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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)

ISSUANCE OF US\$193,500,000 14.00% SENIOR NOTES DUE 2021

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the Securities Futures Ordinance (Cap. 571 of the laws of Hong Kong). Reference is made to the announcements of the Company dated 2 December 2019, 4 December 2019 and 12 December 2019 (“**Announcements**”) in relation to the Exchange Offer and the Concurrent New Money Issuance.

On 12 December 2019 (Hong Kong time), the Company and the Subsidiary Guarantors entered into the Purchase Agreement with AMTD, BNP PARIBAS, Kaisa Financial and Fulbright Securities in connection with the issue of additional New Notes under the Concurrent New Money Issuance. Subject to completion of the Exchange Offer and the Concurrent New Money Issuance, the Company will issue US\$81,827,000 of the New Notes in the Concurrent New Money Issuance and US\$111,673,000 of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$193,500,000 of the New Notes.

Application will be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company or the New Notes. No listing of the New Notes has been sought in Hong Kong.

The issue of the Notes is subject to completion. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

Reference is made to the announcements of the Company dated 2 December 2019, 4 December 2019 and 12 December 2019 (“**Announcements**”) in relation to the Exchange Offer and the Concurrent New Money Issuance. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as defined in the Announcements.

THE PURCHASE AGREEMENT IN RELATION TO THE CONCURRENT NEW MONEY ISSUANCE

Date: 12 December 2019 (Hong Kong time)

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) AMTD;
- (d) BNP PARIBAS;
- (e) Kaisa Financial; and
- (f) Fulbright Securities.

AMTD and BNP PARIBAS are the joint global coordinators, and AMTD, BNP PARIBAS, Kaisa Financial and Fulbright Securities are the joint bookrunners and joint lead managers in respect of the offer and sale of the New Notes under the Concurrent New Money Issuance. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of AMTD, BNP PARIBAS, Kaisa Financial and Fulbright Securities is an independent third party and not a connected person of the Company.

The New Notes and the Subsidiary Guarantees have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the New Notes are being offered and sold only to the non-U.S. persons outside the United States in compliance with Regulation S under the U.S. Securities Act. None of the New Notes will be offered to the public in Hong Kong.

PRINCIPAL TERMS OF THE NEW NOTES

Offering Size

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance, the Company will issue US\$81,827,000 of the New Notes in the Concurrent New Money Issuance and US\$111,673,000 of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$193,500,000 of the New Notes, which will mature on 19 December 2021 unless earlier redeemed pursuant to the terms thereof.

Interest Rate

The New Notes will bear interest from and including 19 December 2019 at the rate of 14.00% per annum, payable semi-annually in arrears on 19 June and 19 December each year, commencing 19 June 2020.

Ranking of the New Notes

The New 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 New 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), except for the Existing Notes to the extent of the value of the assets serving as security therefor; (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 of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors to the extent of the value of the assets serving as security therefor; and (5) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Events of Default

The events of default under the New Notes Include:

- (a) default in the payment of principal of (or premium, if any, on) the New Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any New Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) default in the performance or breach of the provisions of the covenants relating to consolidation, merger and sale of assets, the failure by the Company to make or consummate an offer to purchase in the manner prescribed by the terms of the Indenture or the failure by the Company to create, or cause its restricted subsidiaries to create a lien on the Collateral (subject to any permitted liens, if any) in accordance with the covenant relating to security in the Indenture;
- (d) the Company or any restricted subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the New Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the trustee of the New Notes or the holders of 25% or more in aggregate principal amount of the New Notes;
- (e) there occurs with respect to any indebtedness of the Company or any restricted subsidiary having an outstanding principal amount of US\$7.5 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (A) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (B) the failure to make a principal payment when due;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any restricted subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$7.5 million (or the dollar equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (g) an involuntary case or other proceeding is commenced against the Company or any restricted subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any restricted subsidiary or for any substantial part of the property and assets of the Company or any restricted subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any restricted subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Company or any restricted subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) other than in connection with a solvent liquidation or reorganization, consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any restricted subsidiary or for all or substantially all of the property and assets of the Company or any restricted subsidiary or (iii) effects any general assignment for the benefit of creditors;
- (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an event of default (other than an event of default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the holders of at least 25% in aggregate principal amount of the New Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the holders), may, and the Trustee at the written request of such holders shall, subject to receiving indemnity and/or security to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the New Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an event of default specified in clause (g) or (h) above occurs with respect to the Company or any restricted subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the New Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder of the New Notes.

Covenants

Subject to certain conditions and exceptions, the New Notes and the Indenture will limit the Company's ability and the ability of its restricted subsidiaries to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;

- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) create liens;
- (e) create encumbrance or restriction on the restricted subsidiaries' ability to pay dividends, pay indebtedness, transfer assets or make intercompany loans;
- (f) issue or sell capital stock of restricted subsidiaries;
- (g) guarantee additional indebtedness;
- (h) enter into sale and leaseback transactions;
- (i) sell assets;
- (j) enter into transactions with shareholders and their affiliates;
- (k) engage in any business other than a permitted business; and
- (l) effect a consolidation or merger.

Optional Redemption

The New Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time prior to 19 December 2021, the Company may at its option redeem the New Notes, in whole but not in part, at a redemption price equal to 102.236% of the principal amount of the New Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time and from time to time prior to 19 December 2021, the Company may redeem up to 35% of the principal amount of the New Notes with the net cash proceeds of one or more sales of its common stock in an equity offering at a redemption price of 114.00% of the principal amount of the New Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the New Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Information of the Company and Reasons for the New Notes Issue

The Company is an investment holding company, and its subsidiaries are principally engaged in the development and operation of large-scale business centers in the PRC. As of 31 August 2019, we were simultaneously developing and operating 12 projects in 7 provinces and autonomous regions in China, 11 of which are large-scale trade centers. As of 31 August 2019, the Group had a total land bank of 7.9 million sq.m. Our business focuses primarily on the development and operation of large-scale trade centers in high growth second-and third-tier cities in China.

The Company intends to use the net proceeds primarily for repayment of debts, financing acquisition or development of assets or property in the ordinary course of business, and general corporate purposes. The Company may adjust their development plans in response to changing market conditions and therefore reallocate the use of proceeds within the above uses as such conditions may warrant.

Listing of the New Notes

Application will be made to the listing and quotation of the New Notes on the SGX-ST. The approval in-principle to be granted for listing and quotation of the New 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 New Notes; or the Subsidiary Guarantees. The SGX-ST assumes no responsibility for the contents of this announcement. No listing of the New Notes has been sought in Hong Kong.

The issue of the Notes is subject to completion. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance remains subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarised in the Announcements. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed or complete, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions. This announcement is provided to you because you are a non-U.S. person outside the United States in accordance with Regulation S.

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (AS DEFINED UNDER REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED UNDER REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER THE EXISTING NOTES IN THE EXCHANGE OFFER.

DEFINITIONS

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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Fulbright Securities”	Fulbright Securities Limited;
“Indenture”	the indenture proposed to be entered into between the Company, the Subsidiary Guarantors and the Trustee, that specifies the terms of the New Notes including the interest rate of the New Notes and maturity date;
“JV Subsidiary Guarantee”	a limited-recourse guarantee provided by a subsidiary of the Company in certain circumstances;
“JV Subsidiary Guarantor”	a subsidiary of the Company that in the future provides JV Subsidiary Guarantees;
“Kaisa Financial”	Kaisa Financial Group Company Limited;
“New Notes Issue”	the issue of the New Notes by the Company;
“Non-Guarantor Subsidiary”	certain subsidiaries of the Company which do not provide Subsidiary Guarantees or JV Subsidiary Guarantees for the New Notes;
“Purchase Agreement”	the purchase agreement dated 12 December 2019 entered into among the Company, the Subsidiary Guarantors, AMTD, BNP PARIBAS, Kaisa Financial and Fulbright Securities in relation to the proposed New Notes Issue;

“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the New Notes;
“Subsidiary Guarantors”	certain existing subsidiaries of the Company that provide guarantees to secure the Company’s obligations under the New Notes; and
“Trustee”	Citicorp International Limited.

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

Hong Kong, 13 December 2019

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.