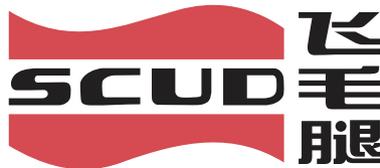

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer 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 SCUD Group Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SCUD GROUP LIMITED
飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

- (1) RENEWAL OF GENERAL MANDATE
TO ISSUE SHARES AND REPURCHASE SHARES;**
(2) RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME; AND
(4) NOTICE OF ANNUAL GENERAL MEETING
-

A notice convening an annual general meeting of SCUD Group Limited to be held at 2:30 p.m. on Monday, 17 June 2019 at Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wan Chai, Hong Kong is set out on pages 30 to 35 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of SCUD Group Limited in Hong Kong, Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting, or any adjournment thereof, should you so wish.

29 April 2019

* For identification purpose only

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DEFINITIONS

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

“Adoption Date”	means 17 June 2019, the date on which the New Share Option Scheme is to be conditionally adopted by the Shareholders in the AGM;
“AGM”	means the annual general meeting of the Company to be held at 2:30 p.m. on Monday, 17 June 2019 at Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wan Chai, Hong Kong;
“AGM Notice”	means the notice convening the AGM set out on pages 30 to 35 of this circular;
“Articles”	means the articles of association of the Company adopted pursuant to written resolutions of the Shareholders passed on 3 December 2006;
“associate”	has the same meaning as defined in the Listing Rules;
“Board”	means the board of Directors;
“Business Day”	means any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“close associate”	has the same meaning as defined in the Listing Rules;
“Companies Law”	means the Companies Law of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Company”	means SCUD Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“connected person”	has the same meaning as defined in the Listing Rules;
“controlling shareholder”	has the same meaning as defined in the Listing Rules;
“core connected person”	has the same meaning as defined in the Listing Rules;
“Date of Grant”	in respect of an Option, means the Business Day on which the Board resolves to make an Offer to a Participant, whether or not the Offer is subject to Shareholders’ approval on the terms of the New Share Option Scheme;
“Directors”	means the directors of the Company;

DEFINITIONS

“Grantee”	means any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Issue Mandate”	means a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares set out as resolution no. 17 in the AGM notice;
“Latest Practicable Date”	means 18 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum of Association”	means the memorandum of association of the Company, adopted on 20 July 2006 and as amended, supplemented or otherwise modified from time to time;
“New Share Option Scheme”	means the new share option scheme of the Company proposed to be adopted and approved by the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular;
“Offer”	means the offer of the grant of an Option made in accordance with the terms and conditions of the New Share Option Scheme;
“Old Share Option Scheme”	means the share option scheme adopted by the Company on 3 December 2006 and which expired on 2 December 2016;
“Option Period”	in respect of any particular Option, means the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;
“Option(s)”	means option(s) to subscribe for Shares pursuant to the New Share Option Scheme and for the time being subsisting;

DEFINITIONS

“Participants”	means directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group;
“PRC”	means the People’s Republic of China;
“Repurchase Mandate”	means a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares set out as resolution no. 18 in the AGM Notice;
“Scud Electronics”	means Scud (Fujian) Electronics Co., Ltd., a limited liability company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	means ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	means holder(s) of the Share(s);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Share Option Scheme;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly;
“Supplementary Guidance”	means the supplementary guidance on Rule 17.03(13) of the Listing Rules issued by the Stock Exchange on 5 September 2005 and any future guidance / interpretation of the Listing Rules issued by the Stock Exchange from time to time;

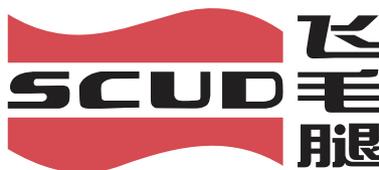
DEFINITIONS

“Takeovers Code” means the Code on Takeovers and Mergers issued by the Securities and Futures Commission and as amended from time to time; and

“%” means per cent.

Note: All times and dates referred to in this circular refer to Hong Kong local times and dates.

LETTER FROM THE BOARD



SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

Executive Directors:

Ms. Lian Xiu Qin (*Chief Executive Officer*)

Mr. Feng Ming Zhu

Non-executive Directors:

Dr. Ho Chung Tai Raymond (*Chairman*)

Mr. Hou Li

Independent Non-executive Directors:

Mr. Heng Ja Wei Victor

Mr. Lam Yau Yiu

Dr. Wong Chi Wing

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Place of business in Hong Kong:

Room 1017, 10/F Leighton Centre

77 Leighton Road

Causeway Bay

Hong Kong

29 April 2019

To the Shareholders

Dear Sir or Madam,

- (1) RENEWAL OF GENERAL MANDATE
TO ISSUE SHARES AND REPURCHASE SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to: (i) provide you with details of the proposed Issue Mandate and the proposed Repurchase Mandate, (ii) set out an explanatory statement regarding the Repurchase Mandate, (iii) provide particulars of the Directors to be re-elected, (iv) provide you with information on the proposed adoption of the New Share Option Scheme and (v) give you notice of the AGM.

* For identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 14 May 2014, ordinary resolutions were passed giving the general mandates to the Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of Shares in issue as at 14 May 2014. The purpose of the general mandates was to enable the Directors to issue additional Shares should the need arise. Ordinary resolutions will be proposed at the AGM for approval of, amongst others, the Issue Mandate and the Repurchase Mandate in order to give to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate number of Shares not exceeding 20% of the aggregate number of Shares in issue as at the date of passing the proposed resolution at the AGM; and
- (ii) to repurchase Shares with an aggregate number of Shares not exceeding 10% of the aggregate number of Shares in issue as at the date of passing the proposed resolution at the AGM.

In addition, a separate ordinary resolution will also be proposed at the AGM to add to the Issue Mandate those Shares repurchased by the Company pursuant to the Repurchase Mandate (if granted to the Directors at the AGM). The Directors have no present intention to exercise the general mandates to issue Shares and to repurchase Shares of the Company.

As at the Latest Practicable Date, the Listing Rules provide that, unless the Stock Exchange agrees otherwise, in the event the Issue Mandate is exercised and Shares are placed for cash consideration under the Issue Mandate, the issue price of the Shares may not be at a price which represents a discount of 20% or more to the benchmarked price of the Shares, such benchmarked price being the higher of:

- (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the Issue Mandate; and
- (ii) the average closing price of the Shares as quoted on the Stock Exchange in the 5 trading days immediately prior to the earlier of:
 - (a) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of Shares under the Issue Mandate;
 - (b) the date of the placing agreement or other agreement involving the proposed issue of Shares under the Issue Mandate; and
 - (c) the date on which the placing or subscription price is fixed.

In terms of price at which Shares may be issued at time of exercise of the Issue Mandate, the Company will comply with the then prevailing requirements under the Listing Rules.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

It is proposed that at the AGM, Ms. Lian Xiu Qin, Mr. Feng Ming Zhu, Dr. Ho Chung Tai Raymond, Mr. Hou Li, Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Dr. Wong Chi Wing will retire by rotation in accordance with Article 86(3) and Article 87(1). The above Directors, all being eligible, will offer themselves for re-election.

The Board has considered the annual written confirmation of independence from each of the retiring independent non-executive Directors based on the independence criteria set out in Rule 3.13 of the Listing Rules. The Board is not aware of any circumstance which may influence the retiring independent non-executive Directors in exercising their independent judgment. On this basis, the Board considers the retiring independent non-executive Directors to be independent. The retiring independent non-executive Directors comprise experienced and high calibre individuals, with appropriate professional qualifications and expertise in public and commercial sectors, and represent diverse career experience in both international and local enterprises. The Board believes that the re-election of the retiring independent non-executive Directors will provide the Company with a good balance and diversity of perspectives, skills and experience appropriate to the requirements of its business.

The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

TERMS OF DIRECTORS' APPOINTMENT

Details of the service contracts of each of Ms. Lian Xiu Qin and Mr. Feng Ming Zhu and the appointment letters of each of Dr. Ho Chung Tai Raymond, Mr. Hou Li, Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Dr. Wong Chi Wing, all of which are proposed to be renewed, are set out in Appendix II of this circular.

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme

The Company does not currently have a share option scheme since the expiry of the Old Share Option Scheme. The Board proposes to recommend to the Shareholders to approve the adoption of the New Share Option Scheme at the AGM. The New Share Option Scheme will become effective after all the conditions precedent as referred to under the paragraph headed "Conditions Precedent to the Adoption of the New Share Option Scheme" below have been fulfilled.

As at the Latest Practicable Date, there were a total of 1,090,001,246 Shares in issue and there are no outstanding options granted under the Old Share Option Scheme. 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 of the AGM, the maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company will be 109,000,124 Shares, representing approximately 10% of the total number of Shares in issue as at the date of the AGM, unless the Company obtains a fresh approval from its Shareholders to renew the 10% limit on the basis that the maximum number of Shares which may be issued upon the exercise of all outstanding options

LETTER FROM THE BOARD

granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time. If the share capital of the Company changes, including a share consolidation or sub-division, after the adoption of the New Share Option Scheme, the maximum number of Shares that may be issued upon exercise of all the Options will be adjusted accordingly such that the number of Shares as a percentage of the Company's issued Shares immediately before and after such share capital change shall be the same.

Reasons for adopting the New Share Option Scheme

The purpose of the New Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The New Share Option Scheme expressly provides that the Board may with respect to each grant of Options, determine the Subscription Price (in compliance with Rule 17.03(9) of the Listing Rules), the minimum period (if any) for which an Option must be held before it can be exercised, performance targets (if any) and other conditions that apply to the Options.

The Directors believe that the New Share Option Scheme will accord the Board flexibility in determining specific targets, parameters and conditions (including the minimum holding period, performance targets and subscription price of such options) to which the specific grant of Options may be subject on a case-by-case basis, will serve to protect the value of the Company and can promote alignment between the Participant and the aim of enhancing shareholders value through increase in share price. The Directors also believe that the New Share Option Scheme will continue to enable the Group to attract and/or retain people who are valuable to the development of the Group and to maintain or attract business relationships with Participants whose contributions are or may be beneficial to the growth of the Group.

Conditions precedent to the adoption of the New Share Option Scheme

The New Share Option Scheme shall take effect subject to the following conditions:

- (i) the passing of an ordinary resolution of the Shareholders in the AGM approving the adoption of the New Share Option Scheme and authorising the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares which fall to be issued and allotted pursuant to the exercise of Options under the New Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

LETTER FROM THE BOARD

Value of the Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include but are not limited to the exercise price, exercise period, any lock-up period, any performance targets set and other variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Principal terms of the New Share Option Scheme

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix III to this circular. The terms of the New Share Option Scheme are in line with the provisions of Chapter 17 of the Listing Rules, which governs the terms of the share option schemes of listed companies.

A copy of the New Share Option Scheme is available for inspection at the place of business of the Company in Hong Kong at Room 1017, 10/F Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong from 10:00 a.m. to 5:00 p.m. on any Business Day from the date of this circular to and including the date of the AGM.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at 2:30 p.m. on Monday, 17 June 2019 at Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wan Chai, Hong Kong is set out on pages 30 to 35 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

You will find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

Pursuant to the Listing Rules, voting by poll is mandatory at all general meetings except for resolutions relating purely to procedural or administrative matters. The chairman of the AGM will request for voting by poll on all of the proposed resolutions. The results of the poll will be published on the websites of the Company and the Stock Exchange on the day of the AGM.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose name appear on the Company's register of members on Monday, 17 June 2019 will be eligible for attending and voting at the AGM. The Company's register of members and books of transfer will be closed from Wednesday, 12 June 2019 to Monday, 17 June 2019, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible for attending and voting at the AGM,

LETTER FROM THE BOARD

all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 11 June 2019.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share held.

After the conclusion of the AGM, the poll results will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.scudgroup.com.

None of the Directors is a trustee of the New Share Option Scheme and there is no trustee for the New Share Option Scheme. As at the Latest Practicable Date, to the best of the Directors' knowledge and belief having made all reasonable enquiries, no Shareholder has a material interest in the adoption of the New Share Option Scheme and therefore no Shareholder is required to abstain from voting on the resolution in relation thereto.

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 enquiries, 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.

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate and the Repurchase Mandate, the re-election of the retiring Directors and the adoption of the New Share Option Scheme are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of all resolutions as set out in the AGM Notice.

Your attention is also drawn to the additional information set out in Appendix I, Appendix II and Appendix III to this circular.

By Order of the Board
SCUD GROUP LIMITED
Ho Chung Tai Raymond
Chairman

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

2. FUNDING OF REPURCHASES

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the Memorandum of Association and Articles of the Company and the laws of the Cayman Islands. Such repurchases may only be effected out of profits of the Company or out of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of profits of the Company or out of the Company's share premium account or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

As compared with the financial position of the Company as at 31 December 2018 (being the date to which the latest audited financial statements of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed repurchases were to be carried out in full during the proposed repurchase period.

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 of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,090,001,246 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Company would be allowed under the repurchase proposal to repurchase a maximum of 109,000,124 Shares.

4. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the Memorandum of Association and Articles of the Company.

6. EFFECT OF THE TAKEOVERS CODE

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

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Fang Jin, a controlling shareholder of the Company, together with his close associates, was interested in 532,338,000 Shares, representing approximately 48.84% of the issued share capital of the Company.

In the event the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate and on the assumption that no further Shares are issued or repurchased from the Latest Practicable Date to the date of the AGM, the shareholding interest of Mr. Fang Jin, together with his close associates, would increase to approximately 54.26% of the issued share capital of the Company. In the event of such increase, Mr. Fang Jin, together with his close associates, would, in the absence of a waiver from the Securities and Futures Commission, be obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to repurchase Shares to an extent which would render the aforesaid Shareholder or any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Repurchase Mandate will not result in less than 25% of the Shares being held by the public.

7. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their respective close associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company. No core connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make repurchases of Shares.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous six months and ending on the Latest Practicable Date.

9. SHARE PRICE

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months and up till the Latest Practicable Date were as follows:

	Highest price per Share HK\$	Lowest price per Share HK\$
2018		
April	N/A*	N/A*
May	N/A*	N/A*
June	N/A*	N/A*
July	N/A*	N/A*
August	N/A*	N/A*
September	0.600*	0.400*
October	0.465	0.285
November	0.310	0.260
December	0.300	0.265
2019		
January	0.335	0.270
February	0.465	0.315
March	0.400	0.330
April (up to the Latest Practicable Date)	0.450	0.360

* Trading in the Shares was suspended since 26 March 2015 and resumed on 28 September 2018.

APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

DETAILS OF DIRECTORS SUBJECT TO RE-ELECTION AT THE AGM

The particulars of the Directors who are subject to re-election at the AGM and which are required to be disclosed by the Listing Rules are set out below:

(1) Ms. Lian Xiu Qin – Executive Director

Lian Xiu Qin, aged 47, is an executive Director and the Chief Executive Officer of the Group. She is primarily responsible for the management of the Group's daily operations. She joined the Group in March 1998 and she has been the Deputy General Manager and the Division Head of the first business division of Scud Electronics since January 2016 and July 2016 respectively, responsible for managing the Group's business with its major customers, such as Huawei, Xiaomi, Lenovo, etc. Previously, she held other key positions such as the Production Head and Engineering Manager of Scud Electronics. Ms. Lian has over 20 years' experience in engineering and manufacturing technologies. She was awarded the honorary title "Second-term Outstanding Highly Skilled Talent of Fuzhou" by the Human Resources and Social Security Bureau of Fuzhou in May 2013. The polymer battery metal shell structure registered by the State Intellectual Property Office of the PRC as a patent in the name of Scud Electronics was invented by Ms. Lian and two other staff of the Group. Publications by Ms. Lian on "Lithium Battery Production Technologies" and "Electronic Products Assembly Process" are used as teaching materials at the Fujian Scud Senior Technician Training School.

Ms. Lian is a qualified senior technician specialising in the production of battery cells. She graduated from the Shenyang University of Technology in July 1995 specialising in Applied Electronics Technology and an undergraduate qualification in Business English at the Fujian Normal University in June 2009. Ms. Lian has completed professional training on "Quantitative Methods in Process Improvement" (ISO 13053-1&2:2011) published by the International Organisation for Standardisation and on cost control management. Ms. Lian is currently studying a part-time Master's degree in Business Administration at the Seton Hall University of the United States of America in the PRC.

Ms. Lian has an existing service contract with the Company for a term commencing on 27 September 2018 and ending on the earlier of 26 September 2021 and the date of the annual general meeting to be held by the Company in 2021 and may be terminated by either party giving at least three month's prior notice in writing. Pursuant to such service contract, Ms. Lian is entitled to annual director's fees of HK\$240,000 for her services to the Company, plus statutory contributions to retirement benefits schemes and performance-based discretionary bonus payments as assessed by the Board. As the Chief Executive Officer of the Group, Ms. Lian is also entitled to an annual salary of RMB700,000, which is determined by reference to her experience and duties.

Save as disclosed above, Ms. Lian does not hold any other position with the Company or other members of the Group. Save as disclosed above, Ms. Lian does not hold and has not, in the past three years, held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Other than the relationship arising from her directorship with the Company and save as disclosed herein, Ms. Lian does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Save as disclosed above, there is no information relating to Ms. Lian's proposed re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Ms. Lian's proposed re-election as a Director.

(2) Mr. Feng Ming Zhu – *Executive Director*

Feng Ming Zhu, aged 55, is an executive Director, a member of the Corporate Governance Committee and the Vice President of the Group. He is primarily responsible for the development of the Group's strategy, the management of the Group's daily operations and monitoring the Group's internal control procedures on a day-to-day basis. He joined the Group in March 2007 and served as the Director of Administration of the Group until October 2011. He then served as the General Manager of SCUD SMT Business Unit before becoming the Vice President of the Group in April 2013. Mr. Feng holds a Bachelor Degree in Engineering from the Anhui University of Finance and Economics in the PRC. Mr. Feng is currently a Specialist of Fujian JingXin Think Tank Industry Research.

Mr. Feng has an existing service contract with the Company for a term commencing on 25 August 2016 and ending on the earlier of 24 August 2019 and the date of the annual general meeting to be held by the Company in 2019 and may be terminated by either party giving at least three month's prior notice in writing. Pursuant to such service contract, Mr. Feng is entitled to annual director's fees of HK\$240,000 for his services to the Company, plus statutory contributions to retirement benefits schemes and performance-based discretionary bonus payments as assessed by the Board.

Save as disclosed above, Mr. Feng does not hold any other position with the Company or other members of the Group. Save as disclosed above, Mr. Feng does not hold and has not, in the past three years, held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Other than the relationship arising from his directorship with the Company and save as disclosed herein, Mr. Feng does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there is no information relating to Mr. Feng's proposed re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Mr. Feng's proposed re-election as a Director.

(3) Dr. Ho Chung Tai Raymond – *Non-executive Director*

Ho Chung Tai Raymond, SBS, MBE, S.B. St. J., JP, aged 80, is a non-executive Director, the Chairman of the Company and a member of the Remuneration Committee, Nomination Committee and Corporate Governance Committee. He joined the Group on 27 September 2018. Dr. Ho has over 50 years' experience in civil, structural, environmental and geotechnical engineering industries and has directly managed a number of mega-sized engineering projects. Dr. Ho received his degree of Doctor of Philosophy in Civil Engineering from the City University of London in June 1971, an Honorary Doctor of Laws from the University of Manchester in September 2001 and an Honorary Doctor of Business Administration from

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the City University of Hong Kong in November 1999. He graduated from the University of Hong Kong in November 1963 with a Bachelor of Science in Engineering and obtained his diploma for advanced studies in engineering and soil mechanics from the University of Manchester in July 1964.

Dr. Ho has served as an independent non-executive director of AP Rentals Holdings Limited (stock code: 1496) since March 2016, Chinlink International Holdings Limited (stock code: 997) since December 2013, GCL-Poly Energy Holdings Limited (stock code: 3800) since September 2007, China State Construction International Holdings Limited (stock code: 3311) since June 2005, and Deson Development International Holdings Limited (stock code: 262) since December 1994, the securities of which are listed on the Stock Exchange. Dr. Ho is an advisor to The Hong Kong Independent Non-Executive Director Association (the “HKiNEDA”). Dr. Ho has also served as a professional advisor to the Office of the Ombudsman of Hong Kong since October 2015, a position in which he previously served from July 1995 to March 2013, and as the Chairman of the Guangdong Daya Bay Nuclear Plant and Ling Ao Nuclear Plant Safety Consultative Committee since February 2005.

The Company has entered into an appointment letter with Dr. Ho for a term commencing on 27 September 2018 and ending on the earlier of 26 September 2020 and the date of the annual general meeting to be held by the Company in 2020 and may be terminated by either party by giving at least three months’ prior notice in writing. Pursuant to such appointment letter, Dr. Ho is entitled to an annual salary of HK\$960,000, which is determined by reference to the prevailing market rate and his time, effort and expertise devoted to the Company’s affairs. Both the Company and Dr. Ho consider such remuneration to be reasonable.

Save as disclosed above, Dr. Ho does not hold any other position with the Company or other members of the Group. Save as disclosed above, Dr. Ho does not hold and has not, in the past three years, held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Other than the relationship arising from his directorship with the Company and save as disclosed herein, Dr. Ho does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there is no information relating to Dr. Ho’s proposed re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Dr. Ho’s proposed re-election as a Director.

(4) Mr. Hou Li – *Non-executive Director*

Hou Li, aged 60, is a non-executive Director. He joined the Group on 25 August 2016. Mr. Hou is a senior partner of Dentons Law Offices (Fuzhou). Mr. Hou holds a Bachelor of Law degree from the East China University of Political Science and Law and an Executive Master of Business Administration degree from the Xiamen University in the PRC. He is a qualified lawyer in the PRC and has over 20 years’ experience in legal and corporate governance matters. Mr. Hou also engages in several community services and had served as a member in the Commission of Legislative Affairs of Fujian Province Committee of the Chinese People’s Political Consultative Conference, a director of the Fujian Province Joint-Stock Enterprises

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Association and the Fujian Province Securities Association, an arbitrator of the Fuzhou Arbitration Commission and the chairman of Law Office of the Fujian Committee of the Revolutionary Committee of The Chinese Kuomintang.

The Company has entered into an appointment letter with Mr. Hou for a term commencing on 25 August 2018 and ending on the earlier of 24 August 2020 and the date of the annual general meeting to be held by the Company in 2020 and may be terminated by either party by giving at least three months' prior notice in writing. Pursuant to such appointment letter, Mr. Hou is entitled to an annual salary of RMB160,000, which is determined by reference to the prevailing market rate and his time, effort and expertise devoted to the Company's affairs. Both the Company and Mr. Hou consider such remuneration to be reasonable.

Save as disclosed above, Mr. Hou does not hold any other position with the Company or other members of the Group. Save as disclosed above, Mr. Hou does not hold and has not, in the past three years, held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Other than the relationship arising from his directorship with the Company and save as disclosed herein, Mr. Hou does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there is no information relating to Mr. Hou's proposed re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Mr. Hou's proposed re-election as a Director.

(5) Mr. Heng Ja Wei Victor – Independent non-executive Director

Heng Ja Wei Victor, aged 41, is an independent non-executive Director, the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee and Corporate Governance Committee. Mr. Heng joined the Group on 1 September 2016. Mr. Heng is a partner of Morison Heng, Certified Public Accountants. Mr. Heng holds a Bachelor of Engineering degree in Electronic Engineering from the University of Warwick in the United Kingdom and a Master of Science degree in Computer Science from the Imperial College of Science, Technology and Medicine of the University of London. He is a member of, and holds a Certified Public Accountant (Practising) certificate issued by The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Heng has served as an independent non-executive director of CIMC-TianDa Holdings Company Limited (stock code: 445) since March 2009, Best Food Holding Company Limited (stock code: 1488) since May 2011, Lee & Man Chemical Company Limited (stock code: 746) since June 2010 and Matrix Holdings Limited (stock code: 1005) since December 2012 and as the company secretary of China Life Insurance Company Limited (stock code: 2628) since April 2013, the securities of which are listed on the Stock Exchange.

The Company has entered into an appointment letter with Mr. Heng for a term commencing on 1 September 2018 and ending on the earlier of 31 August 2020 and the date of the annual general meeting to be held by the Company in 2020 and may be terminated by either party by giving at least three months' prior notice in writing. Pursuant to such appointment letter, Mr. Heng is entitled to an annual salary of

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HK\$360,000, which is determined by reference to the prevailing market rate and his time, effort and expertise devoted to the Company's affairs. Both the Company and Mr. Heng consider such remuneration to be reasonable.

Save as disclosed above, Mr. Heng does not hold any other position with the Company or other members of the Group. Save as disclosed above, Mr. Heng does not and has not, in the past three years, held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Other than the relationship arising from his directorship with the Company and save as disclosed herein, Mr. Heng does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there is no information relating to Mr. Heng's proposed re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Mr. Heng's proposed re-election as a Director.

(6) Mr. Lam Yau Yiu – Independent non-executive Director

Lam Yau Yiu, alias Lam Yau Yiu Laurence, aged 55, is an independent non-executive Director, the Chairman of the Corporate Governance Committee and a member of the Audit Committee, Remuneration Committee and Nomination Committee. He joined the Group on 27 September 2018. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has about 29 years' experience in auditing, accounting and corporate management. Mr. Lam has served as the company secretary of V1 Group Limited (stock code: 82) since February 2019, the securities of which are listed on the Stock Exchange. Mr. Lam was the financial controller and the company secretary of Zhong An Real Estate Limited (stock code: 672) from October 2008 to December 2016, and the qualified accountant and the company secretary of Creative Energy Solutions Holdings Limited (now known as Kirin Group Holdings Limited, stock code: 8109) from December 2005 to June 2006, the securities of which are listed on the Stock Exchange.

Mr. Lam holds a Master's degree in Business Administration and a Master of Science in Information Systems Management from the Hong Kong University of Science and Technology and a Bachelor of Accounting from the City University of Hong Kong. He was the consultant to Chase Solar Limited from January 2018 to December 2018 and he was the chief financial officer and company secretary of Million Cities Development Limited from January 2017 to July 2017.

The Company has entered into an appointment letter with Mr. Lam for a term commencing on 27 September 2018 and ending on the earlier of 26 September 2020 and the date of the annual general meeting to be held by the Company in 2020 and may be terminated by either party by giving at least three months' prior notice in writing. Pursuant to such appointment letter, Mr. Lam is entitled to an annual salary of HK\$360,000 which is determined by reference to the prevailing market rate and his time, effort and expertise devoted to the Company's affairs. Both the Company and Mr. Lam consider such remuneration to be reasonable.

APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Save as disclosed above, Mr. Lam does not hold any other position with the Company or other members of the Group. Save as disclosed above, Mr. Lam does not hold and has not, in the past three years, held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Other than the relationship arising from his directorship with the Company and save as disclosed herein, Mr. Lam does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there is no information relating to Mr. Lam's proposed re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Mr. Lam's proposed re-election as a Director.

(7) **Dr. Wong Chi Wing – Independent non-executive Director**

Wong Chi Wing, alias Wong Chi Wing Lawrence, aged 55, is an independent non-executive Director, the Chairman of the Nomination Committee and a member of the Audit Committee, Remuneration Committee and Corporate Governance Committee. He joined the Group on 27 September 2018. Dr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants. He is also a new economy expert and data scientist with over 30 years' working experience in some of the world's leading consulting firms, such as Accenture, Deloitte and KPMG, and listed conglomerates such as PCCW and Hutchison Telecom. He was a managing director of Accenture Consulting in Greater China and has established, trained up and managed a team of approximately 200 management consulting professionals and data scientists serving the global market.

Dr. Wong is now the managing partner of Big Data Elite Asia Limited and GCE Consulting Limited, which focus on providing advisory and training services in relation to big data, digital transformation, FinTech and strategic management. He is also an independent non-executive director and the chairman of the internal audit committee of Autotoll Limited, which is operating under the Stored Value Facilities licence administered by the Hong Kong Monetary Authority and is the only service provider of electronic toll collection in Hong Kong. Dr. Wong is the convenor of the New Economy Task Force and the vice president of the HKiNEDA. He also serves as a think-tank member and executive committee member of Dashun Foundation focusing on Belt & Road Initiatives. Dr. Wong holds a Doctorate degree in Business Administration and two Master's degrees (one in Business Administration and the other in E-commerce) from the City University of Hong Kong. He also holds a Bachelor's degree in Statistics and Computer Science from the Chinese University of Hong Kong..

The Company has entered into an appointment letter with Dr. Wong for a term commencing on 27 September 2018 and ending on the earlier of 26 September 2020 and the date of the annual general meeting to be held by the Company in 2020 and may be terminated by either party by giving at least three months' prior notice in writing. Pursuant to such appointment letter, Dr. Wong is entitled to an annual salary of HK\$360,000 which is determined by reference to the prevailing market rate and his time, effort and expertise devoted to the Company's affairs. Both the Company and Dr. Wong consider such remuneration to be reasonable.

APPENDIX II PARTICULARS OF DIRECTORS SUBJECT TO RE-ELECTION

Save as disclosed above, Dr. Wong does not hold any other position with the Company or other members of the Group. Save as disclosed above, Dr. Wong does not and has not, in the past three years, held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Other than the relationship arising from his directorship with the Company and save as disclosed herein, Dr. Wong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there is no information relating to Dr. Wong's proposed re-election as a Director to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Dr. Wong's proposed re-election as a Director.

SERVICE CONTRACTS AND APPOINTMENT LETTERS OF DIRECTORS

It is proposed that the Company shall renew the service contract with each of its executive Directors, namely Ms. Lian Xiu Qin and Mr. Feng Ming Zhu, and the appointment letter with each of its non-executive Directors, namely Dr. Ho Chung Tai Raymond and Mr. Hou Li, and each of its independent non-executive Directors, namely Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Dr. Wong Chi Wing. The existing service contracts and appointment letters with these Directors will expire on the date of the AGM.

The appointment of Ms. Lian Xiu Qin and Mr. Feng Ming Zhu under the respective proposed new service contracts is for a term commencing on the date of the AGM and ending on the earlier of the date of the annual general meeting to be held by the Company in 2021 and the second anniversary of the date of the respective service contracts, or otherwise terminated pursuant to the terms of the respective service contracts. Pursuant to their respective proposed service contracts, Ms. Lian Xiu Qin and Mr. Feng Ming Zhu are each entitled to annual director's fees of HK\$240,000, plus statutory contributions to retirement benefits schemes and performance-based discretionary bonus payments as assessed by the Board. As the Chief Executive Officer of the Group, Ms. Lian Xiu Qin is also entitled to an annual salary of RMB700,000, which is determined by reference to her experience and duties.

Pursuant to their respective proposed new appointment letters, the appointment of each of Dr. Ho Chung Tai Raymond, Mr. Hou Li, Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Dr. Wong Chi Wing is for a term commencing on the date of the AGM and ending on the earlier of the date of the annual general meeting to be held by the Company in 2020 and the first anniversary of the date of the respective appointment letters, or otherwise terminated pursuant to the terms of the respective appointment letters. Under the respective proposed appointment letters, the non-executive Directors, namely Dr. Ho Chung Tai Raymond and Mr. Hou Li, are entitled to annual director's fees of HK\$960,000 and RMB160,000 respectively and the independent non-executive Directors, namely Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Dr. Wong Chi Wing, are each entitled to annual director's fees of HK\$360,000.

All service contracts and appointment letters to be entered into with the said Directors may be terminated by either party giving at least three months' prior notice in writing. The terms of each of the service contracts and the appointment letters were determined by reference to the prevailing market rate and each of the Directors' time, effort and expertise expected to be devoted to the Company. The Company and each of the executive Directors consider such terms of service as reasonable.

The following is a summary of the rules of the New Share Option Scheme:

PURPOSE

The purpose of the New Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

WHO MAY JOIN

On and subject to the terms of the New Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option based on the contribution or potential contribution the Participant may bring to the business affairs of the Group pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at a price calculated in accordance with the section headed "SUBSCRIPTION PRICE" below. An Offer shall remain open for acceptance by the Participant concerned for a period of 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the life of the New Share Option Scheme or after the New Share Option Scheme has been terminated or after the Participant for whom the Offer is made has ceased to be a Participant. An Offer is deemed to be accepted when the Company receives from the Grantee the offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to the Company of HK\$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.

The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the number of Shares comprised in, and the Option Period in respect of, the relevant Option; (ii) the Subscription Price (in compliance with Rule 17.03(9) of the Listing Rules); (iii) the minimum period (if any) for which an Option must be held before it can be exercised; (iv) the performance target (if any) that must be reached before the Option can be exercised in whole or in part; and/or (v) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

SUBSCRIPTION PRICE

The subscription price for the Options shall be determined by the Board in its absolute discretion but in any event shall be at least the highest of:

- (1) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (2) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
- (3) the nominal value of the Shares.

PERIOD OF THE NEW SHARE OPTION SCHEME AND TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Option Scheme, the New Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date.

Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of grant thereof, an Option may be exercised by the Grantee in accordance with the terms of the New Share Option Scheme at any time during the period to be determined and notified by the Board to each Grantee at the time of making an offer of the grant of an Option which shall not expire later than ten years from the Date of Grant.

RIGHTS ARE PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option or purport to do any of the foregoing. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

RIGHTS OF SHARES AND OPTIONS

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Memorandum of Association and the Articles for the time being in force and shall rank pari passu in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in voting, transfer and other rights including those arising on liquidation of the Company and all dividends or other distributions paid or made after the date on which the Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted. For the avoidance of doubt, a Share issued upon the exercise of an Option shall not carry any voting rights until the registration of the Grantee (or any other person nominated by the Grantee), but without prejudice to the other terms of the New Share Option Scheme, as the holder thereof.

The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

RIGHTS ON WINDING UP

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent specified in such notice, and the Company

shall as soon as possible, and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES

Any grant of Options to any Director, chief executive or substantial Shareholder (as such term is defined in the Listing Rules) of the Company, or any of their respective associates under the New Share Option Scheme or any other share option schemes of the Company or any of its Subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, 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 or outstanding) to such person in the 12-month period up to and including the date of such grant:

- (1) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and
- (2) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange on the date of such grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). The Company shall send a circular to the Shareholders in accordance with the Listing Rules and the Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the Company.

MAXIMUM NUMBER OF SHARES

- (1) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% of the Shares in issue on the Adoption Date (the "Scheme Mandate Limit"), representing 109,000,124 Shares (assuming there will be no change to the share capital of the Company from the Latest Practicable Date to the Adoption Date). Options lapsed in accordance with the terms of the New Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the New Share Option Scheme or any other share option schemes of

the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

- (2) Notwithstanding the foregoing, the Company may grant Options beyond the Scheme Mandate Limit to Participants if:
 - (i) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought; and
 - (ii) the Company, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.
- (3) Subject to paragraph (4) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the New Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1.0% of the Shares in issue for the time being.
- (4) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1.0% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

MAXIMUM NUMBER OF OPTIONS

At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the Shares in issue from time to time.

RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL

- (i) If the Grantee who is an employee or director of the Company or another member of the Group ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to

be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangement or compromise with his creditors generally or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option shall lapse automatically (to the extent not already exercised) and not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised the Option in whole or in part, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option.

- (ii) If the Grantee who is an employee or a director of the Company or another member of the Group ceases to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified above, the Option (to the extent not already exercised) shall lapse on a date (to be determined by the Board or delegated committees of the Board) falling no later than two years from the date of cessation or termination of such employment or directorship (which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not).

RIGHTS ON DEATH

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (i) under the section headed "RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL" above has arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death.

RIGHTS ON CEASING TO BE A PARTICIPANT IN OTHER CIRCUMSTANCES

If a Grantee who is not an employee or a director of the Company or a member of the Group ceases to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option (or such remaining part thereof) shall be exercisable following the date of such cessation.

RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER

In the event of a general offer for Shares by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to the section below) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all the Grantees and any Grantee (or

his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

RIGHTS ON A GENERAL OFFER BY WAY OF SCHEME OF ARRANGEMENT

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent specified in such notice.

RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event a compromise or arrangement (other than a scheme of arrangement contemplated above) between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all the Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent as notified by the Company and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration to the capital structure of the Company whilst any Option remains exercisable, arising from capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, adjustment (if any) shall be made to (a) the number of Shares subject to the Option so far as unexercised; (b) the number of Shares subject to the New Share Option Scheme; (c) the Subscription Price for the Shares subject to the Option so far as unexercised; and/or (d) the method of exercise of the Option, provided that:

- (a) any such alterations must be made so that each Grantee is given the same proportion of the equity capital of the Company as that to which he was previously entitled;
- (b) no such alterations shall be made which would result in the Subscription Price for a Share being less than its nominal value;
- (c) any such alterations, save as those made on a capitalisation issue, shall be confirmed by the auditors of the Company or the independent financial adviser in writing to the Board, either generally or as regards any particular Grantee, that such adjustments made by the Company

satisfy the requirements of sub-paragraphs (a) and (b) above and are in his opinion fair and reasonable and in compliance with the requirements under Rule 17.03(13) of the Listing Rules and the note thereto;

- (d) any such alterations made pursuant to a sub-division or consolidation of share capital shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; and
- (e) any such alterations as a result of an issue of securities with a price-dilutive element, such as rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) and the acceptable adjustments set out in the Supplementary Guidance and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time.

The capacity of the auditors of the Company or the independent financial adviser to the Company in this section is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the New Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the New Share Option Scheme.

ALTERATIONS TO THE NEW SHARE OPTION SCHEME

Subject to the Listing Rules, the regulations for the administration and operation of the New Share Option Scheme may be altered by resolution of the Board except that those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

LAPSE OF OPTION

Without prejudice to the authority of the Board to provide for additional situations where an Option shall lapse, an Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (1) the expiry of the Option Period (subject to the provisions of the New Share Option Scheme);
- (2) the expiry of the periods referred to in the sections headed “RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL”, “RIGHTS ON DEATH”, “RIGHTS ON CEASING TO BE A PARTICIPANT IN OTHER CIRCUMSTANCES”, “RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER”, “RIGHTS ON A GENERAL OFFER BY WAY OF SCHEME OF ARRANGEMENT”, “RIGHTS ON WINDING UP” or “RIGHTS ON A COMPROMISE OR ARRANGEMENT” above respectively;
- (3) the expiry of the period referred to in the section headed “RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER” above, subject to no court of competent jurisdiction making any order to prohibit the offeror from acquiring the remaining Shares in the offer;
- (4) subject to the scheme of arrangement becoming effective, the expiry of the period for exercising the Option as referred to in the section headed “RIGHTS ON A GENERAL OFFER BY WAY OF SCHEME OF ARRANGEMENT” above;
- (5) the date of the commencement of the winding-up of the Company, other than as contemplated in the section headed “RIGHTS ON WINDING UP” above;
- (6) the date on which the Grantee (if an employee or director of the Company or another member of the Group) ceases to be a Participant as referred to in paragraph (i) under the section headed “RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL” above;
- (7) where the Grantee commits a breach by selling, transferring, assigning charging, mortgaging, encumbering or creating any interest (legal or beneficial) in favor of any third party over or in relation to any Option or purport to do any of the foregoing, the date on which the Board shall exercise the Company’s right to cancel the Option; and
- (8) subject to paragraph (ii) under the section headed “RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL” above, the date the Grantee ceases to be a Participant by any other reason.

RESTRICTION ON GRANT OF OPTION

In addition, a grant of Options may not be made after inside information (as defined under Part XIVA of the SFO) has come to the Company's knowledge until it has disclosed the information to the public. In particular, during the period commencing one month immediately preceding the earlier of:

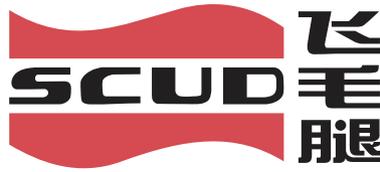
- (1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or, any other interim period (whether or not required under the Listing Rules); and
- (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

CANCELLATION OF OPTIONS

Any Options granted but not exercised may be cancelled by the Board if the Grantee so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits prescribed in the sections headed "MAXIMUM NUMBER OF SHARES" and "MAXIMUM NUMBER OF OPTIONS" above, excluding the cancelled Options, and are otherwise granted in accordance with the terms of the New Share Option Scheme. Notwithstanding the foregoing, where the Grantee is in breach of any of the restrictions set out in the section headed "RIGHTS ARE PERSONAL TO GRANTEEES" above, the Board may cancel any outstanding Option without the relevant Grantee's agreement. For the avoidance of doubt, no consent is required to be given by the Grantee where an Option lapses in accordance with the terms of the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



SCUD GROUP LIMITED 飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01399)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of SCUD Group Limited (the “**Company**”) will be held at 2:30 p.m. on Monday, 17 June 2019 at Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wan Chai, Hong Kong for the following purposes:-

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “**Directors**”) and the auditors of the Company for the year ended 31 December 2018.
2. To re-elect Ms. Lian Xiu Qin as an executive Director.
3. To re-elect Mr. Feng Ming Zhu as an executive Director.
4. To re-elect Dr. Ho Chung Tai Raymond as a non-executive Director.
5. To re-elect Mr. Hou Li as a non-executive Director.
6. To re-elect Mr. Heng Ja Wei Victor as an independent non-executive Director.
7. To re-elect Mr. Lam Yau Yiu as an independent non-executive Director.
8. To re-elect Dr. Wong Chi Wing as an independent non-executive Director.
9. To authorise the board of Directors (the “**Board**”) to approve and confirm the terms of appointment (including remuneration) for Ms. Lian Xiu Qin, further details of which are set out in the Company’s circular to which this notice forms part (the “**Circular**”).
10. To authorise the Board to approve and confirm the terms of appointment (including remuneration) for Mr. Feng Ming Zhu, further details of which are set out in the Circular.
11. To authorise the Board to approve and confirm the terms of appointment (including remuneration) for Dr. Ho Chung Tai Raymond, further details of which are set out in the Circular.

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

12. To authorise the Board to approve and confirm the terms of appointment (including remuneration) for Mr. Hou Li, further details of which are set out in the Circular.
13. To authorise the Board to approve and confirm the terms of appointment (including remuneration) for Mr. Heng Ja Wei Victor, further details of which are set out in the Circular.
14. To authorise the Board to approve and confirm the terms of appointment (including remuneration) for Mr. Lam Yau Yiu, further details of which are set out in the Circular.
15. To authorise the Board to approve and confirm the terms of appointment (including remuneration) for Dr. Wong Chi Wing, further details of which are set out in the Circular.
16. To re-appoint BDO Limited as auditor and authorise the Board to fix their remuneration.

As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions which will be proposed, as ordinary resolutions of the Company:–

ORDINARY RESOLUTIONS

17. **“THAT:**
 - (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the **“Directors”**) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (B) the mandate in paragraph (A) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
 - (C) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate number of the shares of the Company in issue on the day of passing this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(D) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and articles of association of the Company or any applicable law of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (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 any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

18. “**THAT:**

- (A) subject to paragraph (C) of this resolution below, a general mandate for the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (C) the aggregate number of shares of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate number of shares of the Company in issue as at the time of passing this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(D) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and articles of association of the Company or any applicable law of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

19. “**THAT** conditional upon the passing of ordinary resolutions nos. 17 and 18 in the notice convening the annual general meeting of the Company, the aggregate number of shares of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 18 shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the said ordinary resolution no. 17.”

NOTICE OF ANNUAL GENERAL MEETING

20. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the shares of the Company representing 10% of the number of issued shares of the Company (the “**Shares**”) on the date of the passing of this resolution (or such number of Shares as adjusted to the extent there is a change to the number of the total issued Shares after the date of passing of this resolution as a result of sub-division or consolidation of Shares) which may fall to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “**New Share Option Scheme**”) (a copy of which has been submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification), the New Share Option Scheme be and is hereby approved and adopted on the date of this meeting and the Directors be and are hereby authorised to grant options and to allot and issue Shares thereunder and to take all such steps and do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme.”

By Order of the Board
SCUD GROUP LIMITED
Ho Chung Tai Raymond
Chairman

Hong Kong, 29 April 2019

Executive Directors

Ms. Lian Xiu Qin
Mr. Feng Ming Zhu

Non-executive Directors

Dr. Ho Chung Tai Raymond
Mr. Hou Li

Independent non-executive Directors

Mr. Heng Ja Wei Victor
Mr. Lam Yau Yiu
Dr. Wong Chi Wing

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A form of proxy for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
4. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any share, any one of such joint holders may vote either in person or by proxy in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any 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 in respect of the joint holding.
7. Shareholders whose name appear on the Company's register of members on Monday, 17 June 2019, will be eligible for attending and voting at the Company's annual general meeting. The Company's register of members will be closed from Wednesday, 12 June 2019 to Monday, 17 June 2019, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible for attending and voting at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Tuesday, 11 June 2019.