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HYDOO INTERNATIONAL HOLDING LIMITED

毅德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1396)

**AMENDMENTS TO THE TERMS
OF THE CONVERTIBLE NOTES**

Reference is made to the announcements of the Company dated January 9, 2015 and January 26, 2015 in relation to, among other matters, the issue of the Convertible Notes (the “**Announcements**”). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

The Board announces that on January 11, 2016, the Company, the Subsidiary Guarantors and the Trustee entered into the First Amendment to Indenture, pursuant to which the Company, the Subsidiary Guarantors and the Trustee agreed to amend certain terms of the Convertible Notes (the “**Amendments**”). The Company has obtained consent from the Sole Noteholder to adopt the Amendments.

The First Amendment to Indenture constitutes an alteration in the terms of convertible debt securities after issue under Chapter 28 of the Listing Rules. As the First Amendment to Indenture constitutes a material change to the terms of the Convertible Notes and be treated as if it were a new issue of convertible securities, it shall be subject to the approval of the Stock Exchange accordingly. In addition, the Board was authorized to allot and issue up to a maximum of 802,968,800 Shares under the General Mandate. Up to the date of this announcement, no Shares have been issued pursuant to the General Mandate and accordingly, the issue of the Conversion Shares which shall be issuable pursuant to the terms of the Convertible Notes will be effected under the General Mandate and is not subject to any approval by the shareholders of the Company.

The Company has made an application to the Stock Exchange for its approval of the Amendments under the First Amendment to Indenture.

INTRODUCTION

Reference is made to the Announcements. Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Announcements.

FIRST AMENDMENT TO INDENTURE

The Board announces that on January 11, 2016, the Company, the Subsidiary Guarantors and the Trustee entered into the First Amendment to Indenture, pursuant to which the Company, the Subsidiary Guarantors and the Trustee agreed to the Amendments. The Company has obtained consent from the Sole Noteholder to adopt the Amendments. The major amendments are summarized as follows:

- (a) In order to bring certain terms of the Convertible Notes in line with those under the US\$100 million 13.75% senior notes due 2018 issued by the Company (the “**Senior Notes**”) (details of which are set forth in the announcements of the Company dated December 2, 2015, December 8, 2015 and December 17, 2015 in relation to the issue of the Senior Notes), certain definitions of the terms including “Consolidated EBITDA”, “Consolidated Net Income”, “Minority Joint venture”, “Other Financing”, “Permitted Businesses”, “Permitted Investment”, “Temporary Cash Investment”, “Permitted Indebtedness”, and covenants in relation to limitation on restricted payments, were amended.
- (b) The right of the Sole Noteholder to require the Company to redeem all or some of the Convertible Notes at its Early Redemption Amount was amended with the effect that such right shall be exercisable at any time on or after January 11, 2016, instead of January 23, 2018.

The First Amendment to Indenture and all its underlying amendments are conditional upon that all necessary consents, authorisations and approvals (including without limitation, from any applicable regulatory body or stock exchange) have been obtained by the parties to the First Amendment to Indenture.

None of the above changes to the Convertible Notes will affect the conversion price of the Convertible Notes, or the maximum number of conversion shares issuable by the Company. Save as amended by the First Amendment to Indenture, all other terms of the Convertible Notes remain unchanged.

INFORMATION ABOUT THE CONVERTIBLE NOTES

The Convertible Notes in the aggregate principal amount of US\$120,000,000 were issued to the Sole Noteholder on January 23, 2015. As at the date of this announcement, the total outstanding principal amount under the Convertible Notes is US\$120,000,000 and as referred in the announcement dated July 7, 2015, the conversion price of the Convertible Notes was adjusted from HK\$1.965 per Share to HK\$1.884 per Share and the maximum number of Shares that will be issued upon conversion of all the outstanding Convertible Notes at the adjusted conversion price is 493,923,567 Shares. As at the date of this announcement, the Sole Noteholder has not exercised any conversion right attaching to the Convertible Notes.

REASONS FOR AMENDMENTS

The primary purpose of the First Amendment to the Indenture is to bring certain terms under the Convertible Notes, which were listed in Paragraph (a) above, in line with the corresponding terms under the Senior Notes. The changes in the First Amendment to Indenture have the overall effect of loosening the financial restrictions under the Indenture governing the Convertible Notes to give the Company more flexibility in operating its business. The First Amendment to Indenture, among other changes, makes it easier for the Company to meet the fixed charge coverage ratio, adds a new general basket of 15% of total assets to permitted investments, resets the restricted payment basket to the date the Senior Notes were issued, and expands the scope of the “Permitted Businesses” under the Convertible Notes. The Company believes that these changes are for the benefit of the Company, and this would facilitate its compliance with the relevant terms of the Convertible Notes and the Senior Notes as the Company will only have to conform to one set of benchmarks, instead of two different sets. It would in turn minimize its efforts as well as resources required for ensuring compliance with the terms of the Convertible Notes and the Senior Notes. In exchange for the consent of the Sole Noteholder to agree to the Amendments set forth under Paragraph (a) above, an amendment as stated under Paragraph (b) above was made which permits the Sole Noteholder to exercise the redemption right of the Convertible Notes at an earlier possible date.

The Amendments were arrived at after arm’s length negotiations between the Company, the Subsidiary Guarantors, the Trustee and the Sole Noteholder. In light of the above reasons, the Board considers that the Amendments are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

The First Amendment to Indenture constitutes an alteration in the terms of convertible debt securities after issue under Chapter 28 of the Listing Rules. As the First Amendment to Indenture constitutes a material change to the terms of the Convertible Notes and be treated as if it were a new issue of convertible securities, it shall be subject to the approval of the Stock Exchange accordingly. In addition, the Board was authorized to allot and issue up to a maximum of 802,968,800 Shares under the General Mandate. Up to the date of this announcement, no Shares have been issued pursuant to the General Mandate and accordingly, the issue of the Conversion Shares which shall be issuable pursuant to the terms of the Convertible Notes will be effected under the General Mandate and is not subject to any approval by the shareholders of the Company.

The Company has made an application to the Stock Exchange for its approval of the Amendments under the First Amendment to Indenture.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Company”	Hydoo International Holding Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Convertible Notes”	the 7.00% convertible notes in principal amount of US\$120,000,000 due 2020 that the Company issued to Pingan Real Estate Capital Limited (平安不動產資本有限公司) (formerly known as Pingan Real Estate (Hong Kong) Company Limited) in January 2015

“Director(s)”	Director(s) of the Company
“Early Redemption Amount”	means the price at which the Convertible Notes may be redeemed under certain circumstances, and which will be determined, in accordance with the Indenture to give the Sole Noteholder an internal rate of return of 13.0%
“First Amendment to Indenture”	the first amendment to indenture entered into between the Company, the Subsidiary Guarantors and the Trustee dated January 11 2016
“General Mandate”	a general mandate approved by the shareholders of the Company at the annual general meeting held on May 15, 2015, to grant to the Directors to allot, issue and deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the said annual general meeting
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the indenture that was be entered into by, among other parties, the Company, the Subsidiary Guarantors and the Trustee on January 23, 2015, as supplemented on December 2, 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	common shares of HK\$0.01 each in the share capital of the Company
“Sole Noteholder”	Pingan Real Estate Capital Limited (平安不動產資本有限公司) (formerly known as Pingan Real Estate (Hong Kong) Company Limited)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary Guarantors”	Hongkong Hydoo Holding Limited (香港毅德控股有限公司), Trade Logistics Enterprises Limited (業運企業有限公司), Abundant Idea Investments Limited (訊溢投資有限公司), Hongkong China Hydoo Logistic Limited (香港中國毅德物流有限公司), Hongkong Deshang Bright Ocean Limited (香港德尚時光海有限公司), Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司), Copious Epoch Limited (世溢有限公司), Jiayue Limited (佳粵有限公司), Union Capital Holdings Limited (滙聯集團有限公司), Hongkong Hydoo Financial Holding Limited (香港毅德金融控股有限公司), all of which are subsidiaries of the Company which are primarily investment holding companies that operate through subsidiaries
“Trustee”	Citicorp International Limited
“US\$”	United States dollar(s)
“%”	per cent.

By order of the Board
Hydoo International Holding Limited
Wang Jianli
Chairman and Executive Director

Hong Kong, January 11, 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Jianli, Mr. Wang Dewen and Mr. Huang Dehong; the non-executive Directors of the Company are Mr. Yuan Bing and Mr. Wang Wei; and the independent non-executive Directors of the Company are Mr. Zhao Lihua, Mr. Wang Lianzhou and Mr. Lam, Chi Yuen Nelson.