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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 AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION AGREEMENTS

The Board announces that on 4 June 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 522,510,000 Subscription Shares at the Subscription Price of HK\$0.450 per Subscription Share.

The Subscription Shares represent (i) approximately 13.01% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

It is expected that the gross proceeds from the Subscription will be approximately HK\$235,129,500. After deducting related professional fees and all related expenses to be borne by the Company under the Subscription, the net proceeds from the Subscription will amount to approximately HK\$234,929,500. The Company intends to use the net proceeds as general working capital of the Group and to fund the potential investment and development of the Group.

Completion of the Subscription is subject to fulfillment of the conditions precedent in the respective Subscription Agreement and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Board announces that on 4 June 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Company have conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 522,510,000 Subscription Shares at the Subscription Price of HK\$0.450 per Subscription Share.

SUBSCRIPTION AGREEMENTS

The principal terms of each of the Subscription Agreements are substantially the same. Set out below are the key terms of the Subscription Agreements.

Date: 4 June 2020 (after trading hours)

Parties:

Subscription Agreement A: (1) the Company, as issuer; and
(2) the Subscriber A, as subscriber

Subscription Agreement B: (1) the Company, as issuer; and
(2) the Subscriber B, as subscriber

The Subscription

Pursuant to the Subscription Agreement A, the Company has conditionally agreed to allot and issue to the Subscriber A, and the Subscriber A has conditionally agreed to subscribe for, 449,198,000 new Shares at the Subscription Price of HK\$0.450 per Subscription Share.

Pursuant to the Subscription Agreement B, the Company has conditionally agreed to allot and issue to the Subscriber B, and the Subscriber B has conditionally agreed to subscribe for, 73,312,000 new Shares at the Subscription Price of HK\$0.450 per Subscription Share.

Subscription Shares

The Subscription Shares represent (i) approximately 13.01% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares), with the breakdown as follows.

Subscriber	Number of Subscription Shares	Approximately % of the existing issued share capital of the Company as at the date of this announcement	Approximately % of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares)
A	449,198,000	11.19%	9.90%
B	73,312,000	1.82%	1.62%

The Subscription Shares have an aggregate nominal value of HK\$5,225,100 and the market value of the Subscription Shares is approximately HK\$245,579,700 based on the closing price of HK\$0.470 per Share as quoted on the Stock Exchange on the date of signing the Subscription Agreements.

Subscription Price

The Subscription Price is fixed at HK\$0.450 per Subscription Share, which represents:

- (1) a discount of approximately 4.26% to the closing price of HK\$0.470 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (2) a discount of approximately 4.46% to the average closing price of HK\$0.471 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreements; and

- (3) a discount of approximately 3.23% to the average closing price of HK\$0.465 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreements.

The Subscription Price shall be settled by the respective Subscriber within 10 days of the respective Subscription Agreement.

Assuming all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription are expected to be approximately HK\$235,129,500. After deducting related professional fees and all related expenses to be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$234,929,500, representing a net subscription price of approximately HK\$0.450 per Subscription Share.

The Subscription Price was determined after arm's length negotiations between the Company and each of the Subscribers with reference to (1) the prevailing market price of the Shares and the market conditions; and (2) the funding needs and financial position of the Group. The Directors (including all independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent to the Subscription

Completion of the Subscription under each of the Subscription Agreements is conditional upon the fulfilment of the following conditions:

- (1) the representations and warranties given by the Company and the respective Subscriber under such Subscription Agreement being true and accurate and not misleading when made and remaining true and accurate and not misleading as at the date of completion of such Subscription;
- (2) the Board having approved such Subscription Agreement and the transactions contemplated thereunder;
- (3) the respective Subscriber having approved such Subscription Agreement and the transactions contemplated thereunder, if applicable; and
- (4) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares and such approval and permission not subsequently being revoked or withdrawn.

If the above conditions are not fulfilled by 30 June 2020 or such other date as the parties to the respective Subscription Agreement may agree, the respective Subscription Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of such Subscription Agreement.

Completion

Completion of the Subscription will take place within the fifth (5) Business Days after the fulfilment of the conditions precedent, or any other date as agreed by the parties to the respective Subscription Agreement in writing.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

Lock-Up Period of the Subscription Shares

Each of the Subscribers unconditionally and irrevocably undertakes to the Company that, for the period of twelve (12) months from the Completion Date, without the prior written consent of the Company, will not directly or indirectly: (i) offer to sell, transfer, contract to sell or otherwise deal with any of such Subscription Shares or any interests therein; or (ii) enter into any swap or derivatives that transfer the economic effect of ownership of such Subscription Shares or any interests therein; or (iii) announce any intention to enter into or effect any such transactions described in (i) or (ii) above.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Subscription Shares including all dividends declared or payable or distribution made or proposed on or after the Completion Date.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the General Mandate, which has been granted to the Directors to allot and issue up to 802,968,800 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 4,014,844,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Subscription, assuming there is no other change to the share capital and in the shareholding structure of the Company (other than the issue of the Subscription Shares) between the date of this announcement and completion of the Subscription:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Subscription	
	Number of Shares	Approximate % shareholding	Number of Shares	Approximate % shareholding
China Guangdong – Hong Kong Greater Bay Area Holdings Limited ⁽¹⁾	2,661,956,801	66.30%	2,661,956,801	58.67%
Eminent Ascend Limited ⁽²⁾	300,000,000	7.47%	300,000,000	6.61%
Subscriber A	–	–	449,198,000	9.90%
Subscriber B	–	–	73,312,000	1.62%
Other public Shareholders	1,052,887,199	26.23%	1,052,887,199	23.20%
Total	4,014,844,000	100.00%	4,537,354,000	100.00%

Notes:

- (1) China Guangdong – Hong Kong Greater Bay Area Holdings Limited is owned as to 50% by RXHD Holdings Limited and 50% by Hakka Park International Group Co Ltd.. RXHD Holdings Limited is owned as to 70% by Junsheng Holdings Limited, which is in turn wholly and beneficially owned by Mr. Zeng Sheng. Hakka Park International Group Co Ltd. is owned as to 60% by Mr. Cai Hongwen.
- (2) Eminent Ascend Limited is wholly-owned by Sunet Global Limited and in turn wholly-owned by Mr. Wong Kim.

INFORMATION ON THE SUBSCRIBERS

Subscriber A is a Hong Kong resident and a private investor, who has over 20 years' extensive experiences in real estate industry including capital market investments.

Subscriber B is a company incorporated in British Virgin Islands with limited liability which primarily engages in investment holding. It is wholly-owned by Mr. Shen Feng, who is a professional investor with considerable investment experience in securities and private equity.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, each of the Subscribers and its ultimate beneficial owner(s) are Independent Third Parties.

As at the date of this announcement, the Subscribers are not interested in any Shares.

INFORMATION ON THE GROUP

The Group is principally engaged in the development and operation of large-scale business centers in the PRC.

REASONS FOR THE BENEFITS OF THE SUBSCRIPTION

The Directors believe that the Subscription will improve the gearing ratio of the Company, strengthen its capital structure and optimize the shareholders base of the Company. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreements (including the Subscription Price) and the transactions contemplated thereunder are on normal commercial terms agreed upon after arm's length negotiations between the parties, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected that the gross proceeds from the Subscription will be approximately HK\$235,129,500. After deducting related professional fees and all related expenses to be borne by the Company under the Subscription, the net proceeds from the Subscription will amount to approximately HK\$234,929,500. The Company intends to use the net proceeds as general working capital of the Group and to fund the potential investment and development of the Group.

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

During the past 12 months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activities.

Completion of the Subscription is subject to fulfillment of the conditions precedent in the respective Subscription Agreement and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Hydoo International Holding Limited (stock code: 1396), a company incorporated in the Cayman Islands with limited liability, the shares of which is listed on the Main Board of the Stock Exchange
“Completion Date”	Within the fifth (5) Business Days after the fulfilment of the conditions precedent, or any other date as agreed by the parties to the respective Subscription Agreement in writing
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 30 May 2019 to allot and issue up to 802,968,800 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this announcement

“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary shares of the Company with a nominal value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Mr. Chen Junyu, a Hong Kong resident and a private investor
“Subscriber B”	Classic Spotlight Development Limited, a company incorporated in British Virgin Islands with limited liability
“Subscribers”	collectively, the Subscriber A and Subscriber B, and each, a Subscriber
“Subscription”	subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements, and with respect to each Subscription Agreement, the subscription of the relevant Subscription Shares by the relevant Subscriber pursuant to such Subscription Agreement
“Subscription Agreement A”	the subscription agreement dated 4 June 2020 entered into between the Company and the Subscriber A for the issue and subscription of 449,198,000 Subscription Shares at the Subscription Price
“Subscription Agreement B”	the subscription agreement dated 4 June 2020 entered into between the Company and the Subscriber B for the issue and subscription of 73,312,000 Subscription Shares at the Subscription Price
“Subscription Agreements”	collectively, the Subscription Agreement A and the Subscription Agreement B, and each, a Subscription Agreement
“Subscription Price”	HK\$0.450 per Subscription Share

“Subscription Shares”	the 522,510,000 new ordinary shares to be subscribed by the Subscribers pursuant to the Subscription Agreements
“%”	per cent.

By Order of the Board
Hydoo International Holding Limited
WONG Choi Hing
Chairman and Executive Director

Hong Kong, 4 June 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Wong Choi Hing, Mr. Cai Hongwen, Mr. Zeng Yunshu, and Mr. Wang Dewen; and the independent non-executive Directors of the Company are Mr. Zhao Lihua, Mr. Lam Chi Yuen Nelson and Mr. Yue Zheng.