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Hidili Industry International Development Limited

恒鼎實業國際發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01393)

DEBT RESTRUCTURE

Reference is made to the announcements of Hidili Industry International Development Limited (the “**Company**”) dated 30 October 2015, 4 November 2015, 14 December 2015, 11 March 2016, 22 April 2016, 4 May 2016 and 30 November 2016 (the “**Announcements**”) in relation to, among other things, the progress of the debt restructuring between the Company, Holders and Lending Banks. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcements unless otherwise stated.

On 18 January 2017, the Company, the Steering Committee and the Onshore Creditors Committee have entered into a term sheet in relation to the proposed restructuring (the “**Restructuring**”) of the onshore and offshore indebtedness of the Company (the “**Termsheet**”).

The principal terms of the Termsheet are as follows:

A. The Notes

1. Not less than 50% of the outstanding Notes of approximately USD190.7 million (comprising approximately USD182.7 million in principal amount and accrued interests of approximately USD8.0 million up to 4 November 2015) will be converted to such number of ordinary shares of the Company.
2. The remaining balance of the outstanding Notes not converted under paragraph 1 above will be replaced or substituted with a new senior note due on 31 December 2021 (the “**New Note**”) with a total interest payable under the New Note comprises (i) cash interest ranging from 3% to 5% per annum and (ii) variable interest based on the Company’s net cash flow from operating activities. Accordingly, the total interest payable is to be capped at 10% per annum.

B. Onshore Debts

1. 20% of the outstanding amount of the Lending Banks (the “**Onshore Debts**”) of approximately RMB6,198.5 million (comprising approximately RMB5,888.0 million in principal amount and accrued interests of approximately RMB310.5 million up to 31 August 2016) will be converted to ordinary shares of the Company.
2. The remaining balance of the Onshore Debts of approximately RMB4,959 million not converted under paragraph 1 above will be rolled over as a 3-year or 5-year term loan.

C. Other payables

Other indebtedness of the Group due to third parties (other than the Holders and the Lending Banks) amounts to approximately RMB1,479 million as at 31 August 2016, of which approximately RMB400 million of trade and/or operating liabilities of the Group (the “**Operating Liabilities**”) will be converted to ordinary shares of the Company and the remaining of these other indebtedness will remain to be serviced by the Group as and when they are due.

D. Shareholding of existing shareholders of the Company

Upon the completion of the Restructuring of the Onshore Debts, the Notes and the Operating Liabilities, the proportion of shares held by existing shareholders will be not less than 20% of the total enlarged share capital.

- E.** The Restructuring will become effective on the date when the parties to the Restructuring agree in writing that the conditions precedent to completion of the Restructuring of the Onshore Debts and the Notes have been satisfied or otherwise waived. The Restructuring of the Onshore Debts and the Notes would be inter-conditional upon each other.

Further, the parties to the Restructuring shall use reasonable endeavours to agree and execute the formal documentation on or before 31 March 2017, including and without limitation to a restructuring framework agreement.

Regarding the execution of the Termsheet, the Holders and the Lending Banks have agreed to standstill and not take action against the Company until 31 March 2017 to allow all parties to formulate the formal documentation and thereafter extend the standstill in accordance with the terms of the formal documentation. The board of directors of the Company expects to finalise the formal documentation by 30 June 2017 to seeking approval in shareholders’ meeting.

Further announcement(s) will be made by the Company to inform the public on any material development of the debts restructure as and when appropriate.

By Order of the Board of
Hidili Industry International Development Limited
恒鼎實業國際發展有限公司
Xian Yang
Chairman

Hong Kong
23 January 2017

As at the date of this Announcement, the executive directors of the Company are Mr. Xian Yang (Chairman), Mr. Sun Jiankun, Ms. Cheng Yuanyun and Mr. Zhuang Xianwei and the independent non-executive directors of the Company are Mr. Huang Rongsheng, Mr. Sung Wing Sum and Ms. Xu Manzhen.