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## **China Yongda Automobiles Services Holdings Limited**

**(中國永達汽車服務控股有限公司)**

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

**(Stock Code: 03669)**

### **PROPOSED ADOPTION OF SHARE AWARD SCHEME**

On April 7, 2022, the Board resolved to adopt the Share Award Scheme to recognize the contributions by the Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and the permission to deal in the Awarded Shares.

The Annual General Meeting will be convened for the purpose of considering, and if thought fit, approving, among others, the adoption of the Share Award Scheme and its implementation including the Annual Scheme Mandate for the issue of the Awarded Shares under the Share Award Scheme.

A circular containing, among other things, further details of the Share Award Scheme and the Annual Scheme Mandate to be sought in respect of the issuance of the Awarded Shares under the Share Award Scheme, together with a notice of the Annual General Meeting, will be dispatched to the Shareholders in due course.

**The Share Award Scheme is subject to the approvals of the Shareholders and may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **BACKGROUND**

On April 7, 2022, the Board resolved to adopt the Share Award Scheme to recognize the contributions by the Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

An ordinary resolution will be proposed to the Shareholders to adopt the Share Award Scheme at the Annual General Meeting. The Share Award Scheme does not constitute a share option scheme of the Company for the purpose of Chapter 17 of the Listing Rules.

## **THE SHARE AWARD SCHEME**

### **Major Terms of the Share Award Scheme**

A summary of the principal terms of the Share Award Scheme is set out below:

#### ***Purpose of the Share Award Scheme***

The specific objectives of Share Award Scheme are (i) to recognize the contributions by certain 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.

#### ***Administration***

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The Board may by resolution delegate any or all of its powers in the administration of the Share Award 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 Share Award Scheme (including the interpretation of any provision) shall be final and binding.

#### ***Selected Participants***

The Selected Participants include any Employee at any time during the Trust Period selected by the Board for participation in the Share Award Scheme.

### ***Scheme Limit***

The maximum number of Awarded Shares underlying the Awards (the “**Scheme Limit**”) awarded by the Board under the Share Award Scheme (i) shall not exceed 10% of the total issued share capital of the Company from time to time throughout the Trust Period unless otherwise approved by the Shareholders and (ii) shall be subject to an annual limit of 3% of the total issued share capital of the Company at the relevant time unless otherwise approved by the Shareholders.

The maximum number of Awarded Shares underlying the Awards which may be awarded to any Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period unless otherwise approved by the Shareholders or otherwise provided under the Share Award Scheme. Awards lapsed in accordance with the terms of the Share Award Scheme shall not be counted for the purpose of calculating the limit.

The maximum number of Awarded Shares underlying the Awards which may be awarded to any Director, chief executive of the Company, substantial shareholder of the Company or connected person of the Company under the Scheme shall not exceed 0.1% of the issued share capital of the Company in any 12-month period unless approved by the Independent Shareholders.

Approval is to be sought from the Shareholders at the Annual General Meeting for the Annual Scheme Mandate to allot and issue new Shares under the Share Award Scheme not exceeding 3% of the number of issued shares of the Company as at the date of passing the resolution, during the period from passing the resolution until the earlier of (a) the conclusion of the next annual general meeting of the Company and (b) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders in general meeting. The Annual Scheme Mandate will be subject to refreshment by approval of the Shareholders upon its expiry.

### ***Restrictions***

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Share Award Scheme:

- (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 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 Director;

- (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 Director;
- (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 Directors; or
- (v) in any circumstance which is prohibited under the Listing Rules, the Securities and Futures Ordinance or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

### ***Operation***

According to the Share Award Scheme, 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 at general meeting(s) of the Company from time to time pursuant to the Listing Rules.

Subject to the Scheme Rules, in the event that the Awarded Shares are to be allotted and issued as new Shares for the purpose of the Trust, the Selected Participant 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 according to the Scheme Rules 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 in the Scheme Rules. Such Shares shall be held upon trust for the relevant Selected Participant subject to the terms and conditions set out in the Scheme Rules and 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 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. Such allotment and issue should only be made upon fulfillment 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 Share Award Scheme shall not exceed the scheme limit; 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 Share

Award Scheme. For avoidance of doubt, the Awards under the Share Award Scheme will be satisfied with new Shares to be allotted and issued under the Annual Scheme Mandate, and will not be satisfied with existing issued Shares.

The Company intends to seek a mandate from the Shareholders for the issue and allotment of Awarded Shares as required under the Listing Rules. As such, the new Shares to satisfy any Awards will be issued under a mandate to be approved by the Shareholders for the relevant Award. The Company therefore considers that Shareholders would be able to evaluate the relevant diluting effect before they vote in respect of the relevant mandate. In any event, the Company will comply with the announcement, Shareholders' approval and other requirements (if and as applicable) under the Listing Rules in terms of the Awards to be satisfied by the issue and subscription of new Shares.

### ***Grant***

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its absolute discretion select any Participant (other than any Excluded Participant) for participation in the Share Award Scheme as a Selected Participant, and grant such number of Awards to any Selected Participant at such consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine. The grant price which shall be not less than the highest of:

- (a) 50% of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant notice, which must be a Business Day;
- (b) 50% of the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of the grant notice; and
- (c) the nominal value of the Shares.

The grant price under the Share Award Scheme is determined by the Company with reference to other cases of listed companies, taking into account factors such as the implementation effect of the Company's historical share-based incentive scheme, the trend of the Company's Share price in recent years and the actual situation of the Company. The purpose of the above pricing method is to ensure the effectiveness of the Share Award Scheme, further stabilize and motivate the Employees, and provide mechanism and talent guarantee for the long-term and stable development of the Company. The pricing has comprehensively considered the effectiveness of the Share Award Scheme and the impact of the Company's expenses, and will not have a negative impact on the Company's operation, reflecting the actual incentive needs of the Company and is reasonable.

The major purpose of the Share Award Scheme is to attract, retain and incentivize outstanding talents for the Group. In order for the Share Award Scheme to achieve its objective of motivating and incentivizing the Participants, the grant price would necessarily be of a discount to the share price of the Company.

Historically, the Company has adopted the Share Option Scheme and the Pre-IPO Incentive Scheme. Under the Share Option Scheme, the exercise price of share options shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the share options, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of a Share. With the stock price fluctuations in the market, the exercise price under the Share Option Scheme may become comparatively high when compared with the market price of the Shares from time to time, due to which the option grantees may be deterred from exercising their outstanding share options, thereby compromising the incentivizing effect of the Share Option Scheme. Under the Pre-IPO Incentive Scheme, the beneficiary is not required to pay any price for the awards granted.

In comparison, the grant price under the Share Award Scheme will be determined with reference to half of the market price of the Shares on or before the date of the grant notice, aligning and binding the interest of the grantees and that of the Company. On one hand, as compared with the Share Option Scheme, the prices paid by the grantees for the Awards represents approximately a 50% discount on the market price of the Shares, whereby striking a balance between the optimal incentivizing effect and costs borne by the grantees and generating stronger incentives to the Employees. On the other hand, as compared with the Pre-IPO Incentive Scheme, the Company would be able to reduce its costs on maintaining the scheme with the grant price paid by the Participants.

Having considered a wide range of factors, including the number of Awarded Shares to be granted, the aforesaid portfolio of incentive schemes of the Company, the expected impact on the grant of Awarded Shares on the Group's financial performance, the expected effect on the motivation of Participants as part of the Company's long-term mechanism, and the complementary features of the incentive schemes of the Company, the Board is of the view that the grant price under the Share Award Scheme is fair and reasonable and is in the interest of the Shareholders as a whole, and is expected to provide stronger incentives to the Employees, thereby serving the purpose of the Share Award Scheme.

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. In determining the number of 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.

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, 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.

Where any grant of Award is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules. The allotment and issue of new Shares in satisfaction of Awards granted to connected persons of the Company, which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, will be subject to independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Prior to the Vesting Date, any Award made under the Scheme Rules 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/her pursuant to such Award, unless the Award or any interest thereof is transferred as a result of the Selected Participant's death in accordance with the terms of the Share Award Scheme or otherwise provided under the Listing Rules.

### *Vesting and lapse*

The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award or conditions as to performance criteria), as it deems appropriate in its absolute discretion with respect to the vesting of the Awards on the Selected Participant.

The Board will carefully assess the performance and contribution of an Employee and will impose vesting conditions with performance targets at the Company level and individual level on a case-by-case basis to ensure that the vesting of Awards would be beneficial to the Group. The performance targets at the Company level will take into account the growth and development of the Group, the key performance indicators of which will tentatively tie to the phased revenue, profits or operating development of the Group. The performance targets at the individual level will take into account position and responsibilities, work performance and quality, attitude, capabilities, teamwork and relevant factors relevant to the Participant. For position and responsibilities, the Board will take into account the level and importance of the Participant and the expected responsibilities that such Participant shall take. For work performance and quality, the Board will take into account the key performance indicators expected to be achieved by such Participant. For attitude, the Board will consider whether such Participant is disciplined, humble and responsible. For capabilities, the Board will take into account the work capabilities and independent and creative thinking skills of such Participant. For teamwork, the Board will take into account the communication skills of such Participant and whether such Participant is a team player. The Board will also take into account other relevant factors specific to the Participant as appropriate.

Subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions. Shares underlying any Awards granted under the Share Award Scheme that lapse for any reason without having been exercised and Shares underlying the unexercised portion of any Awards in case of partial exercise will, to the extent not prohibited by applicable laws and regulations, be available for subsequent Award grants under the Share Award Scheme. Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions and vesting period applicable to the vesting of the Awards on such Selected Participant and all requirements applicable to such Selected Participant as specified in the Share Award Scheme and the relevant grant notice (unless waived by the Board), the respective Awards granted to the Selected Participant pursuant to the provision of the Scheme Rules shall vest in such Selected Participant in accordance with the vesting schedule 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.

In the event that the Board does not receive the required transfer documents from the Selected Participant at least 10 Business Days prior to the Vesting Date, 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 Scheme Rules.

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.

The Board may at its discretion, with or without further conditions, 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 the event that an Award becomes lapsed, the Awarded Shares underlying the Awards and/or the relevant income or distributions shall remain as part of the Trust Fund.

#### ***Disqualification of Selected Participant***

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 Participant, including but not limited to the following circumstances:

- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (c) where such person has been convicted of any criminal offence; or
- (d) where such person 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 in force from time to time,

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, the relevant Award made to such Selected Participant 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 Rules, unless agreed specifically between the Selected Participant and the Company to the extent permitted under the laws or regulations of such place.

### ***Voting Rights***

The Awarded Shares, before vesting, do not carry any right to vote at general meetings of the Company. Notwithstanding that the Trustee is the legal registered holder of the Shares held upon trust pursuant to the Trust Deed, the Trustee shall not exercise the voting rights attached to such Shares. Notwithstanding any provision in the Scheme Rules, a Selected Participant shall have the right to 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 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 to such Selected Participant.

### ***Duration***

Unless terminated earlier by the Board pursuant to the Scheme Rules, the Share Award Scheme shall be valid and effective for ten years commencing from the Adoption Date, after which period no further Awards will be granted.

Upon termination, (i) no further grant of Awards may be made under the Share Award Scheme; (ii) all the Awards referable to the date of expiry of the Trust Period which are not vested shall be vested in the relevant Selected Participants and all the Awarded Shares shall continue to be held by the Trustee and be transferred to the Selected Participants according to the Scheme Rules; (iii) all Shares remaining in the Trust Fund shall be sold (or as otherwise determined by the Board) by the Trustee within 28 Business Days (on which the trading of the Shares has not been suspended); and (iv) net proceeds of sale (if so sold) and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions) shall be remitted to the Company forthwith (except as otherwise determined by the Board).

### ***Alteration***

The Share Award Scheme may be amended in any respect by a resolution of the Shareholders at a general meeting.

## *Reasons of the Awards*

Provision of share-based incentives to participants is common among public companies. It is also in line with modern commercial practice for public companies to adopt parallel share-based incentive schemes to offer them with discretion to link the value of the companies with the interests of the participants thereunder, enabling those participants and the companies to develop together and promote the corporate culture of the companies. The Share Award Scheme will be used in parallel with the Pre-IPO Incentive Scheme and the Share Option Scheme.

Though the Share Award Scheme serves similar incentive purposes as the Pre-IPO Incentive Scheme and the Share Option Scheme, the Share Award Scheme improves the Company's long-term incentive mechanism by providing an additional means, thereby enabling the Company to have more flexibility in terms of the form of awards and to select the appropriate form of award taking into account the factors such as the timing and grantee of the awards to be granted.

By granting share options to a wide variety of participants under the Share Option Scheme (including Directors and employee of the Group and other participants), incentive is provided to various participants to contribute to the development and growth of the Group in order to obtain financial rewards when the market price of the Shares exceeds the exercise price of the share options. By granting awards under the Pre-IPO Incentive Scheme, incentive is given to Directors, employees and senior management members of the Group in the form of Shares or dividend payments on Shares under the scheme. By granting the Award Shares under the Share Award Scheme dedicated to the Employees, the interests of the Employees can be further aligned directly with the performance of the Group and the interests of the Shareholders through the ownership of the Shares.

In addition, the grant price under the Share Award Scheme referring to 50% of the price of the Shares would provide the Company with another option when determining the rewards to be made, which is distinguishable from the Share Option Scheme and the Pre-IPO Incentive Scheme and provides stronger incentives to the Employees. See "The Share Award Scheme – Major Terms of the Share Award Scheme – Grant" above for further details.

The Board believes that the parallel share-based incentive schemes will provide the Group with greater flexibility under particular circumstances of each grant, facilitate the incentivizing purposes of the incentive portfolio of the Group, and offer meaningful incentives that suit different categories of participants who will contribute to the business performance of the Group.

The Directors believes that the ability to attract and retain talent and business relationships is vital to its success. The terms and conditions of the Share Award Scheme are on normal commercial terms, fair and reasonable. Adoption of the Share Award Scheme provides flexibility for the Company to achieve its objectives to attract and motivate talents and to retain them in the Group and to develop and strengthen their relationships with the Group. Therefore, the Directors consider that the adoption of the Share Award Scheme and its implementation including the Annual Scheme Mandate are in the interests of the Company and the Shareholders as a whole.

None of the Directors have abstained from voting on the relevant Board resolutions as a result of their participation in the Share Award Scheme. None of the Directors have a material interest in the Share Award Scheme.

As at the date of this announcement, the Board has no current intention to grant any awards under the Pre-IPO Incentive Scheme, any Share options under the Share Option Scheme, or any Awarded Shares under the Share Award Scheme. The Company will not issue Shares under the Pre-IPO Incentive Scheme.

### **Appointment of Trustee**

The Company has entered into the Trust Deed with BOCI Trustee (Hong Kong) Limited (“**BOCI**”) on April 7, 2022 and appointed BOCI as the initial Trustee under the Share Award Scheme. To the best knowledge, information and belief of the Board after making all reasonable enquiries, BOCI is a professional trustee engaged by the Company for the Share Award Scheme. BOCI and its ultimate beneficial owners are independent third parties and not connected with the Company or any of its connected persons.

The Trustee will not become a connected person of the Company under Rules 14A.07 and 14A.12 of the Listing Rules. Even though the Share Award Scheme would enable the Trustee to hold up to 10% of the issued share capital of the Company upon trust for the benefit of Selected Participants before vesting of the Awards, the Trustee would not become a “substantial shareholder” of the Company (as defined in Chapter 1 of the Listing Rules) because the Trustee is not entitled to exercise or control the exercise of the voting rights in respect of any Shares held by it under the Trust Deed. As such, the Trustee will not have 10% or more of the voting power at any general meeting of the Company.

Further, Rule 14A.12(1)(b) of the Listing Rules exempts trustee for trust which is an employees’ share scheme or occupational pension scheme established for a wide scope of participants and the connected persons’ aggregate interests in the scheme are less than 30%.

Currently, none of the connected persons has 30% or more interest in the Share Award Scheme. The Trustee will not hold more than 10% of the total Shares in issue of the Company in aggregate at any time after adoption of the Share Award Scheme. On the basis that (i) the Share Award Scheme is an employees' share scheme established for a wide scope of participants; and (ii) the maximum number of Shares underlying the Awards that can be awarded by the Board under the Share Award Scheme shall not exceed 10% of the total issued share capital of the Company from time to time, and (iii) the connected persons' aggregate interests in the Share Award Scheme would be less than 30%, the Trustee is not an associate of connected person as such, the Trustee will not become a connected person of the Company. If the Trustee becomes a connected person of the Company as the number of Awards held by it for the benefit of the connected persons of the Company equals or exceeds 30% of the pool of the Awards pursuant to Rule 14A.12, it shall comply with the relevant requirements under Chapter 14A of the Listing Rules.

The Shares held by the Trustee will not be regarded as being "in public hands" when the Trustee becomes a close associate (within the meaning of Rule 1.01 of the Listing Rules) of the Directors by reason of holding Awarded Shares on trust for the Directors and therefore the Trustee will become a core connected person for the purpose of Rule 8.24 of the Listing Rules.

As of the date of this announcement, approximately 66.60% of the total issued Shares of the Company is held by the public. Assuming (i) the Scheme Limit would be fully utilized; (ii) all the Awarded Shares granted under the Share Award Scheme would be held by the Trustee; (iii) the Shares held by the Trustee would not be regarded as being "in public hands"; and (iv) no change in the Company's 1,967,270,013 total issued shares, approximately 60.55% of the Shares in issue will be regarded as being "in public hands" which will meet the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. The Company will take appropriate measures to ensure at least 25% of the Company's total issued Shares are held by the public Shareholders from time to time.

### **Listing Rules Implication**

The Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

The Annual Scheme Mandate will be sought from the Shareholders at the Annual General Meeting in respect of the issuance of the Awarded Shares. As at the date of this announcement, the Board has no present intention to grant any Award immediately upon adoption of the Share Award Scheme at the Annual General Meeting.

As at the date of this announcement, the Board has not identified any grantee who is a connected person of the Company. Where any Awarded Shares are proposed to be issued to any Selected Participant who is a connected person, the Company shall comply with such provisions of Chapter 14A of the Listing Rules as may be applicable, including any reporting, announcement and/or Independent Shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

While considering the other factors in granting of the Awarded Shares to the Selected Participants, the Company is well aware of the minimum public float requirement of 25% pursuant to the Listing Rules. The Group has adopted internal measures in ensuring public float requirement to be fulfilled at all times, including granting of Award Shares to both connected persons and non-connected persons at the same time in respective proportions in maintaining public float requirement. The Group will closely monitor the public float percentage and take appropriate measures as above to ensure maintenance of public float at all times.

## **GENERAL**

Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and the permission to deal in the Awarded Shares.

The Annual General Meeting will be convened for the purpose of considering, and if thought fit, approving, among others, the adoption of the Share Award Scheme and its implementation including an Annual Scheme Mandate for the issue of the Awarded Shares under the Share Award Scheme. There is no Shareholder who has any material interest in the proposed resolutions, and therefore none of the Shareholders is required to abstain from voting on such resolutions.

A circular containing, among other things, further details of the Share Award Scheme and an Annual Scheme Mandate to be sought in respect of the issuance of the Awarded Shares under the Share Award Scheme, together with a notice of the Annual General Meeting, will be dispatched to the Shareholders in due course.

**The Share Award Scheme is subject to the approvals of the Shareholders and may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

“Adoption Date”	being the date on which the Share Award Scheme is adopted by the Company upon the approval by the Shareholders of the Share Award Scheme and the grant by the Shareholders of a mandate to allot and issue Shares under the Share Award Scheme at a general meeting
“Annual General Meeting”	the annual general meeting of the Company to be held for the purpose of considering and, if thought fit, approving, among other things, the Share Award Scheme
“Annual Scheme Mandate”	a proposed annual scheme mandate to be granted to the Directors at the Annual General Meeting to allot and issue new Shares under the Share Award Scheme not exceeding 3% of the number of issued shares of the Company as at the date of passing the resolution
“Articles of Association”	the amended and restated articles of association of the Company adopted on May 5, 2012 and effective on July 12, 2012, and as amended from time to time
“Award(s)”	Award(s) granted by the Board to a Selected Participant pursuant to the Share Award Scheme, which vests in the form of Awarded Shares in accordance with the Scheme Rules
“Awarded Share(s)”	Share(s) underlying the Award(s) granted to the Selected Participants under the Scheme Rules
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which the banks are open for business in Hong Kong
“Board”	board of Directors
“Company”	China Yongda Automobiles Services Holdings Limited, an exempted company incorporated on November 7, 2011 in the Cayman Islands with limited liability, with its Shares listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Employee”	any director or employee of any member of the Group (including persons who are granted Shares under the Share Award Scheme as an inducement to enter into employment contracts with any member of the Group)
“Excluded Participant”	any Participant who is resident in a place where the grant of Award, award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Participant”	Includes any Employee
“PRC”	The People’s Republic of China
“Pre-IPO Incentive Scheme”	the Company’s employee pre-IPO incentive scheme conditionally approved and adopted by the Company on April 3, 2012 and amended on August 30, 2013 and June 18, 2020
“RMB”	Renminbi, the lawful currency of the PRC

“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
“Remuneration Committee”	the remuneration committee of the Company
“Selected Participant(s)”	Participant(s) selected by the Board for participation in the Scheme
“Scheme Rules”	the rules relating to the Share Award Scheme, as amended, modified or supplemented from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Share Award Scheme” or “Scheme”	the share award scheme adopted by the Company on the Adoption Date
“Share Option Scheme”	the Company’s share option scheme adopted on October 10, 2013
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed
“Trust Fund”	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: (a) HK\$100 as initial sum; (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; (c) any Residual Cash; (d) any Awarded Shares to be vested or not vested with the Selected Participants under the terms of the Scheme; and (e) all other properties from time to time representing (a), (b), (c) and (d) above

“Trust Period”	means the period beginning with the Adoption Date and ending upon the expiry of the period of ten years beginning from the Adoption Date or such date of early termination as determined by the Board
“Trustee”	BOCI Trustee (Hong Kong) Limited (which is independent and not connected with the Company, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in 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)
“Vesting Date”	in respect of a Selected Participant, the date on which his entitlement to the Awarded Shares is vested in such Selected Participant in accordance with the Share Award Scheme

By order of the Board  
**China Yongda Automobiles Services Holdings Limited**  
**Cheung Tak On**  
*Chairman*

PRC, April 7, 2022

*As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Cheung Tak On, Mr. Cai Yingjie, Mr. Wang Zhigao, Mr. Xu Yue, Ms. Chen Yi and Mr. Tang Liang; and (ii) three independent non-executive Directors, namely Ms. Zhu Anna Dezhen, Mr. Lyu Wei and Mr. Mu Binrui.*