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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)

ISSUE OF ADDITIONAL US\$60,000,000

13.75% SENIOR NOTES DUE 2018

**AT THE OFFERING PRICE OF 104.81% OF THE PRINCIPAL
AMOUNT PLUS ACCRUED INTEREST**

Sole Arranger

Morgan Stanley

Reference is made to the announcements of the Company dated 2 December 2015 and 8 December 2015 in respect of the issue of the Original Notes by the Company.

On 8 September 2016, the Company entered into a Purchase Agreement with each of the Investors in connection with the Additional Notes Issue. The Additional Notes will be issued on the same terms and conditions as the Original Notes, save for the issue date and the issue price. The Additional Notes will be consolidated and form a single class with the Original Notes. Morgan Stanley is the sole arranger for the Additional Notes Issue.

Completion of the Additional Notes Issue is subject to market conditions and investors' interests. The estimated net proceeds of the Additional Notes Issue, after deduction of the estimated expenses, will amount to approximately US\$64 million and the Company intends to use the net proceeds for repayment of debts of the Group and for general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of proceeds.

The Original Notes are listed on the Official List of the SGX-ST. Approval in-principle has been received for the listing and quotation of the Additional Notes on the Official List of the SGX-ST. The approval in-principle granted for listing and quotation of the Additional Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or any other subsidiary or associated company of the Company, the Additional Notes or the Subsidiary Guarantees. The SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Additional Notes has been sought in Hong Kong.

Completion is subject to the terms and conditions of each of the Purchase Agreements. Accordingly, the purchases may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PURCHASE AGREEMENTS

Date

8 September 2016

Parties to the Purchase Agreements

- (a) the Company as the issuer; and
- (b) the Investors as the subscribers of the Additional Notes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Investors is an independent third party and not a connected person of the Company.

The Additional Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States and may only be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Accordingly, the Additional Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S. None of the Additional Notes will be offered to the public in Hong Kong and none of the Additional Notes will be placed with any connected persons of the Company.

Principal terms of the Additional Notes

The principal terms of the Additional Notes are the same as the terms of the Original Notes as set forth in the announcement of the Company dated 8 December 2015, save for the issue date and the issue price. The Additional Notes will be consolidated and form a single class with the Original Notes. A summary of certain provisions of the Additional Notes is set out below:

Additional Notes Offered

Subject to certain conditions to the Completion, the Company will issue the Additional Notes in the aggregate principal amount of US\$60,000,000 which will mature on 15 December 2018, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Additional Notes will be 104.81% of the principal amount of the Additional Notes plus accrued interest from (and including) 15 June 2016 to (but excluding) 14 September 2016.

Interest

The Additional Notes will bear interest from and including 15 June 2016 at the rate of 13.75% per annum, payable semi-annually in arrears. Interest will be paid on the business day on or nearest to 15 June and 15 December of each year, commencing on 15 December 2016.

Ranking of the Additional Notes

The Additional Notes are general obligations of the Company and will be (1) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Additional Notes; (2) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (3) guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (4) effectively subordinated to the secured obligations (if any, other than permitted *pari passu* secured indebtedness) of the Company and the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to the extent of the value of the assets serving as security therefor (other than the Collateral, as defined below); and (5) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Security to be Guaranteed

The Company has pledged, or caused the initial Subsidiary Guarantor Pledgors to pledge, as the case may be, the capital stock of the initial Subsidiary Guarantors (the “**Collateral**”) (subject to permitted liens, the Intercreditor Agreement and the First Supplement to Intercreditor Agreement) on the date of the issuance of the Additional Notes in order to secure the obligations of the Company and the Subsidiary Guarantor Pledgors under the Convertible Notes, the Original Notes, the 2019 Notes, the Additional Notes and the Subsidiary Guarantees and the permitted *pari passu* secured indebtedness.

Information of the Company and Reasons for the Additional Notes Issue

The Group is principally engaged in the development and operation of large-scale trade center projects in third- and fourth-tier and selected second-tier cities in the PRC. As of 30 June 2016, the Group was simultaneously developing and operating 14 projects in nine provinces and autonomous regions in China. As of 30 June 2016, the Group had a total land bank of 11.1 million sq.m.

The Company intends to use the proceeds of the Additional Notes for repayment of debts of the Group and for general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of proceeds.

Listing

The Original Notes are listed on the Official List of the SGX-ST. Approval in-principle has been received for the listing and quotation of the Additional Notes on the Official List of the SGX-ST. The approval in-principle granted for listing and quotation of the Additional Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or any other subsidiary or associated company of the Company, the Additional Notes or the Subsidiary Guarantees. The SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Additional Notes has been sought in Hong Kong.

Completion is subject to the terms and conditions of each of the Purchase Agreements. Accordingly, the purchases may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Additional Notes”	the additional 13.75% guaranteed senior notes due 2018 in the principal amount of US\$60,000,000 to be issued by the Company subject to the terms and conditions of each of the Purchase Agreements
“Additional Notes Issue”	the issue of the Additional Notes by the Company
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“China Orient”	China Orient Alternative Investment Fund, an exempted company incorporated under the laws of Cayman Islands with limited liability

“Company”	Hydoo International Holding Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the purchases by the Investors under their respective Purchase Agreements
“connected person”	has the meaning ascribed to it under the Listing Rules
“Convertible Notes”	the 7.00% convertible notes due 2020 in the principal amount of US\$120,000,000 that the Company issued to Pingan Real Estate Capital Limited (formerly known as Pingan Real Estate (Hong Kong) Company Limited) in January 2015
“Directors”	the directors of the Company
“Group”, “we”, “our” and “us”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Intercreditor Agreement”	the intercreditor agreement entered into between the Company, the initial Subsidiary Guarantor Pledgors, the Security Agent, the Trustee and the trustee of the Convertible Notes on 15 December 2015
“Investors”	three investment holding companies incorporated in the British Virgin Islands with limited liability. Each of the Investors is an independent third party to the Company and its connected persons
“JV Subsidiary Guarantees”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Additional Notes
“JV Subsidiary Guarantors”	Subsidiary Guarantors that in the future provide JV Subsidiary Guarantees
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc

“Non-Guarantor Subsidiary”	certain subsidiaries of the Company which do not provide Subsidiary Guarantees or JV Subsidiary Guarantees for the Additional Notes
“Original Notes”	the 13.75% senior notes due 2018 in the principal amount of US\$100,000,000 issued by the Company on 15 December 2015 which are listed and traded on the SGX-ST
“Purchase Agreement”	the purchase agreement dated 8 September 2016 entered into between the Company and each of the Investors in relation to the Additional Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“Security Agent” / “Trustee”	Citicorp International Limited
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shares”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Additional Notes
“Subsidiary Guarantors”	the subsidiaries of the Company which guarantee the Additional Notes
“Subsidiary Guarantor Pledgors”	the Subsidiary Guarantors which pledge Collateral to secure the obligations of the Company under the Additional Notes Issue
“the First Supplement to Intercreditor Agreement”	the first supplement to Intercreditor Agreement entered into between the Company, the initial Subsidiary Guarantor Pledgors, the Security Agent and China Orient on 30 August 2016
“United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States

“%”

per cent.

“2019 Notes”

the 11% senior notes due 2019 in the principal amount of US\$60,000,000 that the Company issued to China Orient in August 2016

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

Hong Kong, 8 September 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.