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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 AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF INTEREST IN A SUB-FUND

THE DISPOSAL

On 23 June 2021 (after trading hours), the Company as the vendor and Orient Finance as the purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and Orient Finance conditionally agreed to purchase the Company's entire right, title and interest in the Sale Shares in the Sub-Fund of SPC at the Consideration of no more than US\$8,000,000 (equivalent to approximately HK\$62,400,000).

Proceeds of the Disposal will be used to repay the outstanding loan in the amount of US\$6,000,000 (equivalent to approximately HK\$46,800,000), together with all accrued interest, owing from the Company to Orient Finance under a revolving loan facility granted by Orient Finance to the Company on 1 January 2018 pursuant to the Facility Agreement.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratio(s) in respect of the Disposal exceed 5% but not more than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement and notification requirements under the Listing Rules.

As at the date of this announcement, Orient Finance is a wholly-owned subsidiary of Orient Securities Co., Ltd., which indirectly holds 20.94% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, Orient Finance is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules.

A circular containing, among other things, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Disposal; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; (iv) the notice of the EGM; and (v) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 15 July 2021.

As completion of the Disposal is conditional upon fulfilment of the conditions precedent set out in the Sale and Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the action they should take.

INTRODUCTION

Reference is made to the announcement of the Company dated 23 May 2019 regarding the subscription of 20,000 Class B Shares issued by the Sub-Fund and the annual report of the Company for the financial year ended 31 December 2017, 2018, 2019 and 2020 regarding a fixed-rate unsecured revolving facility of US\$100 million granted by Orient Finance pursuant to the Facility Agreement.

On 23 June 2021 (after trading hours), the Company as the vendor and Orient Finance as the purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to sell and Orient Finance conditionally agreed to purchase the Company's entire right, title and interest in the Sale Shares in the Sub-Fund of SPC at the Consideration of no more than US\$8,000,000 (equivalent to approximately HK\$62,400,000).

Proceeds of the Disposal will be used to repay the outstanding loan in the amount of US\$6,000,000 (equivalent to approximately HK\$46,800,000), together with all accrued interest, owing from the Company to Orient Finance under the revolving loan facility granted by Orient Finance to the Company on 1 January 2018 pursuant to the Facility Agreement.

THE SALE AND PURCHASE AGREEMENT

Date

23 June 2021 (after trading hours)

Parties

Purchaser: Orient Finance Holdings (Hong Kong) Limited

Vendor: the Company

As at the date of this announcement, the Purchaser is a wholly-owned subsidiary of Orient Securities Co., Ltd., which indirectly holds 20.94% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Company's entire right, title and interest in the Sale Shares free from and clear of any and all claims, pledges, liens or other encumbrances whatsoever, together with all the liabilities and obligations of the Company as a holder of the Sale Shares under the Placement Memorandum and the Supplement, with effect on and from the Completion.

The Sale Shares are 7,900 Class B Shares in the Sub-Fund of the SPC, subject to adjustment pursuant to the terms of the Sale and Purchase Agreement.

The Manager of the Sub-Fund is ICBC Asset Management (Global) Company and the Administrator of the Sub-Fund is ICBC (Asia) Trustee Company Limited. The fund size of the Sub-Fund was US\$60 million including both Class A Shares of US\$40 million and Class B Shares of US\$20 million. Pursuant to the subscription agreement entered into between the Company and SPC dated 23 May 2019, the Company subscribed 20,000 Class B Shares for US\$20 million. Both Class A and Class B Shares are entitled to a fixed return accruing on each anniversary of 3 June 2020 at 4% per annum on its subscription amount. Provided that the portfolio has sufficient distributable assets after payment of the Class A fixed return and deduction of all fees, expenses and other liabilities of the Sub-Fund (including, but not limited to, the management fees), each Class B Share carries the right to a fixed return accruing on each distribution date calculated at the rate of 4% per annum on the subscription amount. Please refer to the announcement of the Company dated 23 May 2019 for further details of the Sub-Fund.

The Sub-Fund generates income through investing in US dollar-denominated bonds (including, but not limited to, investment-grade bonds, high-yield bonds, and convertible bonds), notes and other fixed income and money market instruments issued by companies based in or with their headquarters in the PRC. Target issuers are stated to include qualified real estate bond issuers; financial institutions with high incomes and other corporate bonds and local government financing vehicles.

As at 31 May 2021, the net asset value of the Sale Shares was US\$8,352,670 (equivalent to approximately HK\$65,150,826), based on the net asset value of US\$1,057.3 (equivalent to approximately HK\$8,246.9) per Class B Share, according to the net asset value report of the Sub-Fund.

The net profit (loss) (both before and after tax) attributable to the Sale Shares in aggregate for the two financial years ended 31 December 2019 and 31 December 2020 is as follows:

	For the year ended 31 December 2019 (unaudited) HK\$'000	For the year ended 31 December 2020 (unaudited) HK\$'000
Dividend income	Nil	2,465
Unrealised gain (loss) arising from fair value change	4,480	(966)
Profit (loss) before tax	NA	NA
Profit (loss) after tax	NA	NA

Consideration of the Disposal

The Consideration shall be the net asset value of the Sale Shares determined by the Administrator, which is valued as at the Reference Date.

Upon the fulfilment of Conditions (a) to (d) below, the Company and the Purchaser shall deliver a valuation request by way of e-mail to the Administrator and/or the transfer agent. The Administrator will set the date on which the valuation request is received as the Reference Date for valuing the net asset value of the Sale Shares. The Administrator will notify the Company and the Purchaser the net asset value of the Sale Shares on or before the seventh (7th) day after the Reference Date.

The Company and the Purchaser agreed that the Consideration shall be capped at and shall not exceed US\$8,000,000 (equivalent to approximately HK\$62,400,000).

Subject to adjustment, in the event that the net asset value of the Sale Shares at the Reference Date as provided by the Administrator is not less than US\$6,000,000 (equivalent to approximately HK\$46,800,000), Condition (e) (as defined below) is deemed to be fulfilled and the Purchaser shall (i) purchase from the Company all the Sale Shares at the net asset value and (ii) settle the Consideration in the manner provided below.

In the event that the net asset value of the Sale Shares at the Reference Date as provided by the Administrator exceeds US\$8,000,000, the number of Sale Shares to be purchased by the Purchaser shall be reduced by the following formula and rounded down to the nearest whole share, to the effect that the total Consideration shall not exceed US\$8,000,000:

$$A = 7,900 - \frac{(7,900 \times P - US\$8,000,000)}{P}$$

WHERE:

- P is the net asset value of each Sale Share at the Reference Date as provided by the Administrator;
- A is the number of Sale Shares to be purchased by the Purchaser after adjustment if the net asset value of the Sale Shares is more than US\$8,000,000.

The Consideration shall be payable by the Purchaser on the ninth (9th) day after the Reference Date (the “**Settlement Date**”) and shall be satisfied in the manner provided below:

- (a) the setting off of the outstanding loan in the amount of US\$6,000,000 (equivalent to approximately HK\$46,800,000), together with all accrued interest, owing from the Company to Orient Finance pursuant to the Facility Agreement (the “**Repayment Amount**”); and
- (b) the payment of the amount which is equal to the balance remaining after deducting the Repayment Amount from the Consideration on the Settlement Date.

Save for the expenses in connection with the transfer of shares, such commission and brokerage, stamp duty and legal fee which shall be borne by the Company, the Company and the Purchaser shall bear their respective legal costs and expenses incurred in the negotiation, preparation and execution and performance of the Sale and Purchase Agreement.

Post-completion guarantee

In the event that the SPC redeems the participating shares held by the Purchaser at the expiry of the investment term of the Sub-Fund (i.e. 2 June 2022), the sum of entitlement of the Purchaser as the holder of the Sale Shares comprising the aggregate of all the returns, distributions, income, and other payments received or accrued on the Sale Shares since Completion plus the redemption proceeds paid or payable to the Purchaser is less than the Consideration paid by the Purchaser, the Company shall pay to the Purchaser such shortfall within five business days upon receipt of written notice from the Purchaser.

Basis of determining the Consideration

The Consideration is determined after arm's lengths negotiations between the Company and the Purchaser with reference to, among other things, the volatility of price the Sub-Fund and the fact that the Sub-Fund is not a fund traded in open market with readily-available market bid price, and hence the fairness of a net asset value by the Administrator.

The Directors (other than independent non-executive Directors whose views will be provided after taking into account the opinion and advice from the independent financial adviser) are of the view that the Consideration is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Conditions of the Sale and Purchase Agreement

Completion is conditional upon the fulfilment of the following conditions (the "Conditions"):

- (a) the written consent of the directors of SPC in relation to the transfer of the Sale Shares having been obtained pursuant to the Placement Memorandum;
- (b) the Purchaser having complied with all eligibility and identification requirements for a subscriber for the participating shares in the Sub-Fund pursuant to the Placement Memorandum;
- (c) the Sale and Purchase Agreement having been approved by a simple majority of the shareholders of the Company (excluding those shareholders prohibited by the Listing Rules from voting on the relevant resolution) voting at the EGM;
- (d) the Company having duly performed and complied with all agreements, obligations and conditions contained in the Sale and Purchase Agreement which are required to be performed or complied with by it on or before the Completion, and shall have obtained all approvals, consents and qualifications necessary to comply with or perform such agreements, obligations and conditions; and
- (e) the net asset value of the Sale Shares not being less than US\$6,000,000 (equivalent to approximately HK\$46,800,000).

The Purchaser shall be responsible for the fulfilment of Condition (b) as set out above and shall provide all the necessary documents and information to comply with the eligibility and identification requirements for the participating shares.

In the event that the net asset value of the Sale Shares as provided by the Administrator is less than US\$6,000,000, (equivalent to approximately HK\$46,800,000), Condition (e) will not be fulfilled and the Sale and Purchase Agreement shall become null and void ab initio. The Purchaser's obligations to purchase the Sale Shares shall lapse.

The above Conditions cannot be waived by any party to the Sale and Purchase Agreement.

All the Conditions will have to be fulfilled on or before the Long Stop Date. If the above Conditions have not been fulfilled on or before the Long Stop Date or by such later date as may be agreed between the Company and the Purchaser, the Sale and Purchase Agreement shall thereupon become null and void ab initio and the Purchaser's obligations to purchase the Sale Shares shall lapse.

Discharge of obligation under the Facility Agreement

Upon Completion, the repayment obligations of the Company under the Facility Agreement shall be fully discharged.

EXPECTED GAIN OR LOSS OF THE DISPOSAL

According to the Group's accounting policy, the Group will record fair value change of the Sale Shares in profit or loss and/or reserve prior to Completion, which represents the difference between the Consideration and the carrying amount of the Sale Shares as at 31 December 2020. For illustration purpose only, assuming (i) Completion is to take place in respect of all the Sale Shares and the determination of the Consideration is based on the net asset value of the Sale Shares determined by the Administrator and (ii) the prevailing net asset value is determined based on the valuation of US\$1,057.3 per share (equivalent to approximately HK\$8,246.9 per share) as at 31 May 2021, it is expected that an estimated loss of approximately US\$90,068 (equivalent to approximately HK\$702,530) in aggregate will be recorded as fair value change of the Sale Shares in profit or loss and/or reserve prior to the Completion, subject to audit. The actual gain or loss on completion of the Disposal might be different given that the above estimate is based on the net asset value of the Sale Shares as at 31 May 2021 which might be different from those on the Reference Date.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company had entered into the Facility Agreement with Orient Finance as lender for a revolving loan facility of up to US\$100 million on 2 January 2018 on normal commercial terms. The relevant facility was obtained to provide funding for working capital needs and continuing operation. For details of the revolving loan, please refer to the annual report of the Company for the financial year ended 31 December 2017, 2018, 2019 and 2020. Such lending arrangements constituted fully exempt financial assistance under Chapter 14A of the Listing Rules.

As at the date of this announcement, the outstanding loan in the amount of US\$6,000,000 (equivalent to HK\$46,800,000) is yet to be repaid by the Company to Orient Finance. To repay the outstanding debts without putting strain on the Company's liquidity and to further reduce the Company's interest expenses and gearing ratio and considering that the Sale Shares had been generating return on investments of approximately 4% per annum, which is substantially lower than the interest rate of the loans extended to the Company by Orient Finance, the Directors considered that it is financially favourable to transfer the Sales Shares to Orient Finance. The Directors are of the view that after the entering into of the Sale and Purchase Agreement and the Disposal, the Company would be able to substantially relieve its liabilities under the Facility Agreement, and be able to allocate more resources to its business thereafter.

The Directors (other than independent non-executive Directors whose views will be provided after taking into account the opinion and advice from the independent financial adviser) consider that the Disposal is on normal commercial terms and in the ordinary and usual course of the business of the Group, and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Company

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.

Orient Finance/The Purchaser

Orient Finance is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Orient Securities Co., Ltd.. It principally engages in investment holdings and operation of securities brokerage business, futures brokerage business, asset management business, investment banking and margin financing business as regulated by the Hong Kong Securities and Futures Commission pursuant to Securities and Futures Ordinance through establishment of various subsidiaries and licensed sub-subsidiaries.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) in respect of the Disposal exceed 5% but not more than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement and notification requirements under the Listing Rules.

As at the date of this announcement, Orient Finance is a wholly-owned subsidiary of Orient Securities Co., Ltd., which indirectly holds 20.94% of the issued share capital of the Company and is a substantial shareholder of the Company. Accordingly, Orient Finance is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. Orient Securities Co., Ltd. and its associates are required to abstain from voting in respect of the resolution(s) approving the Sale and Purchase Agreement and the Disposal at the EGM.

GENERAL

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules.

A circular containing, among other things, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Disposal; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; (iv) the notice of the EGM; and (v) other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 15 July 2021.

As completion of the Disposal is conditional upon fulfilment of the conditions precedent set out in the Sale and Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the action they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Administrator”	the administrator of the Sub-Fund, being ICBC (Asia) Trustee Company Limited
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Class A Share”	a participating share designated as a Class A Share
“Class B Share”	a participating share designated as a Class B Share
“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)
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	consideration of the Disposal as described under the paragraph headed “The Sale and Purchase Agreement” above
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares in the Sub-Fund of SPC
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and, if though fit, to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules

“Facility Agreement”	the revolving facility agreement entered into between the Company as borrower and Orient Finance as lender on 1 January 2018 (as supplemented by the approval for extending the maturity date of revolving loan facility dated 2 April 2020 and the supplemental agreement dated 23 June 2021)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors, namely Mr. Chang Tat Joel, Mr. Tso Siu Lun Alan and Mr. Li Xindan, formed to advise the Independent Shareholders as to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Orient Securities Co., Ltd. and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2021 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
“Manager”	the manager of the Sub-Fund, being ICBC Asset Management (Global) Company Limited
“Orient Finance” or “Purchaser”	Orient Finance Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Orient Securities Co., Ltd., which is a substantial Shareholders of the Company, and thus a connected person of the Company
“percentage ratio(s)”	has the meaning ascribed to it in the Listing Rules
“Placement Memorandum”	the placement memorandum issued by the SPC and the Manager in April 2019 which sets out general information relating to the SPC and its structure
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan

“Reference Date”	the date on which a valuation request of the Sale Shares is made by the Company and the Purchaser to the Administrator and/or the transfer agent
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 June 2021 entered into between the Company as the vendor and Orient Finance as the purchaser in respect of the Disposal
“Sale Shares”	the 7,900 Class B Shares in the Sub-Fund of SPC, subject to adjustment pursuant to the terms of the Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of the share(s) of the Company
“SPC”	ICBC AMG China Fund I 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
“Sub-Fund”	ICBC US Dollar Debt Fund SP, a segregated portfolio of the SPC
“Supplement”	the supplement issued by the Sub-Fund, the SPC and the Manager which relates to the Sub-Fund, as may be amended and supplemented by the SPC from time to time
“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\$7.8. 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
Jiao Shuge
Non-executive Director (Chairman)

Hong Kong, 23 June 2021

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

Executive Directors:

Mr. Wu Guangze (*Chief Executive Officer*)
Mr. Feng Hai
Mr. Wei Bin

Independent non-executive Directors:

Mr. Chang Tat Joel
Mr. Tso Siu Lun Alan
Mr. Li Xindan

Non-executive Directors:

Mr. Jiao Shuge (*Chairman*)
Ms. Zheng Xiaosu