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**China Yongda Automobiles Services Holdings Limited**

**中国永达汽车服务控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**2022 SHARE AWARD SCHEME**

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## **1 DEFINITIONS AND INTERPRETATION**

(A) In these rules of the Scheme, unless the context otherwise requires, the following words and expressions shall have the meaning shown opposite to them below:-

- “Adoption Date” means June 1, 2022, being the date on which the Scheme is adopted by the Company upon the approval by the Shareholders of the Scheme and the grant by the Shareholders of a mandate to allot and issue Shares under the Scheme at a general meeting;
- “Amendment Date” [June 1], 2023, being the date on which the amendment of the Scheme is conditionally approved by the Company upon the approval by the Shareholders;
- “Award” an award granted by the Board pursuant to Paragraph 5.2(A) to a Selected Participant, which vests in the form of Awarded Shares in accordance with the rules of the Scheme;
- “Awardee” a Selected Participant who accepts Award granted in accordance with the rules of the Scheme;
- “Awarded Share(s)” Share(s) granted to the Selected Participants under the rules of the Scheme;
- “Board” the board of directors of the Company and if the context so permits, it shall include such committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company to administer the Scheme;
- “Business Day” a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
- “Company” China Yongda Automobiles Services Holdings Limited, a company incorporated in the Cayman Islands;
- “connected person(s)” has the meaning under the Listing Rules;
- “CRS” the Organization for Economic Cooperation and Development Common Reporting Standard;

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“Director(s)”	director(s) of the Company;
“Eligible Participant”	<p>include:</p> <p>(a) any director of the Company or employee of the Group (including persons who are granted options or awards under the Scheme as an inducement to enter into employment contracts with the Group) (“<b>Employee Participant</b>”); and</p> <p>(b) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company.</p> <p>The basis of eligibility of any of the above classes of Participants to the grant of any Awards shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.</p>
“Excluded Participant”	any Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Participant;
“FATCA”	<p>(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 or any associated regulations;</p> <p>(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or</p> <p>(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;</p>
“Grant Consideration”	has the meaning ascribed to it in Paragraph 5.2(A);

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“Grant Notice”	has the meaning ascribed to it in Paragraph 5.2(E);
“Group”	the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Shareholder(s)”	has the meaning under the Listing Rules;
“IRO”	the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong);
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any cash income or dividends derived from Shares held under the Trust; (ii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iii) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied;
“Scheme”	the “2022 Yongda Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof;
“Selected Participant (s)”	Participant(s) selected by the Board pursuant to Paragraph 5.2(A) for participation in the Scheme;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shareholder(s)”	the shareholder(s) of the Company;
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trust Fund”	<p>the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Participants (other than the Excluded Participants), including without limitation:</p> <ul style="list-style-type: none"> <li>(a) HK\$100 as initial sum;</li> <li>(b) all Shares acquired by the Trustee for the purpose of the Trust and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust;</li> <li>(c) any Residual Cash;</li> <li>(d) any Awarded Shares to be vested or not vested with the Selected Participant under the terms of the Scheme; and</li> <li>(e) all other properties from time to time representing (a), (b), (c), and (d) above;</li> </ul>
“Trust Period”	shall have the meaning as set out in Clause 2 of the Trust Deed;
“Trustee”	BOCI Trustee (Hong Kong) Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed;
“US”	the United States of America;

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“Vesting Date” in respect of an Awardee, the date on which his/her/its entitlement to the Award(s) is vested in such Awardee in accordance with Paragraph 5.3(A) and other terms of the Scheme; and

“Vesting Notice” has the meaning ascribed to it in Paragraph 5.3(B).

(B) In these rules of the Scheme, save where the context otherwise requires:-

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these rules of the Scheme;
- (ii) references to Paragraphs and Schedules are references to paragraphs and schedules of these rules of the Scheme;
- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders; and
- (vi) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organizations, associations, enterprises, branches and entities of any other kind.

## **2 PURPOSES AND OBJECTIVES**

(A) The specific objectives of the Scheme are:-

- (i) to recognize the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and
- (ii) to attract suitable personnel for further development of the Group.

(B) These rules serve to set out the terms and conditions upon which the incentive arrangement for the Eligible Participants shall operate.

## **3 DURATION**

Subject to any early termination as may be determined by the Board pursuant to Paragraph 10, the Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date, after which period no further Awards will be granted, but the provisions of this Scheme will in all other

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respects remain in full force and effect and Awards that are granted from the Adoption Date until the tenth (10<sup>th</sup>) anniversary of the Adoption Date may continue to be exercisable in accordance with their terms of issue. As the Scheme will involve the issue of new Shares, the termination of the Scheme is subject to the approval of the Company's shareholders under Rule 17.03(18) of the Listing Rules.

#### **4 ADMINISTRATION**

- (A) The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The Board shall have the sole and absolute right to:
- (i) interpret and construe the provisions of the Scheme;
  - (ii) determine the persons who will be granted Awards under the Scheme;
  - (iii) the terms and conditions on which Awards are granted and when the Awards granted pursuant to the Scheme may vest;
  - (iv) make such appropriate and equitable adjustments to the terms of the Awards granted under the Scheme as it deems necessary; and
  - (v) make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme.
- (B) The Board may by resolution delegate any or all of its powers in the administration of the Scheme to the administration committee or any other committee or sub-committee or any person(s) as from time to time authorized by the Board for such purpose. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding.
- (C) The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.
- (D) Without prejudice to the Board's general power of administration, to the extent not prohibited by applicable laws and regulations, the Board may also from time to time appoint one or more Trustee(s) with prior notice to current Trustee in respect of granting, administration or vesting of any Awards. For the avoidance of doubt, notwithstanding any provision herein, the Board shall be the sole body which has the authority to give any direction, instruction or recommendation to the Trustee or from which the Trustee seeks direction, instruction or recommendation with respect to the Scheme and the Trust.

#### **5 OPERATION OF SCHEME**

##### **5.1 Contribution to the Trust**

- (A) Any Awarded Shares shall be new Shares to be allotted and issued to the Trustee by the Company pursuant to a valid mandate granted by Shareholders

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at general meeting(s) of the Company from time to time pursuant to the Listing Rules. The Trustee shall administer the Shares allotted and issued to it in the same manner in accordance with the Trust Deed and the rules of the Scheme.

- (B) Subject to Paragraphs 5.7(B) and 7, in the event that the Awarded Shares are to be allotted and issued as new Shares for the purpose of the Trust, the Awardee shall cause an amount equal to the total subscription price of such new Shares to be allotted and issued to be transferred to the Trustee as soon as practicable but in any event not later than five (5) Business Days prior to the allotment and issuance of such Shares as subscription monies for the new Shares and the Board shall cause to issue and allot to the Trustee such number of new Shares corresponding to the aforesaid total subscription price at such issue price per Share as shall be determined by the Board subject to the terms and conditions set out herein. Such Shares shall be held upon trust for the relevant Awardee subject to the terms and conditions set out herein and in the Trust Deed. The Company shall issue and allot such new Shares at not less than nominal value to the Trustee. The Company shall comply with the relevant Listing Rules and the Articles of Association of the Company when allotting and issuing any new Shares and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued to the Trustee pursuant to this Paragraph. Such allotment and issue should only be made upon fulfilment of the following conditions: (i) the Company having obtained Shareholders' approval in general meeting under a valid mandate to authorize the Directors to allot and issue new Shares, provided that the total number of Shares to be allotted and issued to the Trustee under the Scheme shall not exceed the scheme limit according to the rules of the Scheme; and (ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Shares which may be allotted and issued by the Company to the Trustee pursuant to the Scheme. The Company should seek a mandate from the Shareholders for the issue and allotment of Awarded Shares as required under the Listing Rules.

## 5.2 Award to Selected Participants

- (A) Subject to the provisions of the Scheme, including but not limited to the restrictions set out in Paragraphs 5.7(B) and 7, the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the Scheme as a Selected Participant, and grant such number of Awards to any Selected Participant at such consideration (the "**Grant Consideration**") and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

In the event that a Selected Participant or his/her/its associate(s) is a member of the Board, such person will abstain from voting on any approval by the Board of the Award to such Selected Participant. The Grant Consideration, if required, shall be, as directed by the Board in the Grant Notice, paid in full to the Company pursuant to Paragraph 5.2(H).

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In the event of any alteration to the capital structure of the Company, arising from capitalization issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company in accordance with the legal requirements or 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: (i) the number of Shares subject to the Awards so far as unexercised; and/or (ii) the Grant Consideration for the Shares subject to the Award so far as unvested; and/or any combination thereof.

The method of adjustment of number of Awarded Shares so far as unexercised is set out as below:

*Capitalization issue*

$$Q = Q0 \times (1 + n)$$

Where: “Q0” represents the number of Awarded Shares before the adjustment; “n” represents the ratio of the capitalization issue; “Q” represents the number of Awarded Shares after the adjustment.

*Rights issue*

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: “Q0” represents the number of Awarded Shares before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the exercise price of the rights issue; “n” represents the ratio of allotment; “Q” represents the number of Awarded Shares after the adjustment.

*Consolidation of Shares or share subdivision or reduction of the share capital*

$$Q = Q0 \times n$$

Where: “Q0” represents the number of Awarded Shares before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “Q” represents the number of Awarded Shares after the adjustment.

The method of adjustment of the Grant Consideration is set out as below:

*Capitalization issue*

$$P = P0 \div (1 + n)$$

Where: “P0” represents the Grant Consideration before the adjustment; “n” represents the ratio of the capitalization issue; “P” represents the Grant Consideration after the adjustment.

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*Rights issue*

$$P = P0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: “P0” represents the Grant Consideration before the adjustment; “P1” represents the closing price as at the record date; “P2” represents the exercise price in respect of the rights issue; “n” represents the ratio of allotment; “P” represents the Grant Consideration after the adjustment.

*Consolidation of Shares or share subdivision or reduction of the share capital*

$$P = P0 \div n$$

Where: “P0” represents the Grant Consideration before the adjustment; “n” represents the ratio of share consolidation or share subdivision or reduction of share capital; “P” represents the Grant Consideration after the adjustment.

- (B) In determining the number of the Awarded Shares underlying the Awards to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to,
- (a) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group;
  - (b) the general financial condition of the Group;
  - (c) the Group’s overall business objectives and future development plan; and
  - (d) any other matter which the Board considers relevant.
- (C) Vesting of the Awards shall be subject to the performance criteria to be satisfied by the Selected Participant as determined by the Board and/or the remuneration committee of the Company from time to time. The performance criteria may comprise a mixture of attaining a satisfactory key performance indicators components (including, without limitation, the business performance and financial performance of the Group and/or department by reference to annual corporate targets and/or goals attained, market capitalization milestones and individual performance based on the periodic performance assessment and annual review results) which may vary among the Selected Participants.
- (D) Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or senior management of the Group, such grant must first be approved by all the members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee.

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- (E) After the Board has decided to make a grant of Award to any Selected Participant, the Board shall send a notice (the “**Grant Notice**”) to such Selected Participant within fifteen (15) Business Days after the grant was made (or after all requisite approvals have been obtained), setting out the number of Awarded Shares underlying the Awards so granted and the conditions and other requirements (including the payment of any Grant Consideration) upon which such Awards were granted. The number of Awarded Shares underlying the Awards specified in the Grant Notice shall, subject to acceptance by the relevant Selected Participant in accordance with Paragraph 5.2(F), constitute the definitive number of Awarded Shares underlying the Awards granted.
- (F) Upon receipt of the Grant Notice, the Selected Participant shall confirm acceptance of the Award being granted to him by signing and returning to the Board the acceptance form attached to the Grant Notice within five (5) Business Days after the date of the Grant Notice (the “**Acceptance Period**”).
- (G) If the Selected Participant fails to sign and return the acceptance form attached to the Grant Notice before the expiry of the Acceptance Period, the grant of the Award to such Selected Participant shall lapse forthwith and the Awarded Shares underlying the relevant Awards shall remain as part of the Trust Fund. Such Selected Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way. In such instance, the Board shall notify the Trustee of the lapse of the grant of such Award as soon as practicable after the expiration of the Acceptance Period.
- (H) If the payment of Grant Consideration is required in the Grant Notice, the Selected Participant shall pay the full amount of the required Grant Consideration in cleared funds in such manner and on or before such deadline(s) as prescribed in the Grant Notice to the Company, failing which, unless otherwise waived by the Board, the grant of Award to such Selected Participant shall lapse forthwith, the relevant Awards shall not vest in the Selected Participant and the underlying Shares will remain as part of the Trust Fund.
- (I) The Awarded Shares transferred to the Awardee pursuant to the Scheme will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Awarded Shares are transferred to the Awardee and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which the Awarded Shares are transferred to the Awardee unless provided otherwise in the Scheme, provided always that when the vesting date of the Award falls on a date upon which the register of members of the Company is closed then the vesting of the Award shall become effective on the first Business Day on which the register of members of the Company is re-opened.

### 5.3 Vesting of Awards

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- (A) Subject to the terms and condition of the Scheme and the fulfillment of all vesting conditions and vesting period applicable to the vesting of the Awards on such Awardee and all requirements applicable to such Awardee as specified in the Scheme and the Grant Notice (unless waived by the Board), the respective Awards granted to the Awardee pursuant to the provision hereof shall vest in such Awardee in accordance with the vesting schedule (if any) as set out in the Grant Notice, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant on the Vesting Date. The Awards granted shall be subject to a vesting period as determined by the Board, which shall be at least 12 months commencing from the date of the Grant Notice.

A shorter vesting period of the Awards may be granted to an Awardee at the discretion of the Board and/or the remuneration committee of the Company as deemed appropriate at the sole discretion of the Board and/or the remuneration committee of the Company if:

- (i) the Awards granted to the Selected Participant are grants of “*make-whole*” Awards to the Selected Participants upon joining the Group to replace the share awards they forfeited when leaving the previous employer, such that the vesting period of such Awards granted under this Scheme shall apportion ratably based on the vesting period applicable to such Selected Participant’s unvested outstanding share awards granted by his/her previous employer;
  - (ii) the unvested Awards granted to the Selected Participant may vest with the Selected Participant or the legal personal representatives of the Selected Participant (in the case of death) within a period of 12 months from the date of termination of the employment of the Selected Participant if such termination is due to disability or death of the Selected Participant, provided that the Selected Participant had been continuously an Employee Participant of any member of the Group from the date of Grant Notice until the date of termination of employment of such Selected Participant;
  - (iii) in the event that it is not practicable for the Selected Participant to be granted the Award in a planned grant period due to legal or regulatory restrictions, such that the Awards which should have been granted earlier (the “**Delayed Grant**”) are granted together with a subsequent batch of Awards to the remaining Selected Participants during a calendar year, the vesting period for the Awards underlying the Delayed Grant can be shorter than 12 months from the date of grant to reflect the time from which such Awards would have been granted;
  - (iv) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months; or
  - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria.
- (B) Upon the vesting of the Awards,

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- (i) barring any unforeseen circumstances, unless otherwise agreed between the Board, and the Trustee, at least fifteen (15) Business Days prior to the Vesting Date, the Board shall send to the relevant Selected Participant (with a copy to the Trustee) a vesting notice (the “**Vesting Notice**”) together with such prescribed transfer documents which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares;
- (ii) upon receipt of the Vesting Notice, the Selected Participant (or his legal representative or lawful successor as the case may be) is required to return to the Board the reply slip attached to the Vesting Notice to confirm the securities account details, together with the relevant duly signed transfer documents. In the event that the Board does not receive the reply slip and the transfer form from the Selected Participant at least ten (10) Business Days prior to the Vesting Date (the “**Transfer Request Period**”), the Awards which would have otherwise vested in such Selected Participant shall automatically lapse and the Awarded Shares shall remain as part of the Trust Fund, and such returned Awarded Shares shall be applied by the Trustee towards future Awards in accordance with the rules of the Scheme; and
- (iii) subject to the receipt by the Trustee of (a) the reply slip to the Vesting Notice and transfer documents prescribed by the Trustee and duly signed by the Selected Participant within the period stipulated in the Vesting Notice referred to in Paragraph 5.3(B)(ii), (b) a confirmation from the Company that all vesting conditions with respect to the Awards having been fulfilled and all requirements applicable to such Selected Participant as specified in the Scheme and/or the Grant Notice have been met (and if any waiver has been given the Board, a confirmation from that Board that such waiver has been given), and (c) certified copies of the identification documents of the Selected Participant, the Trustee shall transfer the relevant Awarded Shares to the relevant Selected Participant as soon as practicable on or after the Vesting Date and in any event not later than ten (10) Business Days after the Vesting Date. Notwithstanding anything to the contrary in the rules of the Scheme, for the purposes of the vesting of the Awards, if directed by the Board in writing and such direction shall be received by the Trustee with the confirmation to be given by the Board under Paragraph 5.3(B)(iii)(b), the Trustee shall as soon as practicable on or after the Vesting Date and in any event not later than ten (10) Business Days after the Vesting Date transfer the relevant Awarded Shares to an account in the name of the Trustee (or its associated party) acting as a nominee or agent for the relevant Selected Participant.
- (C) Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award, unless a

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waiver is granted by the Stock Exchange of Hong Kong Limited. Any breach of the foregoing by a Selected Participant shall entitle the Company to cancel any outstanding Awards or part thereof of such Selected Participant without incurring any liability on the part of the Company.

- (D) The Board may at its discretion, with or without further conditions and/or requirements (including payment of any Grant Consideration), grant additional Shares out of the Trust Fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Awarded Shares during the period from the date of Award to the Vesting Date to a Selected Participant upon the vesting of any Awards. In such case the Board shall deliver a Grant Notice to the Selected Participant and the Trustee specifying the number of additional Shares to be granted to the Selected Participant. The Trustee shall transfer the specified number of additional Shares, together with the Awarded Shares and the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from the Awarded Shares to which the Selected Participant is entitled pursuant to Paragraph 5.7(A)(iii), to the Selected Participant or an account in the name of the Trustee (or its associated party) acting as a nominee or agent for the relevant Selected Participant on the Vesting Date in accordance with Paragraph 5.3(B)(iii). In the event that Award becomes lapsed, the Awarded Shares underlying the Awards and/or the relevant income or distributions shall remain as part of the Trust Fund.

#### 5.4 Lapse of Awards

Upon the occurrence of any of the following in relation to an Awardee, all the Awards to such Awardee not vested shall lapse automatically, and the Company shall claw back the gain of the Awardee derived from the Awards vested:

- (i) the date referred to in Paragraph 5.6 (A)(i);
- (ii) the date referred to in Paragraph 5.6 (A)(ii);
- (iii) the date of the event referred to in Paragraph 5.6 (A)(iii);
- (iv) the expiry of the Transfer Request Period referred to in Paragraph 5.3;
- (v) the date of the commencement of the winding-up of the Company; or
- (vi) the non-fulfilment of any condition to the Scheme on or before the date stated herein.

The Company shall owe no liability to any Awardee for the lapse of any Award under this Paragraph.

#### 5.5 Cancellation of the Awards

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If the Company cancels the Awards granted to a Selected Participant and makes a new grant to the same Selected Participant, such new grant may only be made under the Scheme with available Scheme Mandate Limit approved by the Shareholders in accordance with Paragraph 7 and granted in compliance with the terms of the Scheme, the Listing Rules and the applicable laws. The Awards so cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

#### 5.6 Disqualification of Selected Participant or Awardee and Clawback Mechanism

(A) In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant, including but not limited to the following circumstances:

(i) Where (1) the Awardee is a Director or an employee of the Group, and (2) his/her employment ceases for any reason other than death or becoming permanently disabled as described in Paragraph 5.6(A)(iii) below, the Award shall lapse after the date of such cessation, which date shall be his/her last actual working day with the Company or any Subsidiary whether salary is paid in lieu of notice or not;

(ii) Where

a. the Awardee or Selected Participant has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his/her employment or engagement by any member of the Group and whether or not it has resulted in his/her employment or engagement being terminated by the relevant member of the Group, or has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his/her debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his/her creditors generally or an administrator has taken possession of any of his/her assets, or has been convicted of any criminal offence, or has been convicted of or is being held liable for any offence under or any breach of the Securities and Futures Ordinance or other securities laws or regulations in Hong Kong or any other applicable laws or regulations and the provisions of the bye-laws of the Company in force from time to time,

b. the Board at its absolute discretion determines that where the Awardee has failed to perform duties effectively or is involved in serious misconduct or malfeasance as being proved by the results of the economic responsibility audit and other reports, or has been committed a material misstatement in the financial statements of the Group,

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- c. the Board at its absolute discretion determines that the Awardee has failed to discharge, or failed to discharge properly, his/her/its duties and thereby resulting in serious loss in assets to the Company and other serious and adverse consequences,
  - d. the Board at its absolute discretion determines that the Awardee or his/her/its associate has committed any breach of any contract entered into between the Awardee or his/her/its associate on one part and the Group on the other part, or that the Awardee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her/its creditors generally,
  - e. the Board at its absolute discretion determines that the Awardee has been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted connected transactions and other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of the Group, or
  - f. the Board at its absolute discretion determines that the Awardee joins a competitor after leaving the Company or forming a competing business,

the Award granted to such Awardee shall lapse or the Selected Participant shall be deemed as an Excluded Participant on or after the date on which the Board has so determined; or

- (iii) Where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Awardee, the relevant Award made to such Awardee shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund and such returned Awarded Shares shall be applied by the Trustee towards future Awards in accordance with the Scheme, unless agreed specifically between the Awardee and the Company to the extent permitted under the laws or regulations of such place.

The Company shall bear the sole responsibility to refund the full amount of the paid Grant Consideration to such Selected Participant as soon as practicable. Other than the right to demand the Company to refund the full amount of the paid Grant Consideration, such Selected Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to the paid Grant Consideration or those or any other Shares or any right thereto or interest therein in any way.

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- (B) In respect of a Selected Participant who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awards of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.
- (C) (i) In the event of the death of a Selected Participant, the Trustee shall hold the vested Awards and the underlying Shares (hereinafter referred to as “**Benefits**”) upon trust to transfer the same to the legal personal representatives of the Selected Participant and subject as aforesaid the Trustee shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within (a) two (2) years of the death of the Selected Participant (or such longer period as the Trustee and the Board shall agree from time to time) or (b) the Trust Period (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected Participant; or
- (ii) If the Benefits would otherwise become bona vacantia, the Benefits shall lapse and cease to be transferable and such Benefits shall remain part of the Trust Fund.

#### 5.7 Other terms and conditions

- (A) For the avoidance of doubt,
- (i) subject to Paragraph 5.3(D) and 5.7(A)(iii), a Selected Participant shall not have any interest or rights in the Awards (and the underlying Shares) prior to the Vesting Date;
- (ii) a Selected Participant shall have no rights in the Residual Cash or Shares or such other Trust Fund or property held by the Trust;
- (iii) the Awarded Shares, before vesting, do not carry any right to vote at general meetings of the Company. No instructions shall be given by an Awardee (including, without limitation, voting rights) to the Trustee in respect of the Awards and/or the underlying Shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee. Save as otherwise provided in the rules of the Scheme or the Trust Deed, no Awardee shall enjoy any of the rights of a Shareholder (including but not limited to the exercising of voting rights attached to the Shares) by virtue of the grant of an Award pursuant to the Scheme before vesting. Notwithstanding any provision herein, an Awardee shall have the rights to the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from the vested Awarded Shares during the period commencing from the date when the Awarded Shares are allotted and issued to the Trust to the date of transfer of such Shares by the Trust to such Awardee;

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- (iv) the Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom);
  - (v) subject to Paragraph 5.3(D), all cash income and the sale proceeds of non-scrip distribution declared in respect of a Share held upon the Trust will be applied towards (a) the payment of the fees, costs and expenses of the Trust and (b) the remainder, if any, remain as part of the Trust Fund;
  - (vi) unless otherwise waived by the Board, in the event that the vesting conditions and the requirements specified in the Grant Notice are not fully satisfied prior to or on the relevant Vesting Date or the relevant specified deadline (as applicable), the Awards in respect of the relevant Vesting Date shall lapse, such Awards shall not vest on the relevant Vesting Date and, other than the right to demand the Company to refund the full amount of paid Grant Consideration, the Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee; and
  - (vii) in the case of the death of a Selected Participant, the benefits shall lapse if no transfer of the benefits to the legal personal representatives of the Selected Participant is made within the period prescribed in Paragraph 5.6(C), and the legal personal representatives of the Selected Participant shall have no claims against the Company or the Trustee.
- (B) No Award shall be made by the Board pursuant to Paragraph 5.2(A) and no instructions to acquire any Shares shall be given to the Trustee under the Scheme pursuant to Paragraph 5.1(B) where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until (and including) such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
  - (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results, to any Employee Participant who, because of his/her employment in the Group, is likely to possess inside information in relation to the securities of the Company (including Directors);

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- (iii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results for any financial period of the Company or, if shorter, the period from the end of the relevant quarterly or half-year period of the financial period up to the publication date of the results, to any Employee Participant who, because of his/her employment in the Group, is likely to possess inside information in relation to the securities of the Company (including Directors);
  - (iv) during the period commencing one month immediately before the earlier of (1) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving 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 announce 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, to any Selected Participant (other than Employee Participants referred to in the Paragraphs 5.7(B)(ii) and 5.7(B)(iii)); or
  - (v) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

The Board may, at any time after it has instructed the Trustee to subscribe any Shares in accordance with Paragraphs 5.1(B), instruct the Trustee in writing to cease subscribing Shares or to suspend subscribing Shares until further notice (without specifying any reasons therefor).

- (C) In respect of the administration of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

## **6 TAKEOVER, RIGHT ISSUE, OPEN OFFER, SCRIP DIVIDEND SCHEME**

- (A) Notwithstanding any other provision provided herein, if there occurs an event of change in control of the Company (whether by way of offer, merger, scheme of arrangement or otherwise) or the Company's withdrawal of its listing from the Stock Exchange pursuant to the Listing Rules prior to the Vesting Date, the Board shall determine at its discretion whether such Awards not yet vested shall vest in the Selected Participant and, if so, the time at which such Awards shall vest and whether Awarded Shares shall be transferred to the relevant Selected Participants and, if so, the time at which such Awarded Shares shall be transferred. Subject to the receipt by the Trustee of duly executed prescribed transfer documents within fifteen (15) Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares to the Selected Participant in accordance with Paragraph 5.3(B)(iii). For the purpose of this Paragraph,

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“control” shall have the meaning as specified in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time.

- (B) In the event the Company undertakes a subdivision or consolidation of the Shares, such Selected Participant shall be entitled to those Awarded Shares as so subdivided or consolidated and the Board shall as soon as reasonably practicable after such subdivision or consolidation has been effected, notify each such Selected Participant of the number of Awarded Shares that he has become entitled to on vesting after such subdivision or consolidation (as the case may be).
- (C) In the event the Company undertakes an open offer of new securities in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall seek instructions from the Board to decide whether to sell such amount of the nil-paid rights allotted to it on the market as is appropriate and, subject to Paragraph 5.3(D), the net proceeds of sale of such rights shall be held as part of the Trust Fund.
- (D) In the event the Company issues bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants and shall seek instructions from the Board to decide whether to sell the bonus warrants created and granted to it on the market, subject to Paragraph 5.3(D), the net proceeds of sale of such bonus warrants shall be held as part of the Trust Fund.
- (E) In the event that the Company undertakes an issue of bonus Shares, subject to Paragraph 5.3(D), the bonus Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund.
- (F) In the event the Company undertakes a scrip dividend scheme, the Trustee shall elect to receive scrip Shares and, subject to Paragraph 5.3(D), scrip Shares allotted with respect to any Shares which are held by the Trustee shall be held as part of the Trust Fund.
- (G) In the event of other non-cash and non-scrip distribution made by the Company in respect of Shares held upon the Trust, the Trustee shall seek instructions from the Board to decide whether to dispose of such distribution and, subject to Paragraph 5.3(D), the net sale proceeds thereof shall be deemed as cash income of a Share held as part of the Trust Fund.
- (H) If notice is duly given by the Company to its Shareholders to convene a Shareholders’ meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its discretion whether such Awards shall vest in the Selected Participant and, if so, the time at which such

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Awards shall vest and whether Awarded Shares shall be transferred to the relevant Selected Participants and, if so, the time at which such Awarded Shares shall be transferred. If the Board determines that any Awarded Shares shall be transferred to a Selected Participant, it shall promptly notify the Selected Participant and shall use its reasonable endeavors to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the Awarded Shares to such Selected Participant.

## **7 SCHEME LIMIT**

- (A) The Company shall not make any further grant of Awards which will result in the aggregate number of Shares underlying all grants made pursuant to the Scheme after the Amendment Date and all other share schemes existing at such time (the “**Existing Schemes**”) of the Company to exceed [194,502,551] Shares, representing 10% of the total number of Shares in issue as at the Amendment Date, excluding options and/or awards lapsed in accordance with any share scheme(s) of the Company involving issuance of new Shares (the “**Scheme Mandate Limit**”).
- (B) The Company may seek the approval of its Shareholders in general meeting to refresh the Scheme Mandate Limit after three years from the date of Shareholders’ approval for the last refreshment (or the adoption or amendment of this Scheme, which is later), such that the aggregate number of Shares underlying all grants made pursuant to the Scheme and other share schemes adopted by the Company shall not exceed 10% of the total number of Shares in issue as of the date of approval of the refreshed limit.

In the event that the Scheme Mandate Limit is refreshed within three years from the date of Shareholders’ approval for the last refreshment (or the Amendment Date, which is later), the Company may seek the approval of its Shareholders in general meeting, provided that the controlling shareholders of the Company and their associates (or if there is no controlling shareholder, Director (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favor of such resolutions at the general meeting, and the Company must comply with the relevant requirements under the Listing Rules.

- (C) The maximum number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any share scheme(s) of the Company) to a Selected Participant in the 12-month period up to and including the date of grant of the relevant Awards shall not exceed 1% of the total number of Shares in issue, unless separately approved by the Shareholders in general meeting with such Selected Participant and his/her/its close associates (or associates if the Selected Participant is a connected person) abstaining from voting. The number and terms of the Awards to be granted to such Selected Participant must be fixed before Shareholders’ approval.

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- (D) The approval of independent non-executive Directors (excluding any independent non-executive Directors who is a proposed Selected Participant) is required for each grant of Awards to a Director, chief executive, or substantial shareholder of the Company or any of their respective associates.
- (E) Where any grant of Awards (excluding grant of options) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the total number of Shares issued and to be issued in respect of all awards granted under any share award scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding any awards lapsed in accordance with respective share award scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by Shareholders in general meeting shall comply with the requirements of Rule 17.04 of the Listing Rules.

Where any grant of Awards to a substantial shareholder of the Company or an independent non-executive Director, or their respective associates, would result in the total number of Shares issued and to be issued in respect of all grants made under any share scheme(s) of the Company (granted and proposed to be granted, whether exercised, cancelled or outstanding, excluding options or awards lapsed in accordance with any share scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Awards must be approved by the Shareholders in general meeting shall comply with the requirements of Rule 17.04 of the Listing Rules.

## **8 DISPUTES**

Any dispute arising in connection with the Scheme shall be referred to the decision of the Board whose decision shall be final and binding.

## **9 ALTERATION OF THE SCHEME OR THE AWARDS**

- (A) The Scheme may be altered in any respect by resolution of the Board without the approval of the Shareholders in general meeting, provided that (i) any alteration to the terms and conditions of the Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Selected Participants must be approved by the Shareholders in general meeting, (ii) any change to the terms of the Awards granted to an Awardee must be approved by the Board, the remuneration committee of the Company, the independent non-executive Director and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be), (iii) the amended terms of the Scheme or the Awards must still comply with the relevant requirements of Chapter 17 of the Listing Rules, and (iv) any change to the authority of the Directors to alter the terms of the Scheme must be approved by the Shareholders in general meeting.

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- (B) Written notice of any amendment to the Scheme shall be given to all Selected Participants and/or Awardees the Trustee.

## **10 TERMINATION**

- (A) The Scheme shall terminate on the earlier of:
- (i) the tenth (10) anniversary date of the Adoption Date; and
  - (ii) such date of early termination as determined by the Board by a resolution of the Board,

PROVIDED THAT such termination shall not affect any subsisting rights of any Selected Participant hereunder.

- (B) Upon termination of the Scheme,
- (i) no further grant of Awards may be made under the Scheme;
  - (ii) all the Awards referable to the date of expiry of the Trust Period which are not vested shall remain unvested and all the vested Awarded Shares shall continue to be held by the Trustee and be transferred to the Awardee, subject to the receipt by the Trustee within fifteen (15) Business Days from the expiry of the Trust Period of the transfer documents prescribed by the Trustee and duly executed by the Awardee;
  - (iii) upon the expiration of the period set out in Paragraph 10(B)(ii) (or such longer period as the Trustee and the Board may otherwise determine), all Shares remaining in the Trust Fund shall be sold (or as otherwise determined by the Board) by the Trustee within twenty-eight (28) Business Days (on which the trading of the Shares has not been suspended);
  - (iv) upon the expiration of the Trust Period all net proceeds of sale referred to in Paragraph 10(B)(iii) (if so sold) and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith (except as otherwise determined by the Board). For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to Paragraph 10(B)(iii)), except as otherwise determined by the Board.
- (C) For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of the Scheme.

## **11 WITHHOLDING**

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- (A) The Company or any Subsidiary shall be entitled to withhold, and any Awardee shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the grant of the Award.
  - (B) The Board may establish appropriate procedures to provide for any such payment so as to ensure that the Company or any Subsidiary receive advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to the Company or such Subsidiary any tax deduction resulting from the occurrence of such event.
  - (C) The Company or any Subsidiary may, by notice to the Selected Participant and subject to any rules as the Board may adopt, require that the Selected Participant pay at the time of the Award an amount estimated by the Company or any Subsidiary to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Award.

## **12 MISCELLANEOUS**

- (A) The Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Selected Participant, and the rights and obligations of any Selected Participant under the terms of his office and/or employment shall not be affected by his/her participation in the Scheme or any right which he may have to participate in it and the Scheme shall afford such Selected Participant no additional rights to compensation or damages in consequence of the termination of such office and/or employment for any reason. The Company shall bear the costs of establishing and administering the Scheme, including, for the avoidance of doubt, costs arising from communication as referred to in Paragraph 12(D), expenses, stamp duty, transaction levies and normal registration fees incurred in the subscription of Shares by the Trustee and the transfer of Awarded Shares to the Awardees on the relevant Vesting Date. For the avoidance of doubt, the Company shall not be liable for any tax or expenses of such other nature payable on the part of any Awardee in respect of any sale, purchase, vesting or transfer of Shares.
- (B) In the event that any tax, duty, levy or social security contribution in any jurisdiction is payable by any Awardee in connection with the grant of any Awards or the vesting (or otherwise the transfer) of any Awards, such Awardee shall be responsible for the prompt payment of such tax, duty, levy or social security contribution (as the case may be) and shall indemnify the Company and the Trustee against any loss, damage, liability, costs and expenses arising from or in connection with any default or delay in the payment thereof.
- (C) Any notice or other communication between the Company and any Selected Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its head office and principal place of business in Hong Kong or such other address as notified to the Selected Participant from time to time, and in the case of a Selected Participant, his/her address as notified to the Company from time to time. Any notice or other

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communication served by post shall be deemed to have been served 24 hours after the same was put in the post.

- (D) The Company, the Board, the Trust and the Trustee shall not be responsible for any failure by any Selected Participant to obtain any consent or approval required for such Selected Participant to participate in the Scheme as a Selected Participant or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his/her participation in the Scheme.
- (E) Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such. To the extent that any provision or provisions are unenforceable they shall be deemed to be deleted from these rules of the Scheme, and any such deletion shall not affect the enforceability of the rules of the Scheme as remain not so deleted.

### **13 GOVERNING LAW**

- (A) The Scheme shall operate subject to the Articles of Association of the Company and any applicable law and regulations to which the Company is subject.
- (B) The Scheme is governed by and shall be construed in accordance with the laws of Hong Kong.
- (C) Hong Kong courts shall be the exclusive venue for resolving dispute relating to or arising from the Scheme.

### **14 DISCLOSURE RIGHTS**

- (A) Notwithstanding anything to the contrary contained in the Scheme, the Trustee shall, in furtherance of the Trustee's obligation under or pursuant to FATCA, IRO or CRS or any analogous law, regulation, rule, ordinance or treaty (collectively "**Compliance Laws**") and such other obligations and duties as required by any taxation or government authorities anywhere in the world howsoever and wheresoever arising and whether legally enforceable or not (collectively "**Compliance Obligations**") as the Trustee may in its absolute discretion deem necessary, have the power to:
  - (i) keep information relating to the identity, citizenship and tax residence and status and such other necessary information (as required under the Compliance Laws or by any taxation or government authorities) of the Company, the Participants or other Controlling Person (as such term is defined under the relevant Compliance Laws, the "**Controlling Person**") for the purpose of compliance with such Compliance Obligations; and
  - (ii) disclose or report such information referred to in paragraph (i) above to any relevant government or tax authority or third party financial institution in any jurisdiction for any purpose as such government or

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tax authority or third party financial institution may deem appropriate in the circumstances at their discretion.

- (B) Notwithstanding anything to the contrary contained in the Scheme, in the absence of willful misconduct, gross negligence or fraud, the Trustee shall not be liable for any penalty or withholding imposed under the Compliance Laws and all local or foreign statute, law, regulation, ordinance, rule, judgment, decree, voluntary code, directive, sanctions regime, court order, treaty, agreement with or demands or request by such authorities resulting from the reporting of incomplete or incorrect information, or the failure to report such information and the Company shall indemnify the Trustee on a full indemnity basis against any such penalty or withholding.