

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **SUPPLEMENTAL ANNOUNCEMENT**

References are made to the composite offer and response document dated 20 September 2019 (the “**Composite Document**”) in respect of the Share Offer jointly issued by the Offeror and the Company, the announcement dated 11 October 2019 (the “**Completion Announcement**”) jointly issued by the Offeror and the Company in relation to, among others, the close of the Share Offer, the announcement of the Company dated 11 October 2019 (the “**Appointment Announcement**”) in relation to, among others, the appointments of Mr. Wong as the chairman of the Board and both Mr. Cai and Mr. Zeng as co-chairmen of the Board (the “**Co-Chairmen**”, together with Mr. Wong, the “**Three Chairmen**”), and the appointments of both Mr. Cai and Mr. Wang Dewen (“**Mr. Wang**”) as co-chief executive officers of the Company (the “**Two Co-CEOs**”) (collectively, the “**Appointments**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Composite Document, the Completion Announcement and the Appointment Announcement.

The Board would like to provide the Shareholders and its potential investors with additional information in relation to the Appointments as below:

#### **REASONS FOR THE APPOINTMENTS**

The Board believes that the Appointments are in the best interest of the Company and the Shareholders, taking into account, in particular, the recent change of control of the Company following the close of the Share Offer and the business development of the Group, due to the following commercial reasons:

#### **Appointment of the Three Chairmen**

##### ***Mr. Wong as the chairman of the Board***

Not only does Mr. Wong have over 20 years of experience in the development and operation of large-scale trade and logistics centres, his extensive business networks developed through his various positions held in various organisations and associations in Hong Kong and the PRC

(including a member of the 11th and 12th Chinese People's Political Consultative Conference National Committee) are also highly regarded. In light of the above, the Board believes in Mr. Wong's capabilities of the leadership, management and strategy formulation of the Group and his substantial experience and extensive business networks which are valuable for the Group's continuous development of the existing business and exploring other business opportunities to strength its existing business.

Also, Mr. Wong, being the founder and former controlling shareholder of the Group, is a symbolic figure to the Company and an influential figure in the industry. As such, the Board believes that Mr. Wong remaining at the management level of the Company after the change of control would bolster the confidence of the Shareholders and the potential investors in the Company. For further details of the biographies of Mr. Wong, please refer to the Appointment Announcement.

### ***Mr. Cai and Mr. Zeng as the Co-Chairmen***

Each of Mr. Cai and Mr. Zeng is a director of the Offeror and a representative of the Offeror (the "**Offeror's Representative**"). The Board believes that the appointment of the Co-Chairmen allows the Offeror to have sufficient representation on the Board so as to enable the Offeror to exert substantial influence and consolidate its control over the Group, to better align the interest of the Offeror with that of the Group and to formulate the overall development and strategic plans of the Group in line with the directions of the Offeror upon the change of control.

### **Appointment of the Two Co-CEOs**

The appointment of the Two Co-CEOs will expedite and streamline the transition process upon the change of control, given that Mr. Wang had been the CEO of the Company for more than 5 years prior to the change of control and is familiar with the business operations and management of the Group. It is anticipated that, Mr. Cai, as the Offeror's Representative, will ensure that any business decisions and strategies will be implemented and executed in line with the Offeror's directions and strategies, and will also contribute to explore possible business opportunities, such as investment in property development industry in the PRC and overseas with his rich experience in such industry and his well-established business connections and professional networks, while Mr. Wang will assist Mr. Cai in day-to-day business operations and management of the Group.

In light of the above, the Board believes that Mr. Cai and Mr. Wang will complement with each other in performing the roles of Co-CEOs, which is able to create synergy effect and beneficial to the business prospects and management of the Group. For further details of the biographies of Mr. Cai and Mr. Wang, please refer to the Appointment Announcement.

## **CLEAR DIVISION OF ROLES AND RESPONSIBILITIES AMONG THE THREE CHAIRMEN**

As a matter of good corporate governance, the Board has adopted an internal policy (the “**Internal Policy**”) to ensure a clear division of roles and responsibilities among the Three Chairmen as follows:

### **Duties of chairman prescribed under the Articles of Association of the Company (the “Articles”)**

Pursuant to the Articles, a “chairman” is a person who actually presides at shareholder meetings or board meetings, as the case may be. The chairman shall take the chair at every general meeting or board meeting, as the case may be, or if there be no such chairman or, if at any general meeting or board meeting, as the case may be, such chairman shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the directors present at the meeting shall choose another director to be chairman of the meeting.

Pursuant to the Internal Policy, the Board has adopted the following internal procedures to determine who shall preside as the chairman at the general meeting of the Shareholders (the “**General Meeting**”) or the Board meeting:

- a. if only one of the Three Chairmen is present at any General Meeting or Board meeting, then such Chairman shall preside as the chairman of such meeting;
- b. if all Three Chairmen or any two of the Three Chairmen are present at any General Meeting or Board meeting, then they shall agree among/between them which one shall preside as the chairman of such meeting, but if they are unable to agree, then the Directors present shall choose who shall preside as the chairman of such meeting; and
- c. if none of the Three Chairmen is present at any General Meeting or Board meeting, or if neither is willing to act, then the chairman of such meeting shall be determined in accordance with the Articles.

The chairman of the General Meeting or the Board meeting determined in accordance with the aforementioned procedures will carry out the duties of the chairman prescribed in the Articles accordingly.

## **Duties of chairman prescribed under the Corporate Governance Code (the “CG Code”)**

Pursuant to the Internal Policy, the Board has adopted the following internal procedures to ensure a clear division of roles and responsibilities among the Three Chairmen under the CG Code:

- a. To expedite the briefing process for the purpose of ensuring all Directors are properly briefed on issues which are going to be discussed and will be arising at Board meetings prior to the meetings in a timely manner, Mr. Wong (Chairman) will brief Mr. Wang (Co-CEO), whereas Mr. Zeng (Co-Chairman) will brief Mr. Zhao Lihua (independent non-executive Director), and Mr. Cai (Co-Chairman and CEO) will brief Mr. Lam Chi Yuen Nelson (independent non-executive Director) and Mr. Yue Zheng (independent non-executive Director). The Three Chairmen will jointly procure information to be given to all other Directors of the Company to be accurate, clear, complete, reliable and in a timely manner;
- b. The Three Chairmen will be complementary to one another in the leadership of the Board by utilizing their respective expertise and experience and will jointly ensure that the Board works effectively and performs its responsibilities and all key and appropriate issues to be discussed in a timely manner;
- c. The Three Chairmen will delegate the responsibility for drawing up and approving the agenda for each Board meeting to the company secretary of the Company and any matters proposed by the other Directors for inclusion in the agenda will be taken into account collectively by the Three Chairmen;
- d. The Three Chairmen will jointly ensure that good corporate governance practices and procedures are established and cooperate with one another to allow all Directors to make a full and active contribution to the Board’s affairs and jointly take the lead to ensure that it acts in the best interests of the Company and encourage the Directors with different views to voice their concerns. The Chairman who chairs the Board meetings as determined in accordance with the procedures as stated hereinabove should allow sufficient time for discussion of issues at the Board meetings and ensure that Board decisions fairly reflect the Board consensus;
- e. Mr. Zeng (Co-Chairman), a member of the Nomination Committee who is expected to have regular contacts with the independent non-executive Directors, will hold meetings annually with the independent non-executive Directors without the presence of other Directors; and
- f. The Three Chairmen will jointly procure that appropriate steps are taken to provide effective communication with the Shareholders and that their views are communicated to the Board as a whole, and will jointly promote a culture of openness and debate by facilitating the effective contribution of independent non-executive Directors in particular and ensuring constructive relations between executive and independent non-executive Directors.

## **COMPLIANCE WITH THE ARTICLES AND RELEVANT LAWS AND REGULATIONS**

### **Compliance with the Articles and Cayman Laws**

As advised by the Company's Cayman Counsel (the "**Cayman Counsel**"), the Articles and the relevant laws and regulations in the Cayman Islands (the "**Cayman Laws**") do not prohibit the appointment of the Three Chairmen or the Two Co-CEOs. With the advice of the Cayman Counsel and the adoption of the Internal Policy to ensure that only one of the Three Chairmen to preside as chairman at any particular General Meeting or Board meeting, the Board is of the view that, the Appointments do not contravene and is not inconsistent with the Articles or the Cayman Laws.

### **Compliance with the CG Code**

The Board considers the Appointments can achieve the purpose for maintaining sufficient checks and balances of power and authority of the Board, given that the relevant role and responsibilities are divided among the Three Chairmen and the Two Co-CEOs as stated hereinabove. Further, the Board also includes three high-calibre independent-non executive Directors, two of whom possess relevant experiences in listed companies in Hong Kong and/or Shanghai. With the strong independence element and their professional advice and support, the Board believes the existing Board composition can ensure that the power and authority of the Board are not concentrated in any particular individual as required under the CG Code.

Paragraph A.2.1 of the CG Code under Appendix 14 of the Listing Rules states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. In light of the Company's individual circumstances, the Board considers that the appointment of Mr. Cai as both Co-Chairman and Co-CEO complies with the overall objective and underlying principle of the requirements set out in paragraph A.2.1 of the CG Code, as such, the appointment should only be considered as a "mere deviation" from the CG Code for the following reasons: (1) the need for facilitating the transition process and the significance to represent the Offeror's interest in the Board arising from the recent change of control, (2) the commercial decisions to appoint the Three Chairman and the Two Co-CEOs and (3) the capability to maintain checks and balances of power and authority of the Board as stated hereinabove.

The Company will nonetheless regularly review the structure and composition of the Board in light of the evolving needs of the Group and will consider segregating the roles of the Chairman and the Co-CEO as and when appropriate.

## **CLARIFICATION REGARDING THE NUMBER OF SHARES THAT MR. CAI WAS INTERESTED IN THE SECURITIES OF THE COMPANY**

Reference is made to the second paragraph on page 6 of the Appointment Announcement. The Board wishes to clarify that the number of shares of the Company that Mr. Cai was interested in as at the date of the Appointment Announcement should be 2,661,956,801 shares (which represents approximately 66.30% of the issued share capital of the Company) through Hakka Park and CG-HKGBAHL, as a result of the close of the Share Offer. Save as disclosed above, the content of the Appointment Announcement in relation to Mr. Cai's appointment remains unchanged.

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

Hong Kong, 14 November 2019

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

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*