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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Hydoo International Holding Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**RENEWAL OF GENERAL MANDATES TO
ISSUE SHARES AND TO
REPURCHASE SHARES,
PROPOSED ADOPTION OF SHARE OPTION SCHEME,
RE-ELECTION OF DIRECTORS,
PROPOSED RE-APPOINTMENT OF AUDITORS AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Hydoo International Holding Limited to be held at Level 42, Block E, China Resources Land Building, No.18 First Dachong Road, Nanshan District, Shenzhen, the PRC, on Thursday, 30 May 2019 at 10:30 a.m. is set out on pages 29 to 34 of this circular. A form of proxy for use at the AGM is enclosed and such form of proxy is also published at the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.hydoo.com.cn.

Whether or not you propose to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so desire and the form of proxy will be deemed to be revoked.

15 April 2019

CONTENTS

| | <i>Page</i> |
|----------------------------------------------------------------------------------|-------------|
| Definitions | 1 |
| Letter from the Board | 5 |
| Introduction | 5 |
| Renewal of General Mandate to Issue Shares | 6 |
| Renewal of General Mandate to Repurchase Shares | 6 |
| Proposed Adoption of Share Option Scheme | 7 |
| Re-election of Directors | 9 |
| Proposed Re-appointment of Auditors | 10 |
| Annual General Meeting | 10 |
| Responsibility Statement | 11 |
| Recommendation | 11 |
| Appendix I — Explanatory Statement | 12 |
| Appendix II — Summary of Principal Terms of the Share Option Scheme | 15 |
| Appendix III — Details of Directors proposed to be re-elected | 27 |
| Notice of Annual General Meeting | 29 |

DEFINITIONS

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

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| “Adoption Date” | the date on which the Share Option Scheme was conditionally adopted by an ordinary resolution of the shareholders of the Company at the AGM |
| “AGM” | the annual general meeting of the Company to be held at Level 42, Block E, China Resources Land Building, No.18 First Dachong Road, Nanshan District, Shenzhen, the PRC, on Thursday, 30 May 2019 at 10:30 a.m. |
| “AGM Notice” | the notice convening the AGM as set out on pages 29 to 34 of this circular |
| “Articles of Association” | the articles of association of the Company as amended, supplemented or modified from time to time |
| “associate(s)” | has the same meaning ascribed to it under the Listing Rules |
| “Board” | the board of the Directors |
| “Business Day” | a day on which the Stock Exchange is open for the business of dealing in securities |
| “Cancelled Shares” | the Shares which are the subject of options which had been granted and accepted under this Share Option Scheme or any of the other schemes but subsequently cancelled; “Cancelled Shares” shall exclude “Lapsed Shares” |
| “Chairman” | the chairman of the Board |
| “Companies Law” | the Companies Law of the Cayman Islands as amended from time to time |
| “Company” | Hydoo International Holding Limited (毅德國際控股有限公司), an exempted company incorporated in the Cayman Islands on 19 October 2010 with limited liability, with its Shares listed on the Stock Exchange on 31 October 2013 |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Eligible Participant” | any full-time or part-time employees, executives, officers or directors (including independent non-executive directors) of the Company or any of the Subsidiaries who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the Subsidiaries |

DEFINITIONS

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| “Exercise Date” | the date of the notice given by the Grantee in respect of the exercise of the Option in accordance with the Share Option Scheme |
| “Exercise Price” | the price per Share, determined by the Board, at which a Grantee may subscribe for Shares on the exercise of an Option in accordance with the Share Option Scheme |
| “Expiry Date” | the date of the expiry of the Option as may be determined by the Board which shall not be later than the last day of the Option Period in respect of such Option |
| “Grantee” | any Eligible Participant who accepts the offer of the grant of an Option in accordance with the rules of the Share Option Scheme |
| “Group” | the Company and its Subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Lapsed Shares” | the Shares which are the subject of options which are granted and accepted under the Share Option Scheme or any of the other schemes but subsequently lapsed; “Lapsed Shares” shall exclude “Cancelled Shares” |
| “Latest Practicable Date” | 8 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular |
| “Listing Committee” | has the same meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Offer Date” | the date on which an offer for the grant of an Option is made by the Board in writing to an Eligible Participant which must be a Business Day |
| “Option” | a right granted by the Company under the Scheme, which right permits (but does not obligate) a Grantee to subscribe for Shares in accordance with the terms of the Scheme |

DEFINITIONS

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| “Option Period” | the period to be notified by the Board to each Grantee within which the Option may be exercisable provided that such period of time will be up to the earlier of (1) ten years from the date of grant of the Option, and (2) the date on which such Option lapses under the provisions of the Share Option Scheme |
| “Personal Representative(s)” | a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Grantee is or are entitled to exercise the Option accepted by such Grantee (to the extent not already exercised) in consequence of the death of such Grantee |
| “PRC” | the People’s Republic of China |
| “Pre-IPO Share Option Scheme” | the Company’s pre-IPO share option scheme adopted on 20 March 2013 and expired upon the listing of the Company with all options granted under the scheme being expired on 31 December 2018 pursuant to the scheme |
| “Repurchase Mandate” | a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase, during the period as set out in the Repurchase Resolution, Shares up to a maximum of 10% of the total number of Shares of the Company in issue as at the date of passing the Repurchase Resolution |
| “Repurchase Resolution” | the proposed ordinary resolution as referred to in ordinary resolution No. 5 of the AGM Notice |
| “RMB” | Renminbi yuan, the lawful currency of the PRC |
| “Scheme Period” | a period of ten (10) years commencing from the Adoption Date |
| “SFC” | the Securities and Futures Commission |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or modified from time to time |
| “Share(s)” | share(s) of HK\$0.01 each in the share capital of the Company or, if there has been a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company; |

DEFINITIONS

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| “Share Issue Mandate” | a general mandate proposed to be granted to the Directors to exercise all powers of the Company to allot, issue and deal with any Shares or securities convertible into Shares and to make an offer or agreement or grant an option (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such power, during the period as set out in the proposed ordinary resolution as referred to in ordinary resolution No. 4 of the AGM Notice, up to a maximum of 20% of the total number of Shares of the Company in issue as at the date of passing of the relevant resolution |
| “Share Option Scheme” or “Scheme” | the share option scheme proposed to be adopted by the Company at the AGM |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subsidiary” | a subsidiary for the time being of the Company within the meaning of the Companies (Winding Up And Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) whether incorporated in the British Virgin Islands, Hong Kong, the People’s Republic of China or elsewhere and “Subsidiaries” shall be construed accordingly |
| “Takeovers Code” | the Codes on Takeovers and Mergers and Share Buy-backs |
| “Vesting Period” | the period from the Offer Date to the vesting date of the Options, and during such period, Options which have not been vested in the Grantee shall not be exercised by the Grantee |
| “%” | per cent. |

LETTER FROM THE BOARD

Hydoo 毅德控股
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)

Executive Directors:

Mr. Wang Jianli (*Chairman*)
Mr. Wang Dewen
Mr. Huang Dehong

Non-Executive Director:

Mr. Yuan Bing

Independent non-executive Directors:

Mr. Zhao Lihua
Mr. Lam Chi Yuen Nelson
Mr. Yue Zheng

Registered Office:

PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

Headquarters

Level 42, Block E
China Resources Land Building
No. 18 First Dachong Road
Nanshan District
Shenzhen, PRC

Principal Place of Business in Hong Kong:

Suite 2305
23/F, Prudential Tower,
The Gateway
Harbour City, Kowloon
Hong Kong

15 April 2019

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF GENERAL MANDATES TO ISSUE SHARES AND TO
REPURCHASE SHARES,
PROPOSED ADOPTION OF SHARE OPTION SCHEME,
RE-ELECTION OF DIRECTORS,
PROPOSED RE-APPOINTMENT OF AUDITORS AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to the (i) renewal of the Share Issue Mandate and the Repurchase

LETTER FROM THE BOARD

Mandate; (ii) extension of the Share Issue Mandate to include Shares repurchased pursuant to the Repurchase Mandate; (iii) proposed adoption of the Share Option Scheme; (iv) re-election of Directors; and (v) proposed re-appointment of auditors, and to seek your approval of the relevant ordinary resolutions relating to these matters at the AGM.

2. RENEWAL OF GENERAL MANDATE TO ISSUE SHARES

On 16 May 2018, an ordinary resolution was passed by the Shareholders to grant a general mandate to the Directors to exercise during the relevant period (as set out in the said resolution) of all the powers of the Company to allot, issue and deal with Shares or securities convertible into Shares and to make an offer or agreement or grant offers, agreements and options (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such powers. Such mandate will lapse at the conclusion of the AGM. The Directors propose to seek your approval of the Share Issue Mandate at the AGM.

At the AGM, an ordinary resolution set out in resolution No. 4 of the AGM Notice will be proposed to the Shareholders to consider and, if thought fit, grant the Directors a new general and unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares and to make an offer or agreement or grant offers, agreements and options (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such powers, up to a maximum of 20% of the total number of Shares of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the issued share capital of the Company was HK\$40,148,440 divided into 4,014,844,000 Shares with par value of HK\$0.01 each. Subject to passing of the resolution approving the Share Issue Mandate and assuming that no further Shares will be issued or repurchased prior to the date of the AGM, the Directors will be authorised to issue a maximum of 802,968,800 Shares under the Share Issue Mandate, representing not more than 20% of the total number of Shares of the Company in issue as at the date of the passing of the relevant resolution. The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Share Issue Mandate.

Subject to the passing of the Share Issue Mandate and the Repurchase Mandate, an ordinary resolution set out in resolution No. 6 of the AGM Notice will be proposed to extend the Share Issue Mandate to include the number of Shares repurchased under the Repurchase Mandate.

3. RENEWAL OF GENERAL MANDATE TO REPURCHASE SHARES

On 16 May 2018, an ordinary resolution was passed by the Shareholders to give a general mandate to the Directors to exercise all the powers of the Company to repurchase its own Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. Such mandate will lapse at the conclusion of the AGM. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the AGM.

LETTER FROM THE BOARD

At the AGM, an ordinary resolution set out in resolution No. 5 of the AGM Notice will be proposed to the Shareholders to consider, and if thought fit, grant the Repurchase Mandate to the Directors to exercise all powers of the Company to repurchase its own Shares on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, subject to and in accordance with the rules and regulations of the SFC, applicable laws of the Cayman Islands and all applicable laws and/or the requirements under the Listing Rules or equivalent rules or regulations of any other stock exchange as amended from time to time. Under such Repurchase Mandate, the maximum number of Shares that the Company may be repurchased shall not exceed 10% of the total number of Shares of the Company in issue as at the date of passing the relevant resolution. As at the Latest Practicable Date, the issued share capital of the Company was HK\$40,148,440 divided into 4,014,844,000 Shares with par value of HK\$0.01 each. Subject to the passing of the proposed ordinary resolution approving the granting of the Repurchase Mandate and assuming that no further Shares will be issued or repurchased prior to the date of AGM, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate as at the date of passing the Repurchase Resolution will be 401,484,400 Shares, representing 10% of the total number of Shares of the Company in issue as at the date of passing of the resolution in relation thereof. The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Repurchase Mandate.

Pursuant to the Listing Rules, an explanatory statement is set out in Appendix I to this circular to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution to renew the Repurchase Mandate at the AGM.

4. PROPOSED ADOPTION OF SHARE OPTION SCHEME

The Company adopted a Pre-IPO Share Option Scheme on 20 March 2013 which was expired upon the listing of the Company. Pursuant to the Pre-IPO Share Option Scheme, all options granted (and yet to be exercised) had expired on 31 December 2018 and are no longer exercisable. In order to enable the Company to grant Option to Eligible Participants as incentives or to reward the Eligible Participants for their contribution to the growth of the Group, the Board proposes to recommend to the Shareholders at the AGM to adopt the Share Option Scheme. The Company does not have any other share option scheme apart from the Pre-IPO Share Option Scheme (which had expired upon the listing of the Company) and the proposed adoption of the Share Option Scheme.

At the AGM, ordinary resolutions set out in resolution No. 7 of the AGM Notice will be proposed for the adoption of the Share Option Scheme and it is also proposed that the Directors be authorised to do all such acts as to give full effect to the Share Option Scheme.

As at the Latest Practicable Date, the Company had a total of 4,014,844,000 Shares in issue. Assuming that there is no change in the total number of Shares in issue during the period from the Latest Practicable Date up to the date on which the Share Option Scheme is approved at the AGM, the maximum number of Shares which may be allotted and issued pursuant to the Share Option Scheme will be 401,484,400 Shares, representing 10% of the total number of Shares in issue as at the date of AGM. Pursuant to Chapter 17 of the Listing Rules, the Company may seek approval of its Shareholders at general meeting for refreshing the 10% limit under the Share Option Scheme, however

LETTER FROM THE BOARD

the total number of Shares which may be allotted and issued upon exercise of all options to be granted under all the schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval for the limit. Options previously granted under the Share Option Scheme and other scheme (including those outstanding, cancelled, lapsed or exercised or yet to be exercised) will not be counted for the purpose of calculating the refreshed limit. Further, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time.

Eligible Participants

The purpose of the Share Option Scheme is to grant Options to Eligible Participants as incentives or rewards for their contribution or potential contribution to the Company and/or any of the Subsidiaries, so as to lay a foundation for the Company's future development and to align the interests of the key personnel of the Company with the Company's performance and strategic objectives. The Eligible Participants shall include any full-time or part-time employees, executives, officers or directors (including independent non-executive directors) of the Company or any of the Subsidiaries who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the Subsidiaries.

Under the Share Option Scheme, the Board has the authority to set the terms and conditions in the grant of the Options (e.g. in relation to the minimum period for which an Option must be held, the Exercise Price). The Directors consider that the aforesaid terms of the Share Option Scheme will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help to achieve the purpose of the Share Option Scheme.

None of the Directors is a trustee of the Share Option Scheme or has a direct or indirect interest in the trustee of the Share Option Scheme. The Company has not appointed and does not intend to appoint any trustee to the Share Option Scheme.

A summary of the principal terms of the Share Option Scheme is set out in the Appendix II to this circular.

Value of the Options

As at the Latest Practicable Date, the Company has not identified any Eligible Participants to whom it will make an Offer to take up an Option. Since no Option under the Share Option Scheme has been granted and therefore, the Board considers that it is not appropriate to state the value of the Options that may be granted pursuant to the Share Option Scheme as if they have been granted at the Latest Practicable Date, since a number of variables which are crucial for the calculation of the value of the Share Options have not been determined. Such variables include the exercise price, any performance indicators set by the Company, the Option Period and other relevant variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a large number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

LETTER FROM THE BOARD

Conditions for the adoption of the Share Option Scheme

This adoption of the Share Option Scheme is conditional upon:

- (a) the passing of the ordinary resolutions by the Shareholders of the Company to approve and adopt the rules of the Share Option Scheme at the AGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of Options under the Share Option Scheme.

An application will be made to the Stock Exchange for the approval for the listing of and permission to deal in any Shares which may fall to be allotted and issued pursuant to the exercise of the Option granted under the Share Option Scheme.

Document available for inspection

A summary of the principal terms of the Share Option Scheme is set out in Appendix II to this circular. A copy of the Share Option Scheme is available for inspection at Suite 2305, 23/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong during normal business hours from the date of this circular to and including the date of the AGM.

5. RE-ELECTION OF DIRECTORS

Pursuant to Article 16.2 of the Articles of Association, any Director appointed by the Board or by an ordinary resolution of the Company either to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at that meeting. On 20 March 2019, the Board of the Company appointed Mr. Yue Zheng as an independent non-executive Director, the chairman of the remuneration committee, a member of the nomination committee and a member of the strategic review committee of the Company. Accordingly, the Board has resolved to submit the proposal as an ordinary resolution at the AGM to approve the re-election of Mr. Yue Zheng as an independent non-executive Director.

Pursuant to Article 16.18 of the Articles of Association, at every annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed by the Board or by an ordinary resolution of the Company either to fill a casual vacancy or as an addition to the Board shall not be taken into account in determining which Directors are to retire by rotation. A retiring Director shall be eligible for re-election at the annual general meeting. Accordingly, Mr. Yuan Bing (non-executive Director) and Mr. Zhao Lihua (independent non-executive Director) shall be eligible for re-election at the AGM.

At the AGM, ordinary resolutions set out in resolution No. 2 of the AGM Notice will be proposed to re-elect (i) Mr. Yuan Bing as non-executive Director; (ii) Mr. Zhao Lihua as independent non-executive Director; and (iii) Mr. Yue Zheng as independent non-executive Director.

LETTER FROM THE BOARD

Biographical details of the Directors to be re-elected, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix III to this circular.

6. PROPOSED RE-APPOINTMENT OF AUDITORS

KPMG is proposed to be re-appointed as the independent auditors of the Company to hold office until the conclusion of the next annual general meeting, and it is also proposed that the Board be authorised to fix their remuneration for the year of 2019.

7. ANNUAL GENERAL MEETING

The Company will convene the AGM at Level 42, Block E, China Resources Land Building, No.18 First Dachong Road, Nanshan District, Shenzhen, the PRC, on Thursday, 30 May 2019 at 10:30 a.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving the resolutions in the AGM Notice as set out on pages 29 to 34 of this circular.

The register of members of the Company will be closed from Monday, 27 May 2019 to Thursday, 30 May 2019, both days inclusive, during such period no transfer of Shares will be registered. In order to qualify for attendance of the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 24 May 2019.

A form of proxy for use at the AGM is enclosed and such form of proxy is also published at the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.hydoo.com.cn. Whether or not you propose to attend the AGM, you are requested to complete the form of proxy and return it to the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting in person if you so desire. If you attend and vote at the AGM, the authority of your proxy will be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

In respect of the Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules, especially where any related matters are required to be approved by the Shareholders/independent non-executive Directors of the Company separately. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any direct or indirect material interest in the proposed adoption of the Share Option Scheme and accordingly, no Shareholder is required to abstain from voting on the resolution to be proposed at the AGM.

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

9. RECOMMENDATION

The Directors believe that the (i) renewal of the Share Issue Mandate and the Repurchase Mandate; (ii) extension of the Share Issue Mandate to include Shares repurchased pursuant to the Repurchase Mandate; (iii) adoption of the Share Option Scheme; (iv) re-election of Directors; and (v) re-appointment of auditors, are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully
For and on behalf of the Board
Hydoo International Holding Limited
Wang Jianli
Chairman and Executive Director

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM for approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$40,148,440 divided into 4,014,844,000 Shares with par value of HK\$0.01 each. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 401,484,400 Shares, representing 10% of the total number of Shares of the Company in issue as at the date of passing of the relevant resolution at the AGM.

2. REASONS FOR REPURCHASE

Although the Directors have no present intention of repurchasing any Shares, the Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders as a whole.

3. FUNDING OF REPURCHASES

The Company is empowered by its Articles of Association to repurchase Shares. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and the laws of the Cayman Islands. The laws of the Cayman Islands and the Articles of Association provide that payment for a share repurchase may only be made out of profits or the proceeds of a new issue of Shares made for such purpose or subject to the Companies Law, out of capital of the Company. The amount of premium payable on repurchase of Shares may only be paid out of either profits or out of the share premium account of the Company or subject to the Companies Law, out of capital of the Company provided that the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business (i.e. it must be solvent).

In addition, under the laws of the Cayman Islands, payment out of capital by a company for the purchase by a company of its own shares is unlawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business. In accordance with the laws of the Cayman Islands, the Shares so repurchased would be treated as cancelled upon repurchase but the aggregate amount of authorised share capital would not be reduced.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the Company's annual report for the year ended 31 December 2018 in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company.

4. SHARE PRICES

During each of the previous 12 months prior to the printing of this circular, the highest and lowest prices at which the Shares traded on the Stock Exchange were as follows:

| Shares Traded Price | Highest HK\$ | Lowest HK\$ |
|---------------------------------------|-------------------------|------------------------|
| 2018 | | |
| April | 0.580 | 0.450 |
| May | 0.640 | 0.450 |
| June | 0.630 | 0.445 |
| July | 0.450 | 0.330 |
| August | 0.430 | 0.380 |
| September | 0.420 | 0.335 |
| October | 0.465 | 0.350 |
| November | 0.610 | 0.410 |
| December | 0.570 | 0.480 |
| 2019 | | |
| January | 0.520 | 0.455 |
| February | 0.470 | 0.420 |
| March | 0.440 | 0.370 |
| April (up to Latest Practicable Date) | 0.400 | 0.390 |

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the Articles of Association, the laws of Hong Kong and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if the Repurchase Resolution is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

6. EFFECT OF TAKEOVERS CODE AND PUBLIC FLOAT

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and according to the register of substantial Shareholders' interests in Shares kept under section 336 of Part XV of the SFO, Most Trend Holdings Limited ("**Most Trend**") was interested in an aggregate of 2,070,000,000 Shares, representing approximately 51.56% of the total number of Shares of the Company in issue. By virtue of an acting-in-concert declaration executed by Mr. Wong Choi Hing (the former Chairman), Mr. Wang Quanguang, Mr. Wang Jianli (an executive Director and the Chairman), Mr. Wang Dwen (an executive Director and the chief executive officer), Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong (an executive Director) and Mr. Wong Sheung Tak (collectively, the "**Ultimate Controlling Shareholders**") on 22 March 2013, the Ultimate Controlling Shareholders, among other things, confirmed that since 1 January 2010, they have been operating our Group collectively and would through discussions reach consensus among themselves before reaching any commercial decisions on an unanimous basis. As such, the Ultimate Controlling Shareholders are deemed to be interested in 2,070,000,000 Shares through Most Trend. In the event that the Directors exercise in full the power to repurchase the Shares which is proposed to be granted pursuant to the Repurchase Mandate, the shareholding of Most Trend would be increased to approximately 57.29% of the then total number of Shares of the Company in issue, and such increase would not give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences of any purchases made under the Repurchase Mandate which may arise under the Takeovers Code. The Directors do not intend to repurchase Shares to the extent that the Company cannot satisfy its minimum requirement for public float.

7. SHARES REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following is a summary of the principal terms of the Share Option Scheme proposed to be adopted at the AGM. It does not form part of, nor is it intended to be part of the Share Option Scheme, and it should not be taken as affecting the interpretation of the Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the terms as summarized in this appendix and the Listing Rules and any other applicable laws.

1. PURPOSE, DURATION AND CONTROL OF SCHEME

- 1.1 The purpose of the Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards for their contribution or potential contribution to the Company and/or any of the Subsidiaries.
- 1.2 Subject to paragraph 14 and fulfilment of conditions in paragraph 2, this Scheme shall be valid and effective for the Scheme Period which is a period of ten (10) years commencing from the Adoption Date after which no further Options shall be offered but the provisions of this Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme, unless otherwise stipulated by the Board.
- 1.3 This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

2. CONDITIONS

This Scheme shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolutions by the shareholders of the Company to approve and adopt the rules of this Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of Options under this Scheme.

An application will be made to the Stock Exchange for the approval for the listing of and permission to deal in any Shares which may fall to be allotted and issued pursuant to the exercise of the Option granted under this Scheme.

3. ELIGIBLE PARTICIPANTS

- 3.1 The Board may at its discretion and on such terms as it may think fit to grant Options to any Eligible Participants during the Scheme Period.

3.2 The basis of eligibility of any Eligible Participants to the grant of Options shall be determined by the Board from time to time on the basis of his/her contribution to the development and growth of the Company and/or any of the Subsidiaries.

3.3 Eligible Participant means any full-time or part-time employees, executives, officers or directors (including independent non-executive directors) of the Company or any of the Subsidiaries.

4. GRANT OF OPTIONS, OFFER DATE AND VESTING PERIOD

4.1 The Board shall, subject to and in accordance with the provisions of this Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any Business Day during the Scheme Period offer to grant an Option to any Eligible Participant whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before an Option can be exercised) as it may think fit, provided that the maximum number of Shares in respect of which Options may be granted under this Scheme to any Eligible Participant, shall not, when aggregated with:

- (a) any Shares issued upon exercise of Options or options under the other schemes which have been granted to that Eligible Participant;
- (b) any Shares which would be issued upon the exercise of outstanding Options or options under the other schemes granted to that Eligible Participant; and
- (c) any Cancelled Shares which were the subject of Options or options under the other schemes which had been granted to and accepted by that Eligible Participant,

in any 12-month period up to and including the Offer Date, exceed 1% of the number of Shares in issue on the Offer Date.

4.2 If the Board determines to offer Options to an Eligible Participant which exceed the limit set out in paragraph 4.1:

- (a) that grant shall be subject to (i) the issue of a circular by the Company to its shareholders which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules and or such other requirements as prescribed under the Listing Rules from time to time; and (ii) the approval of the shareholders of the Company in general meeting at which that Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) shall abstain from voting; and
- (b) unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board resolves to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

- 4.3 If the Board determines to offer an Option to an Eligible Participant in accordance with paragraph 4.1, the Board shall forward to the relevant Eligible Participant an offer letter in such form as the Board may from time to time determine which states (or, alternatively, documents accompanying the offer letter which state), among others:-
- (a) the Eligible Participant's name, address and title;
 - (b) the Offer Date;
 - (c) the Acceptance Date;
 - (d) the date of commencement of the Option Period;
 - (e) the number of Shares in respect of which the Option is offered;
 - (f) the Exercise Price and the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Option;
 - (g) the Expiry Date in relation to that Option;
 - (h) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph 4.4; and
 - (i) such other terms and conditions (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before the Option can be exercised) relating to the offer of the Option which in the opinion of the Board are fair and reasonable but not being inconsistent with this Scheme and the Listing Rules.
- 4.4 An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer letter constituting acceptance of the Option duly signed by the Grantee, together with a remittance or payment in favour of the Company of RMB1.00 by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date. Such remittance or payment shall in no circumstances be refundable.
- 4.5 Any offer to grant an Option may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter constituting acceptance of the Option in the manner as set out in paragraph 4.4. To the extent that the offer to grant an Option is not accepted by the Acceptance Date, it shall be deemed to have been irrevocably declined.

- 4.6 The Options shall not be listed or dealt in on the Stock Exchange.
- 4.7 The Options acquired by the Grantees under this Scheme are subject to a Vesting Period to be determined by the Board at its sole discretion and specified in the offer letter.
- 4.8 An Option and an offer to grant an Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option held by him or any offer relating to the grant of an Option made to him or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to this Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.
- 4.9 (a) The Board shall not grant any Option after an inside information event has come to the knowledge of the Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In particular, no Options shall be granted during the period commencing 1 month immediately preceding the earlier of:
- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to publish an announcement of results for (i) any year or half-year period in accordance with the Listing Rules, and (ii) where the Company has elected to publish them, any quarterly or any other interim period,
- and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be).
- (b) Where the grant of Options is to a director of the Company, notwithstanding paragraph 4.9(a) above, no Options shall be granted to the directors of the Company: (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

5. OPTIONS TO CONNECTED PERSONS

5.1 Subject to paragraphs 4.2, 5.2, 9.2 and 9.3, if the Board determines to offer to grant Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant shall be subject to the approval by the independent non-executive directors of the Company (and in the event that the Board offers to grant Options to an independent non-executive director of the Company, the vote of such independent non-executive director shall not be counted for the purposes of approving such grant).

5.2 If the Board determines to offer to grant Options to a substantial shareholder or an independent non-executive director of the Company (or any of their respective associates) and that grant would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under this Scheme and the other schemes in the 12-month period up to and including the Offer Date:

- (a) representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue on the Offer Date; and
- (b) having an aggregate value, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date, in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules,

such grant shall be subject to, in addition to the approval of the independent non-executive directors of the Company as referred to under paragraph 5.1, the issue of a circular by the Company to its shareholders and the approval of the shareholders of the Company in general meeting by way of a poll convened and held in accordance with the Articles of Association at which the Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolution concerning the grant of such Options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

5.3 The circular to be issued by the Company to its shareholders pursuant to paragraph 5.2 shall contain the following information:

- (a) the details of the number and terms (including the Exercise Price) of the Options to be granted to each Eligible Participant which must be fixed before the shareholders' meeting and the Offer Date (which shall be the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant);
- (b) a recommendation from the independent non-executive directors of the Company (excluding any independent non-executive director who is the relevant Grantee) to the independent shareholders of the Company as to voting;

(c) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(d) the information required under Rule 2.17 of the Listing Rules.

6. EXERCISE PRICE

The Exercise Price in relation to each Option offered to an Eligible Participant shall be determined in accordance with the Listing Rules and, subject to the adjustments referred to in paragraph 10, be determined by the Board in its absolute discretion but in any event must be at least the higher of:

(a) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date (which must be a stock trading day);

(b) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the 5 Business Days immediately preceding the Offer Date; and

(c) the nominal value of a Share,

provided that in the event of fractional prices, the Exercise Price shall be rounded upwards to the nearest whole cent.

7. EXERCISE OF OPTIONS

7.1 Subject to paragraphs 7.2 and 7.3, an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance or payment and, where appropriate, receipt of the certificate by the auditors of the Company or the approved independent financial adviser as the case may be pursuant to paragraph 10, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

7.2 Subject as hereinafter provided, an Option may be exercised by a Grantee at any time or times during the Option Period provided that:-

(a) in the event of the Grantee ceasing to be an Eligible Participant for any reason (other than on his death, ill-health, injury, disability), or the termination of his employment relationship with the Company and/or any of the Subsidiaries for any reason (including the employer of the Grantee is no longer a subsidiary of the Company), the Options granted to

the Grantee but yet to be vested and his/her vested Options yet to be exercised shall lapse at the date of cessation of being an Eligible Participant (which date shall be, in relation to a Grantee who is an Eligible Participant by reason of his employment with the Company or any of the Subsidiaries, the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not); unless the Board otherwise determines that the Grantee shall be entitled to exercise his/her vested Options yet to be exercised in full or in part for such longer period after the date of cessation of being an Eligible Participant and in such event the Options shall be exercised by the Grantee within the limit set out by the Board;

- (b) in the case of the Grantee ceasing to be an Eligible Participant by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of the Subsidiaries under paragraph 8.2(e) has occurred, the Grantee or the Personal Representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options vested yet to be exercised in full;
- (c) if a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise his Options vested yet to be exercised in full at any time within 30 days after the date on which such general offer becomes or is declared unconditional;
- (d) if, pursuant to the Companies Law, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled to exercise all or any of his Options vested yet to be exercised in full at any time prior to 12 noon (Hong Kong time) on the Business Day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determined. The Board shall endeavour to procure that the Shares

issued as a result of the exercise of Options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension; and

- (e) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or in the case of the death of the Grantee, his Personal Representative(s)) shall be entitled to exercise all or any of his Options vested yet to be exercised at any time not later than 2 Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance or payment for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid and register the Grantee as holder thereof.

- 7.3 The exercise of any Option by a Grantee shall be subject to the restrictions from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules (e.g. prohibitions during blackout periods and with respect to inside information, etc.) or any corresponding code or securities dealing restrictions adopted by the Company.
- 7.4 The Option do not carry any right to vote at the general meetings of the Company, or any dividend, transfer or other rights. The Shares to be allotted upon the exercise of an Option shall not carry voting, dividend or other rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof. Subject as aforesaid, the Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association and shall rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. For the avoidance of doubt, Shares issued upon the exercise of an Option shall not be entitled to any rights attaching to the Shares by reference to a record date preceding the date of allotment.
- 7.5 Unless the Board otherwise determines and sets out in the offer letter, a Grantee shall not be required to achieve any performance target before any Option can be exercised by him or her.

8. OPTION PERIOD AND LAPSE OF OPTION

- 8.1 The Options granted under this Scheme are valid for the Option Period. Option Period is the period to be notified by the Board to each Grantee within which the Option may be exercisable provided that such period of time will be up to the earlier of (1) ten years from the date of grant of the Option, and (2) the date on which such Option lapses under the provisions of the Share Option Scheme. Upon expiry of such Option Period, the unexercised Options will automatically lapse and cannot be exercised retroactively.
- 8.2 An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:-
- (a) the Expiry Date relevant to that Option;
 - (b) the expiry of any of the periods referred to in paragraph 7.2(a), (b), (c), (d) or (e);
 - (c) the date on which the scheme of arrangement of the Company referred to in paragraph 7.2(d) becomes effective;
 - (d) the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Law);
 - (e) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his employment relationship with the Company and/or any of the Subsidiaries for any reason (including the employer of the Grantee is no longer a subsidiary of the Company), (unless the Board otherwise determines that the Grantee shall be entitled to exercise his/her vested Options yet to be exercised in full or in part for such longer period after the date of cessation of being an Eligible Participant and in such event the Options shall be exercised by the Grantee within the limit set out by the Board as stated in paragraph 7.2(a)); and
 - (f) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach of paragraph 4.8 or the Options are cancelled in accordance with paragraph 15.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 Unless further approval has been obtained pursuant to paragraphs 9.2 and/or 9.3 and subject to paragraphs 9.4 and 9.5, the maximum number of Shares in respect of which Options or options under the other schemes may be granted is 10% ("**Scheme Limit**") of the Shares in issue as at the Adoption Date. Options lapsed in accordance with terms of this Scheme and other schemes will not be counted for the purpose of calculating the 10% limit.

- 9.2 Subject to paragraph 9.4, the issue of a circular by the Company which complies with Rules 17.03(3) and 17.06 of the Listing Rules and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Scheme Limit may be refreshed from time to time to 10% of the Shares in issue (“**New Scheme Limit**”) as at the date of such shareholders’ approval (“**New Approval Date**”). Thereafter, as at the Offer Date of any proposed grant of Options, the maximum number of Shares in respect of which Options may be granted is the New Scheme Limit. Options previously granted under this Scheme and other schemes (including those outstanding, cancelled, lapsed or exercised under this Scheme or yet to be exercised) will not be counted for the purpose of calculating the refreshed limit.
- 9.3 Subject to paragraph 9.4, the issue of a circular by the Company to its shareholders and the approval of the shareholders of the Company in general meeting in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Board may grant Options exceeding the Scheme Limit to Eligible Participants specifically identified by the Board.
- 9.4 Any increase in the Scheme Limit pursuant to paragraphs 9.2 or 9.3 shall in no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme and the other schemes exceeding 30% of the Shares in issue from time to time.
- 9.5 In the event of any alternation in the capital structure of the Company by way of sub-division or consolidation of shares of the Company after the Scheme Limit referred to in paragraph 9.1 is increased in accordance with paragraphs 9.2 and/or 9.3, the maximum number of securities that may be issued upon exercise of all options to be granted under all of the share schemes of the Company under the refreshed Scheme Limit at the date immediately before and after such sub-division or consolidation shall be the same.

10. CAPITAL RESTRUCTURING

- 10.1 In the event of any capitalisation issue, rights issue, open offer (if there is a price dilutive element), sub-division, consolidation of shares, or reduction of capital of the Company in accordance with applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in:

- (a) the number of Shares subject to any outstanding Options; and/or
- (b) the Exercise Price,

as the auditors of the Company or the approved independent financial adviser shall at the request of the Company or any Grantee, certify in writing either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the equity capital of the

Company as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustments and the aggregate Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees.

10.2 In respect of any adjustments required by paragraph 10.1, other than any made on a capitalisation issue, the auditors of the Company or the approved independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the relevant supplementary guidance on Rule 17.03(13) of the Listing Rules issued by the Stock Exchange on 5 September 2005 relating to share option schemes and/or such other requirement prescribed under the Listing Rules from time to time.

11. SUFFICIENT SHARE CAPITAL

The Board shall at all times set aside for the purposes of this Scheme, out of the authorised but unissued share capital of the Company, such number of Shares as the Board may from time to time determine to be sufficient to meet subsisting requirements for the exercise of outstanding Options.

12. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares subject to an Option, the amount of the Exercise Price or otherwise) shall be referred to the auditors of the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

13. ALTERATION OF THIS SCHEME

The terms and conditions of this Scheme and the regulations for the administration and operation of this Scheme (provided that the same are not inconsistent with this Scheme and the Listing Rules) may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules, including without limitation, the definitions of “Eligible Participant”, “Exercise Price”, “Expiry Date”, “Grantee” and “Option Period” and the provisions in paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 14, 15 and this paragraph 13; or
- (b) any material alteration to the terms and conditions of this Scheme or any change to the terms of Options granted (except any alterations which take effect automatically under the

terms of this Scheme), must be made with the prior approval of the shareholders of the Company in general meeting at which any persons to whom or for whose benefit the Shares may be issued under this Scheme and their respective associates shall abstain from voting PROVIDED THAT the amended terms of this Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules and no alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such Option prior to such alteration except with the consent in writing or the sanction of a resolution of such majority of the Grantees as would be required of shareholders of the Company under the articles of association for the time being of the Company for a variation of the rights attached to the Shares. Written notice of any alterations made in accordance with this paragraph 13 shall be given to all Grantees.

14. TERMINATION

14.1 This Scheme will be automatically terminated upon expiry of the Scheme Period, and the Company by resolution in general meeting or the Board may at any time resolve to terminate the operation of this Scheme and in such event no further Options shall be offered. Unless otherwise stipulated by the Board, Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme and the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of this Scheme.

14.2 Details of the Options granted, including Options exercised or outstanding, under this Scheme and, if applicable, Options that become void and non-exercisable as a result of such termination shall be disclosed in the circular to shareholders of the Company seeking approval of the new scheme established after the termination of this Scheme.

15. CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph 4.8. Where the Company cancels Options, the grant of new options to the same Grantee may only be made under this Scheme within the limits set out in paragraphs 4.1, 9.1 and 9.2.

The following are the particulars of the biographical details of the Directors proposed to be re-elected at the AGM in accordance with the Articles of Association:

Mr. Yuan Bing (袁兵), aged 50, has been a non-executive Director since 2011, and is primarily responsible for providing strategic advice and guidance on the business and operations of our Group. Mr. Yuan has more than 9 years of private equity investment experience, prior to which Mr. Yuan has gained more than 14 years of experience in the investment banking industry and has extensive knowledge in corporate financing, listings and mergers and acquisitions transactions. Mr. Yuan joined Hony Capital in April 2009 and has served as managing director of the investment department of its Hong Kong office since January 2010. Mr. Yuan has been a non-executive director of Haichang Holdings Ltd. (海昌控股有限公司) since August 2012, whose shares are listed on the Main Board of the Stock Exchange (stock code: 2255). Prior to joining Hony Capital, Mr. Yuan served as managing director of the direct investment department of Morgan Stanley Asia Limited from October 2006 to 2009. Before that, Mr. Yuan served as managing director of the PRC enterprises corporate financing department of Morgan Stanley Asia Limited from April 2004 to June 2006. Mr. Yuan also served as the vice president of Credit Suisse First Boston (Hong Kong) Limited from September 2001 to March 2004. Mr. Yuan received a bachelor of arts degree in English from Nanjing University in July 1990. He also obtained a master's degree in international relations in June 1993 and a juris doctorate's degree in June 1998 from Yale University.

Mr. Yuan has entered into a letter of appointment as a non-executive Director with the Company for a term of 3 years commencing from 2016. He shall retire from office by rotation and shall be eligible for re-election at the AGM in accordance with the Articles of Association. Mr. Yuan is entitled to receive director's fee of HK\$300,000 per annum and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. The total amount of director's remuneration of Mr. Yuan for the year ended 31 December 2018 was HK\$300,000 (equivalent to approximately RMB253,920), which was determined by the Board with reference to his experience, duties and responsibilities, and to the prevailing market conditions.

Save as disclosed above, Mr. Yuan (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the Shares within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed public companies in the last three years.

Save as disclosed above, Mr. Yuan has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Zhao Lihua (趙立華), aged 76, has been an independent non-executive Director since 2014. He graduated from Hunan University (湖南大學) in 1965 majoring in physics. Mr. Zhao was a professor and a tutor of doctorate candidates of Hunan University. He was a visiting scholar of the University of Wisconsin-Madison in the United States from August 1979 to August 1981. He was a visiting professor of the University of Hanover in Germany in 1989 and the vice president of Hunan University from March 1992 to March 2000. He served as the chairman of the board of Hebei Huda

Technology & Education Development Co., Ltd. (河北湖大科技教育發展股份有限公司) from March 2000 to October 2002 and the chief supervisor of Sinosafe General Insurance Co., Ltd. (華安財產保險股份有限公司) from July 2003 to June 2011. Mr. Zhao has been an independent non-executive director of China Glass Holdings Limited (中國玻璃控股有限公司) since June 2011, whose shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 3300). He was formerly an independent non-executive director of China Fiberglass Co., Ltd. (中國玻纖股份有限公司) from July 2003 to April 2011, whose shares are listed on the Shanghai Stock Exchange (stock code: 600176).

Mr. Zhao has entered into a letter of appointment as an independent non-executive Director with the Company for a term of 3 years commencing from 2017. He shall retire from office by rotation and shall be eligible for re-election at the AGM in accordance with the Articles of Association. Mr. Zhao is entitled to receive director's fee of RMB100,000 per annum and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. The total amount of director's remuneration of Mr. Zhao for the year ended 31 December 2018 was RMB240,000 (which included director's fee, salaries allowances and benefits in kind), which was determined by the Board with reference to his experience, duties and responsibilities, and to the prevailing market conditions.

Save as disclosed above, Mr. Zhao (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the Shares within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed public companies in the last three years.

Save as disclosed above, Mr. Zhao has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Yue Zheng (岳嶢), aged 45, has been serving as a vice president of Chia Tai Land Company Limited since July 2004. Prior to that, Mr. Yue served as a project manager and a marketing director of PricewaterhouseCoopers ("PwC") China and PwC New York from July 1997 to July 2004. He graduated from Fudan University (復旦大學) in July 1996 and obtained a bachelor degree in economics. He also obtained a master degree in business administration in May 2002 from Yale University.

Mr. Yue has entered into a letter of appointment as an independent non-executive Director with the Company for a term of 3 years commencing from March 2019. He shall retire from office by rotation and shall be eligible for re-election at the AGM in accordance with the Articles of Association. Mr. Yue is entitled to receive director's fee of HK\$300,000 per annum (equivalent to approximately RMB253,920) and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company.

Save as disclosed above, Mr. Yue (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the Shares within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed public companies in the last three years.

Save as disclosed above, Mr. Yue has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

Hydoo 毅德控股
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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of **Hydoo International Holding Limited** (the “Company”) will be held at Level 42, Block E, China Resources Land Building, No.18 First Dachong Road, Nanshan District, Shenzhen, the PRC, on Thursday, 30 May 2019 at 10:30 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries (the “Group”), the reports of the directors of the Company (the “Directors”) and the reports of the independent auditors of the Company (the “Auditors”) for the year ended 31 December 2018;
2. To re-elect the following Directors, and to authorise the board of directors (the “Board”) to fix the remuneration of the Directors:
 - (a) Mr. Yuan Bing as non-executive Director;
 - (b) Mr. Zhao Lihua as independent non-executive Director; and
 - (c) Mr. Yue Zheng as independent non-executive Director;
3. To re-appoint KPMG as Auditors of the Company and to authorise the Board to fix their remuneration for the year 2019;
4. To consider and, if thought fit, pass with or without amendments the following resolutions as an ordinary resolution:-

“**THAT:**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with the shares of HK\$0.01 each in the capital of the Company (the “Shares”) or securities convertible into Shares and to make an

NOTICE OF ANNUAL GENERAL MEETING

offer or agreement or grant offers, agreements and options (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the Shares to be allotted and issued during or after the end of the Relevant Period;
- (c) the aggregate nominal value of the Shares allotted or issued or dealt with or agreed conditionally or unconditionally to be allotted and issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to: (i) a Rights Issue (as defined in paragraph (d) of this resolution); (ii) the exercise of any subscription or conversion rights attaching to any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) the exercise of any options granted under the new Share Option Scheme of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (the “**Articles of Association**”), shall not exceed 20% of the total number of Shares of the Company in issue as at the date of the passing of the relevant resolution and conditional on the ordinary resolutions Nos. 5 and 6 below being passed, the aggregate number of Shares of the Company repurchased by the Company (if any) pursuant to the authorisation granted to the Directors under the ordinary resolution No. 5 below, and the approval granted pursuant to paragraphs (a) and (b) above shall be limited accordingly;
- (d) for the purpose of this resolution:-

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company, unless renewed by an ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in a general meeting, either conditionally or subject to condition;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable laws and the Articles of Association; or
- (iii) the date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the Shareholders in a general meeting; and

“**Rights Issue**” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Company (or

NOTICE OF ANNUAL GENERAL MEETING

by the Directors) to Shareholders whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate such other securities) (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any authorised regulatory body or any stock exchange in, any territory outside Hong Kong).”

5. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:-

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange for this purpose, subject to and in accordance with the rules and regulations of the SFC and all applicable laws and/or the requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) or equivalent rules or regulations of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares to be authorised to repurchase by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the total number of Shares of the Company in issue as at the date of the passing of this resolution, and provided that immediately following any such repurchase, the Company shall be able to pay its debts as they fall due in the ordinary course of business, and the authority granted shall be limited accordingly; and
- (c) for the purpose of this resolution:-

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either conditionally or subject to condition;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable laws or the Articles of Association; and
- (iii) the date on which the authority given under this resolution is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:-

“**THAT** conditional on the passing of ordinary resolutions Nos. 4 and 5 above, the general mandate granted to the Directors pursuant to ordinary resolution No. 4 above be and is hereby extended by the addition to the aggregate number of Shares of the Company which may be allotted and issued or dealt with, or agreed to be allotted and issued or dealt with by the Directors pursuant to such general mandate of an amount representing the aggregate number of Shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution No. 5 above, provided that such extended amount shall not exceed 10% of the total number of Shares of the Company in issue as at the date of passing of the resolution No. 5.”

7. To consider and, if thought fit, pass with or without amendments the following resolutions as an ordinary resolution:-

“**THAT:**

- (a) conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the shares to be issued pursuant to the exercise of the options which may be granted under the share option scheme of the Company, the terms of which are contained in the documents marked “A” produced to this meeting and initialled by the chairman of this meeting for the purpose of identification (the “**Share Option Scheme**”), the Share Option Scheme be and is hereby approved and adopted; and
- (b) the Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as they may in their absolute discretion consider necessary, desirable or expedient in order to give full effect to the Share Option Scheme including but without limitation:
 - (i) to administer the Share Option Scheme under which options will be granted to the eligible persons under the Share Option Scheme to subscribe for Shares, including but not limited to, to grant options to the eligible persons in accordance with the Share Option Scheme and to handle all matters necessary in relation to, expedient or incidental to the grant of options under the Share Option Scheme;
 - (ii) to allot, issue and deal with any Shares pursuant to the exercise of the subscription rights under any options which may be granted from time to time in accordance with the terms of the Share Option Scheme; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirements of the Listing Rules.”

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

Hong Kong, 15 April 2019

Notes:

- (a) A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting). Completion and return of the form of proxy will not preclude members from attending and voting in person at the above meeting or any adjourned meeting thereof should they so wish. In such case, such form of proxy shall be deemed to be revoked.
- (b) In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be).
- (c) The register of members of the Company will be closed from Monday, 27 May 2019 to Thursday, 30 May 2019, both days inclusive, during such period no transfer of Shares will be registered. In order to qualify for attendance of the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 24 May 2019.
- (d) With regard to resolution No. 2 in this notice, details of the re-elected Directors are set out in Appendix III to this circular to Shareholders dated 15 April 2019.
- (e) Pursuant to Rule 13.39(4) of the Listing Rules, all votes of Shareholders at the AGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Article 14.1 of the Articles of Association provides that on a poll, every shareholder present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.
- (f) Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

NOTICE OF ANNUAL GENERAL MEETING

- (g) If Typhoon Signal No. 8 or above is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force any time after 8 a.m. on the date of the AGM, then the AGM will be postponed and the Shareholders will be informed of the date, time and venue of the rescheduled meeting by a supplementary notice posted on the Company's website (www.hydoo.com.cn) and the website of the Stock Exchange (www.hkexnews.hk).

The AGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force.

Shareholders should decide on their own whether they would attend the AGM under bad weather condition bearing in mind their own situations and if they do so, they are advised to exercise care and caution.

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 Director of the Company is Mr. Yuan Bing; and the independent non-executive Directors of the Company are Mr. Zhao Lihua, Mr. Lam, Chi Yuen Nelson, and Mr. Yue Zheng.