim against or liability or obligations to other party thereunder save for any rights or obligations which may accrue prior to the date of such termination.

### **Closing**

Closing shall take place on the Closing Date, subject to the fulfilment or the waiver (if applicable) of the conditions precedent as set out in the Subscription Agreement. The Issuer shall deliver, amongst other, the certificates duly executed and authenticated by the Issuer representing the Notes to the Subscriber.

### **Principal terms of the Notes**

A summary of the principal terms of the Notes is set out as follows:

<b>Issuer:</b>	The Issuer
<b>Principal Amount:</b>	US\$18 million (equivalent to approximately HK\$141,300,000)
<b>Issue Price:</b>	100% of the principal amount of the Notes
<b>Interest Rate:</b>	The Notes shall bear interest from and including the Closing Date to the maturity date of the Notes at the rate of ten point five (10.5)% per annum, payable every twelve (12) months from the Closing Date in arrears.
<b>Form and Denomination:</b>	The Notes will be issued in registered form and in denomination of US\$1,000,000 each.
<b>Maturity Date:</b>	The date falling on the second (2nd) anniversary of the Closing Date.
<b>Redemption:</b>	(1) Redemption at maturity

Unless previously redeemed, purchased or cancelled, the Issuer will redeem all of the Notes on the maturity date of the Notes at the sum of a redemption amount equal to the aggregate of (x) the relevant part of the principal amount outstanding on the Notes, (y) the outstanding interest accrued on such principal amount up to the date of redemption and (z) any other outstanding amount due but unpaid under the Notes (including any accrued and unpaid default interest).

(2) Early redemption at the option of the Issuer

The Issuer will have the right to redeem all or such part of the Notes at any time on or after the first anniversary of the Closing Date and until the last day immediately preceding the maturity date of the Notes at the sum of a redemption amount equal to the aggregate of (x) the relevant part of the principal amount outstanding on the Notes, (y) the outstanding interest accrued on such principal amount up to the date of redemption and (z) any other outstanding amount due but unpaid under the Notes (including any accrued and unpaid default interest).

(3) Default redemption

Upon the occurrence of an event of default, the holder of the Notes shall have the right to require the Issuer to redeem all or such part of the Notes at the sum of a redemption amount equal to the aggregate of (x) the relevant part of the principal amount outstanding on the Notes, (y) the outstanding interest accrued on such principal amount up to the date of redemption and (z) any other outstanding amount due but unpaid under the Notes (including any accrued and unpaid default interest).

**Default Interest:** Upon the occurrence of payment default or failure to pay interest by the Issuer, interest shall accrue on the principal amount outstanding on the Notes plus an additional interest accrued at the rate of 18% per annum from the date of occurrence of such event of default until full payment is made by the Issuer to the holders of the Notes. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

**Transferability:** Subject to the terms and conditions of the Notes, no transfer of the Notes can be made without prior consent of the Issuer.

**Events of Default:** Upon the occurrence of any of the following events of default as described in the Note Instrument, the Notes shall become immediately due and repayable:

- (i) payment default (except interest which paragraph (ii) below will apply) by the Issuer pursuant to any Transaction Document unless payment is made within five business days of its due date;
- (ii) failure to pay interest by the Issuer pursuant to any Transaction Document unless payment is made within five business days of its due date;
- (iii) breach of obligation by the Issuer's Affiliated Persons under any Transaction Document which default is incapable of remedy, or, if capable of remedy, is not remedied within 10 business days after the earlier of the Subscriber giving notice to such defaulting person, and such defaulting person becoming aware of the failure to comply;

(iv) a representation, statement or warranty made or deemed to be made or repeated by the Issuer's Affiliated Persons in any Transaction Document or in any document delivered by or on behalf of the Issuer's Affiliated Persons under any Transaction Document is or proves to have been incorrect or misleading when made or deemed to be made or repeated unless the circumstances giving rise to the misrepresentation (a) are capable of remedy, and (b) are remedied within 10 business days of the earlier of the Subscriber giving written notice to the Issuer or the Issuer becoming aware of such misrepresentation;

(v) cross default:

(a) in respect of any financial indebtedness of any Issuer's Affiliated Persons or any member of the Issuer's Group: (1) it is not paid when due nor within any originally applicable grace period; (2) it is declared to be or otherwise becomes due and payable prior to its stated maturity as a result of an event of default (however described); (3) any commitment for it is cancelled or suspended by a creditor of any Issuer's Affiliated Persons or any member of the Issuer's Group as a result of an event of default (however described); or (4) any creditor of any Issuer's Affiliated Persons or any member of the Issuer's Group becomes entitled to declare it due and payable prior to its specified maturity as a result of any event of default (however described);

(b) any security given by any Issuer's Affiliated Persons or any member of the Issuer's Group becomes enforceable and steps are taken to enforce the same;

(c) default is made by any Issuer's Affiliated Persons or any member of the Issuer's Group in making any payment due under any guarantee and/or indemnity given by it;

(vi) insolvency:

- (a) any order is made by any competent court, or any resolution is passed for the winding up, bankruptcy or dissolution of any Issuer's Affiliated Persons or any member of the Issuer's Group;
- (b) any Issuer's Affiliated Persons or any member of the Issuer's Group stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall, or is adjudicated or found bankrupt or insolvent by a competent court;
- (c) (1) proceedings are initiated against any Issuer's Affiliated Persons or any member of the Issuer's Group under any applicable liquidation, insolvency, bankruptcy, judicial management, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, judicial manager, administrator or other similar official, or an administrative or other receiver, manager, judicial manager, administrator or other similar official is appointed, in relation to any Issuer's Affiliated Persons or any member of the Issuer's Group or, as the case may be, in relation to the whole or any part of the undertaking, assets or revenues of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them; and (2) (x) in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged within five days (or such longer period as may be agreed by the Subscriber) and (y) the aggregate value of the undertakings, assets or revenues subject to the events referred to in this paragraph (c) is greater than US\$10,000,000 (or its equivalent in any other currency or currencies);

- (d) any Issuer's Affiliated Persons or any member of the Issuer's Group (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation, judicial management or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) and such meeting is not cancelled within five days (or such longer period as may be agreed by the Subscriber) from its announcement;
- (e) any event occurs which, under the laws of Hong Kong, the jurisdiction of incorporation of any Issuer's Affiliated Persons or any member of the Issuer's Group, has or may have, in the Subscriber's opinion, an analogous effect to any of the events referred to sub-paragraphs (iv)(a) to (iv)(d);
- (vii) repudiation of any Transaction Documents by any Issuer's Affiliated Persons;
- (viii) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings, requisitions or disputes are commenced or threatened in relation to any Transaction Document or the transactions contemplated thereunder or against any Issuer's Affiliated Persons or any member of the Issuer's Group or in relation to its assets which has or is reasonably likely to have a material adverse effect;



- (ix) any governmental agency seizes, compulsorily purchases or expropriates all or a substantial part of the assets of any Issuer's Affiliated Persons or makes an order therefor;
- (x) events triggering change of control of the Issuer without prior written consent of the Subscriber;
- (xi) (a) it is or becomes unlawful for any Issuer's Affiliated Persons to perform any of its or his obligations under any Transaction Document to which such Issuer's Affiliated Person is a party; or (b) any obligation of any Issuer's Affiliated Persons under any Transaction Document to which such Issuer's Affiliated Person is a party are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively adversely affects the interests of the Subscriber under any Transaction Document; or (c) any Transaction Document ceases to be in full force and effect or cease to be legal, valid, binding, enforceable or effective;
- (xii)(a) at any time, any Security Document fails to validly create the security which is expressed to be created by that Security Document and evidence the security it is expressed to evidence; or (b) at any time, any of the security created under any Security Document fails to have first ranking priority or is subject to any prior ranking or pari passu ranking security interest;
- (xiii) in respect of any of the security created under the Security Documents, the occurrence of any event, condition, regulatory action, sanction or fine that has, results in or causes a material adverse effect;
- (xiv) any event or circumstance occurs which in the opinion of the Subscriber has or is reasonably likely to have a material adverse effect;

(xv) any Issuer's Affiliated Person ceases or threatens to cease to carry on the whole or a substantial part of its business or changes or threatens to change the nature or scope of its business; or

(xvi) any Issuer's Affiliated Person enters into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset and/or business which in the reasonable opinion of the Subscriber forms all or substantially all of the assets and/or businesses of any Issuer's Affiliated Person.

**Status:**

The Notes shall constitute direct, secured, unsubordinated and unconditional obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves.

**Security:**

The Notes will be secured by the Share Charge as security for the payment obligations of the Issuer in respect of the Notes and otherwise under other ancillary transaction documents to the Subscription Agreement.

The Issuer shall at all times ensure that the aggregate value of the JS Shares charged to the Subscriber pursuant to the Share Charge and any Additional Charges provided is not less than the threshold applicable at the relevant time during the Security Period, failing which the Issuer shall within five business days of such failure:

- (a) partially redeem the Notes; and/or
- (b) provide to the Subscriber additional security by way of, including but not limited to, charging such additional JS Shares to the Subscriber (the "**Additional Charges**") and procuring the perfection of the Additional Charges at the cost of the Issuer,

in each case, so as to ensure that, immediately after taking such actions, the aggregate value of the JS Shares charged to the Subscriber and any Additional Charges provided is not less than the threshold applicable at the relevant time.

The initial threshold of the aggregate value of the JS Shares charged shall be no less than 300% of the aggregate principal amount of the Notes outstanding. In the event that the JS Shares held by the Issuer is subject to lock-up pursuant to any regulatory or contractual requirements, the Subscriber shall procure the release of the Share Charge for the period as required by the relevant authorities/ parties, and the Issuer undertakes to take all necessary actions to execute the Share Charge (with the aggregate value of the JS Shares to be charged being no less than 300% of the aggregate principal amount of the Notes outstanding) once the period for lock-up ended. Save as disclosed in this paragraph, the Subscriber is not obliged to release any JS Shares subject to the Share Charge during the Security Period.

**Post-Closing undertakings:**

The Issuer undertakes that, within 40 calendar days from the Closing Date (the “**40-day Period**”), it shall, and shall procure each of the relevant parties involved in the internal corporate restructuring of JS and its subsidiaries (the “**Restructuring**”) to duly execute certain documents in relation to the Restructuring (to which such relevant party is a party), and it shall provide the Subscriber with a certified copy of each of such duly executed documents, failing which:

- (a) the Issuer shall charge or cause certain shares of the subsidiary(ies) of the Issuer’s Group to be charged to the Subscriber or a party designated by the Subscriber within three business days from end of the 40-day Period (the “**Second Share Charge**”); and

- (b) the Issuer shall complete or cause necessary filings and registrations as required by all applicable laws to be completed within 60 calendar days from the date on which the Second Share Charge is executed.

The aggregate value of such shares to be charged to the Subscriber pursuant to the Second Share Charge shall be no less than 300% of the aggregate principal amount of the Notes then outstanding.

The Subscriber agrees to take all necessary steps as may be required to release the Second Share Charge if the documents in relation to the Restructuring are executed and a certified copy of each of such duly executed documents is provided to the Subscriber.

## **INFORMATION ON THE COMPANY AND THE ISSUER**

The Company is an investment holding company and its subsidiaries, including the Subscriber, 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 Issuer is a segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands, which establishes a separate portfolio named SOL OMNIBUS I SP and such separate portfolio holds 26.993% shareholding of JS as of the date of this announcement. JS is a participant in the global small home appliance market incorporated in the Cayman Islands, whose businesses focus on the development, manufacturing, and marketing of small appliances, kitchen appliances and cleaning appliances. As of the date of this announcement, the Issuer is controlled by Mr. Wang and Mr. Wang is a director of the Issuer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Issuer, Mr. Wang and the Issuer's ultimate beneficial owners (other than Mr. Wang, if any) are third parties independent from the Company and its connected persons.

## **REASONS FOR, BENEFITS FROM AND RISK ARISING OUT OF THE SUBSCRIPTION**

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.

The Group intends to subscribe the Notes for investment purposes. Taking into accounts of the terms of the Subscription, the Board is of the view that the rate of return of the Subscription (approximately 10%) is generally more favourable and higher than the interest rates of approximately 6% to 8% on bond investments generally available in the market.

In addition, the Group also has assessed potential risks arising out of the following hypothetical worst case scenario:

If the Issuer fails to repay all of the principal amount outstanding on the Notes together with any interest accrued, the Group could dispose of the JS Shares charged pursuant to the Share Charge and/or the Additional Charges (if any) to recover its investment. The amount to be recovered will depend on the proceeds received from such disposal(s). In case that no disposal(s) could be completed pursuant to the Share Charge and Additional Charges, the maximum financial exposure of the Group will be US\$18 million, representing the principal amount outstanding on the Notes (equivalent to approximately HK\$141,300,00 paid by the Subscriber).

Having considered the reasons for, the benefits from and the risk arising out of the Subscription set out above, the Board is of the opinion that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

## **IMPLICATIONS OF THE SUBSCRIPTION UNDER THE LISTING RULES**

As the highest applicable ratio for the Subscription under Rule 14.07 exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Subscription is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the assets ratio (as defined under Rule 14.07(1) of the Listing Rules) for the Subscription exceeds 8 %, this announcement is made also for the purposes of compliance with Rules 13.13 and 13.15 of the Listing Rules.

**As completion of the Subscription Agreement is subject to the fulfilment and/or waiver of certain conditions, the Subscription may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).**

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Closing”	closing of the issue and subscription of the Notes pursuant to the Subscription Agreement;
“Closing Date”	the date of the Closing;
“Company”	OCI International Holdings Limited (Stock Code: 329), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules;
“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;
“Issuer”	SOL OMNIBUS SPC, for the account of SOL OMNIBUS I SP, a segregated portfolio company incorporated with limited liability under the laws of the Cayman Islands;
“Issuer’s Affiliated Persons”	the Issuer and Mr. Wang;
“JS”	JS Global Lifestyle Company Limited (a limited company incorporated under the laws of the Cayman Islands);
“JS Share(s)”	ordinary shares of JS;

“Issuer’s Group”	the Issuer and its subsidiaries;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	the date falling two months from the date of the Subscription Agreement (or such later date as may be agreed by the Issuer and the Subscriber in writing);
“Mr. Wang”	Mr. Wang Xuning (王旭寧);
“Notes”	the 24 months 10.5% coupon rate notes in the aggregate principal amount of US\$18 million to be constituted by the Note Instrument and to be issued by the Issuer to the Subscriber pursuant to the Subscription Agreement;
“Note Instrument”	the instrument to be entered into by the Issuer constituting the Notes, substantially in the form of the draft set out in the schedule to the Subscription Agreement;
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Security Period”	the date during the period beginning on the Closing Date and ending on the date on which all present and future obligations and liabilities (whether actual or contingent and whether owed in any other capacity whatsoever) of the Issuer to the Subscriber under each Transaction Document have been unconditionally and irrevocably paid and discharged in full to the satisfaction of the Subscriber;
“Share(s)”	the share(s) having a par value of HK\$0.01 each in the share capital of the Company;

“Share Charge”	a share charge to be executed by the Issuer before the Closing Date in favor of the Subscriber, pursuant to which, amongst other things, 5,400,000 JS Shares held by the Issuer will be charged in favor of the Subscriber; or if such share charge is released pursuant to the Subscription Agreement (as described in the sub-paragraph headed “Security — Principal Terms of the Subscription Agreement” in this announcement), the subsequent share charge to be executed by the Issuer in favor of the Subscriber;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Subscriber”	OCI Capital Limited, a wholly-owned subsidiary of the Company;
“Subscription”	the proposed subscription for the Notes by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the agreement dated 28 May 2019 and entered into between the Issuer and the Subscriber in relation to the subscription and issue of the Notes;
“subsidiaries”	has the meaning ascribed to it by the Listing Rules;
“Transaction Document(s)”	the Subscription Agreement, the Note Instrument, the Share Charge and other ancillary transaction documents;
“US\$”	U.S. dollars, the lawful currency of the United States; and
“%”	per cent.

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

Hong Kong, 28 May 2019



*For the purpose of this announcement, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.85 for illustration purpose only.*

*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