

# HGL LIMITED EMPLOYEE SHARE SCHEME

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The following are the terms and conditions of the HGL Limited Employee Share Scheme.

## 1. DEFINITIONS AND INTERPRETATION

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1.1 In the construction of this Scheme, unless the contrary intention appears:

- (a) “**Act**” means the Corporations Act 2001 (Cth) as amended from time to time;
- (b) “**ASX**” means Australian Stock Exchange Limited;
- (c) “**business day**” means Monday to Friday inclusive, except New Year’s Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;
- (d) “**cash dividend**” means a dividend declared and paid by HGL to holders of shares in the form of money, whether by cheque or direct credit, and includes any such dividend which is reinvested under the DRP but excludes any amount paid on a buyback of shares;
- (e) “**Committee**” means the Committee appointed by the Directors pursuant to the Committee Section;
- (f) “**Condition**” means a condition imposed by the Directors in respect of a Participant’s Scheme Shares that must be satisfied before the Scheme Shares are released from the restrictions under Clause 8.5, such condition being specified in the written invitation made under Clause 6.3 to take up those Scheme Shares;
- (g) “**Directors**” means the directors of HGL from time to time;
- (h) “**Dividend Date**” means each date on which HGL pays a dividend, whether final or interim;
- (i) “**Dividend Rate**” means, in respect of a particular Participant’s Scheme Shares, the rate calculated at each Dividend Date by dividing the then dividend per share by the Issue Price per share (in respect of the Participant’s then Scheme Shares) and multiplying by 365 and dividing by the number of days since the preceding Dividend Date and expressing the result as a percentage;
- (j) “**Discount Amount**” means, in relation to a Participant’s Scheme Loan, an amount not exceeding 7.2% of the Initial Loan Amount of that Scheme Loan determined by the Directors and specified in the written invitation made to the Participant under Clause 6.3;
- (k) “**Dismissal for Serious Misconduct**” means the valid termination of a Participant’s employment with HGL or its subsidiary without notice as a result of serious misconduct on the part of the Participant;
- (l) “**DRP**” means the HGL Limited Dividend Reinvestment Plan;
- (m) “**employee**” includes a director who is a salaried employee but excludes a non-executive director;
- (n) “**HGL**” means HGL Limited (ACN 009 657 961);
- (o) “**holding lock**” has the same meaning as in Chapter 21 of the SCH Business Rules;

- (p) “**Initial Loan Amount**” means, in respect of a Scheme Loan, an amount equal to the total Issue Price of the shares (excluding any shares issued under the DRP) acquired under the Scheme with that Scheme Loan;
  - (q) “**Issue Price**” means the issue price of shares issued under the Scheme, as adjusted in accordance with Clause 5.3;
  - (r) “**Lender**” means the lender of a Scheme Loan which shall be either HGL or a subsidiary of HGL;
  - (s) “**Listing Rules**” means the Listing Rules of ASX from time to time, subject to any waiver or modification granted by ASX;
  - (t) “**Participant**” means an employee who has accepted an invitation to participate in the Scheme in accordance with the Acceptance of Invitation Section;
  - (u) “**Prescribed Security Value**” means, in relation to a Participant, the amount of the principal of the Participant’s Scheme Loan from time to time;
  - (v) “**SCH**” has the same meaning as in Chapter 21 of the SCH Business Rules;
  - (w) “**SCH Business Rules**” means the Business Rules of SCH;
  - (x) “**Scheme**” means the HGL Limited Employee Share Scheme, formerly called the Hancock & Gore Limited Employee Share Scheme (1999);
  - (y) “**Scheme Loan**” means a loan made to a Participant under the Scheme;
  - (z) “**Scheme Shares**” means shares which are subject to the Scheme in accordance with the Scheme Shares Section;
  - (aa) “**Secretary**” means the secretary of HGL or, if there is more than one secretary, one of the secretaries of HGL;
  - (bb) “**Section**” means a Clause or group of Clauses in this Scheme identified by a specified heading or by the same initial number;
  - (cc) “**share**” means an ordinary share in the capital of HGL;
  - (dd) “**subsidiary**” means a subsidiary as defined in the Act;
  - (ee) “**terms and conditions**” means these terms and conditions as amended from time to time.
- 1.2 Headings and underlinings shall be disregarded in the construction of this Scheme except for the purpose of identifying a Section.
- 1.3 Singular includes plural and vice versa and words importing any gender shall include all other genders.
- 1.4 All references to statutory provisions shall be construed as references to any statutory modification or re-enactment (whether before, on or after the Commencement Date) for the time being in force.

## **2. NAME OF THE SCHEME**

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This Scheme shall be known as the “HGL Limited Employee Share Scheme” or such other name as the Directors may from time to time determine.

## **3. LISTING RULES**

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3.1 The operation of the Scheme and, in particular, the issue of new shares under the Scheme is subject to the requirements of the Listing Rules.

## **4. SCHEME SHARES**

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4.1 The shares subject to the Scheme shall be the shares which are acquired by Participants pursuant to the Scheme together with:

- (a) all bonus shares issued in respect of shares which were then Scheme Shares; and
- (b) shares issued under the DRP which become Scheme Shares under Clause 10.7.

4.2 The total number of Scheme Shares shall not at any time exceed **10%** of the sum of:

- (a) the total number of issued shares in HGL at that time; and
- (b) the number of shares which HGL would have to issue at that time if all securities then on issue by HGL having a right to convert into shares were so duly converted.

4.3 A share held by a Participant shall cease to be a Scheme Share if the share has been released from the lien granted by the Participant to the Lender under the Security Section in accordance with that Section.

## **5. ISSUE PRICE**

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5.1 The Issue Price of each share shall be determined by the Directors prior to making each invitation to an employee to participate in the Scheme.

5.2 In no event shall the Issue Price be less than:

- (a) in the case of shares issued under the Scheme prior to 20 January 2004, 90% of the average of the last sale price quoted for HGL shares on ASX for the 20 consecutive business days preceding the determination of the Issue Price by the Directors;
- (b) in the case of subsequently issued shares, the weighted average of the prices at which HGL shares were traded on ASX during the 5 business days up to and including the date of determination of the Issue Price by the Directors.

5.3 On each occasion that bonus shares are issued in respect of a Participant’s Scheme Shares, the Issue Price for those Scheme Shares immediately prior to such bonus issue shall be averaged down and spread equally between those Scheme Shares and the bonus shares. Those bonus shares shall, from the time of issue, become Scheme Shares and, for the purposes of these terms and conditions, have an Issue Price determined by such averaging down.

## **6. INVITATION TO PARTICIPATE**

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6.1 A person is eligible to participate in the Scheme if the person is an employee of HGL or a subsidiary of HGL.

- 6.2 The Directors may, from time to time, invite an eligible person to participate in the Scheme. Such invitations may be made to persons who are already Participants and more than one invitation may be made to the same person. The Scheme Shares acquired by a Participant pursuant to each such invitation and the Scheme Loan made in respect of those Scheme Shares shall be treated separately from, and not consolidated with, any other Scheme Shares held by or Scheme Loan made to the Participant and these terms and conditions shall apply accordingly (as if the Participant were several people each with the separate Scheme Shares and Scheme Loan).
- 6.3 Each such invitation shall be in writing, signed by the Secretary or by any Director, and shall:
- (a) specify the number of shares being offered to the employee;
  - (b) specify the Issue Price of each share being offered;
  - (c) specify any Condition applicable to the shares being offered;
  - (d) specify the time within which the invitation may be accepted by the employee;
  - (e) contain an offer by HGL or by a subsidiary of HGL to make a Scheme Loan to the employee of such amount as will enable the employee to acquire pursuant to the Scheme, the number of shares offered at the Issue Price per share;
  - (f) specify the Discount Amount, if any, applicable to that Scheme Loan; and
  - (g) contain such other matters as the Directors may from time to time determine.
- 6.4 An offer of shares subject to a particular Condition shall be made in a separate invitation under Clause 6.3 and on the basis of a separate Scheme Loan.

## **7. ACCEPTANCE OF INVITATION**

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- 7.1 An employee who has received an invitation to participate in the Scheme may accept that invitation by sending an acceptance to the Secretary.
- 7.2 An acceptance shall be in such form as the Directors may from time to time determine and shall:
- (a) specify the name and address of the employee;
  - (b) contain an application by the employee to HGL to subscribe for the number of shares offered at the Issue Price per share;
  - (c) contain an acceptance of the offer of a Scheme Loan made by HGL or by a subsidiary of HGL;
  - (d) contain an authority to the Committee to request and receive from the Lender of the employee's Scheme Loan the full advance under the employee's Scheme Loan and immediately apply it in paying the full amount of the Issue Price for each of the shares applied for by the employee;
  - (e) contain an irrevocable authority to HGL to apply or pay such of the cash dividends due and payable to the employee in respect of Scheme Shares held by the employee as will discharge the employee's then liability to pay interest on the employee's Scheme Loan;
  - (f) contain an authority to the Lender of the employee's Scheme Loan to retain possession of the share certificates (if any) in respect of such number of Scheme Shares and any bonus shares issued to the employee in respect of those Scheme Shares of the employee as is determined in accordance with the Security Section;

- (g) contain a Power of Attorney in favour of the Lender of the employee's Scheme Loan in accordance with Clause 13.3; and
- (h) contain such other matters as the Directors may from time to time determine.

7.3 An acceptance shall be effective only if:

- (a) it is received by the Secretary within the period stipulated in the invitation given under Clause 6.3 for acceptance; and
- (b) it is accompanied by such other documents as the Directors may from time to time determine.

## **8. ISSUE OF SCHEME SHARES**

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- 8.1 When an invitation has been duly accepted, the shares applied for by the Participant shall be allotted by HGL to the Participant and issued fully paid.
- 8.2 Upon issue of any Scheme Shares HGL shall apply for their quotation by ASX.
- 8.3 The share certificates (if any) in respect of a Participant's Scheme Shares, and all bonus shares issued in respect of such Scheme Shares, shall upon issue be delivered to the Lender of the Participant's Scheme Loan as security for repayment of the Participant's Scheme Loan in accordance with these terms and conditions.
- 8.4 Subject to these terms and conditions, all Scheme Shares shall have the same rights as apply to the other shares of HGL, including rights to dividends, participation in rights issues and bonus issues, and voting.
- 8.5 If a Participant's Scheme Shares are subject to a Condition that has not been satisfied the Participant shall not:
  - (a) elect to reinvest dividends on those Scheme Shares under the DRP;
  - (b) repay any of the Scheme Loan relating to those Scheme Shares under Clause 11.10;
  - (c) request the release of any of the Scheme Shares from the lien granted to the Lender under Clause 12.1; or
  - (d) deal with the Scheme Shares otherwise than in accordance with Clause 14.

## **9. MAKING SCHEME LOANS**

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- 9.1 A Lender of a Participant's Scheme Loan shall make the full advance to the Participant under the Participant's Scheme Loan at the request of the Committee.
- 9.2 A Participant, and the Committee on behalf of the Participant, shall use a Scheme Loan for the sole and immediate purpose of paying the full amount of the Issue Price for each of the shares applied for by the Participant.
- 9.3 If a Participant has more than one Scheme Loan, each Scheme Loan will be treated separately from and not consolidated with any other Scheme Loan.

## **10. INTEREST ON SCHEME LOANS**

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- 10.1 The Participant shall pay the Lender of the Participant's Scheme Loan interest on the outstanding balance of the Participant's Scheme Loan at a rate equal to the Dividend Rate.

- 10.2 The interest rate determined under the preceding Clause shall be applied by multiplying the Issue Price of each of the Participant's then Scheme Shares by the number of days since the preceding Dividend Date and dividing by 365. Interest shall not be capitalised except in accordance with Clause 10.6.
- 10.3 Subject to Clause 10.6, the Participant shall pay the Lender of the Participant's Scheme Loan interest in arrears within 5 business days of each Dividend Date. For this purpose the Participant shall irrevocably authorise and direct HGL to apply or pay on each Dividend Date to the Lender of the Participant's Scheme Loan such amount of the cash dividends which are then due and payable to the Participant in respect of the Participant's then Scheme Shares as will discharge the Participant's then liability to pay interest on the Participant's Scheme Loan. This authority does not include cash dividends which are reinvested under the DRP.
- 10.4 At no time shall a Participant be liable to pay interest under this Section in an amount which exceeds the then cash dividend in respect of the Participant's then Scheme Shares.
- 10.5 For the purposes of calculating the Dividend Rate, where a "preceding Dividend Date" is earlier in time than the date of issue of the relevant share, such date of issue shall be substituted for the "preceding Dividend Date".
- 10.6 If:
- (a) subject to Clause 8.5, a Participant elects to reinvest all or any of the dividends payable on a Dividend Date in respect of the Participant's Scheme Shares (the amount reinvested being "the Reinvested Amount") under the DRP; and
  - (b) the Participant does not pay the amount of interest which becomes payable under Clause 10.3 within 5 business days of that Dividend Date from the Participant's own funds,

HGL shall capitalise such interest up to the Reinvested Amount. Any interest so capitalised shall be added to the principal of the Participant's Scheme Loan and thereafter bear interest in accordance with these terms and conditions.

- 10.7 If interest on a Participant's Scheme Loan is capitalised under Clause 10.6, any shares issued under the DRP to the Participant in respect of the Reinvested Amount shall become Scheme Shares.

## **11. REPAYMENT OF SCHEME LOANS: LIMITED RECOURSE**

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- 11.1 On the last day of each calendar year the Participant shall pay the Lender of the Participant's Scheme Loan an amount, calculated as set out in this Clause, in partial repayment of the Participant's Scheme Loan. The amount to be paid shall be the sum of:
- (a) franking credits received x (one – top tax rate); and
  - (b) profit from sales.

If there are neither franking credits nor profits from sales, no payment shall be due. If the amount calculated under this Clause exceeds the then outstanding balance of the Participant's Scheme Loan, such excess shall not be due to the Lender and shall belong to the Participant absolutely.

- 11.2 In the preceding Clause:
- (a) **"franking credits received"** means franking credits received by the Participant in respect of the Participant's Scheme Shares during the year which ended on 30 June in that calendar year.

- (b) **“top tax rate,”** means the combination of the medicare levy (or any successor to it) and the maximum marginal rate of tax payable in respect of income by an individual resident of Australia under the Income Tax Assessment Act, for the year which ended on 30 June in that calendar year, such combination expressed as a fraction.
  - (c) **“profit from sales”** means the net profit realised by the Participant in respect of each sale during that calendar year by the Participant of a share which was a Scheme Share at any time within the 6 months preceding the sale. For this purpose the “net profit” is the sale price of the share less each of brokerage, commission, stamp duty, goods and services tax (if any) and the Issue Price of the share and, if the result is then a positive number, then multiplying the result by a fraction equal to one minus the top tax rate (after adjusting for any capital gains tax discount available to the Participant on the sale of the Shares) applicable to the financial year in which the sale occurred.
- 11.3 Apart from the requirements of Clauses 11.1 and 11.2 and subject to Clause 11.6, the Participant shall not be obliged to repay the outstanding balance of the Participant’s Scheme Loan unless and until the due expiry of a written demand served upon the Participant by the Lender of the Participant’s Scheme Loan, the circumstances for the making of such demand being set out in Clause 11.4.
- 11.4 No such demand for repayment of the outstanding balance of the Participant’s Scheme Loan shall be made before the earliest to occur of:
- (a) the expiration of 6 months after the Participant ceases, for any reason other than death, to be an employee of HGL or a subsidiary of HGL (including by reason that the Participant’s employer ceases to be a subsidiary of HGL);
  - (b) the expiration of 12 months after the Participant’s death; or
  - (c) the seventh anniversary of the making of the Participant’s Scheme Loan.
- 11.5 Any such demand shall specify in it the date for repayment of the outstanding balance of the Participant’s Scheme Loan, such date to be not less than one month after the giving of such written demand.
- 11.6 If a Participant’s Scheme Shares remain subject to a Condition that has not been satisfied, the Scheme Loan relating to those Scheme Shares will be immediately due and payable, without any requirement for notice, if the Participant ceases for any reason other than death, to be an employee of HGL or a subsidiary of HGL (including by reason that the Participant’s employer ceases to be a subsidiary of HGL). Upon a Scheme Loan becoming repayable under this Clause, HGL shall accept the Participant’s offer to enter into a buy back agreement under Clause 16 and buy back the Participant’s Scheme Shares in accordance with Clause 16.
- 11.7 The Participant’s liability to repay the outstanding balance of the Participant’s Scheme Loan shall in all cases be limited to the proceeds arising from the sale or buyback of the Participant’s then Scheme Shares and the Lender shall have no further recourse against the Participant in respect of the Participant’s Scheme Loan or any costs, charges or expenses incurred in or incidental to the exercise or performance of any of the powers or authorities conferred by these terms and conditions.
- 11.8 When a sale or buyback of the Participant’s Scheme Shares has been effected and the proceeds have been insufficient to repay in full the Participant’s Scheme Loan, the Lender shall immediately write-off such shortfall.
- 11.9 When a sale or buyback of the Participant’s Scheme Shares has been effected and the proceeds have been more than sufficient to repay in full the Participant’s Scheme Loan, the surplus shall be paid to the Participant.

- 11.10 A Participant may, subject to Clause 8.5, repay the whole or part of the outstanding balance of the Participant's Scheme Loan at any time provided that if the Participant repays part of the outstanding balance of the Participant's Scheme Loan then any such repayments shall be made in multiples of \$10,000.
- 11.11 The outstanding balance of the Participant's Scheme Loan for the purpose of repayment under this Clause 11 shall be calculated subject to Clause 17.

## **12. SECURITY**

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- 12.1 Each Participant grants to the Lender a lien over all of their Scheme Shares as security for the payment of all monies owing under the Participant's Scheme Loan. If a Participant has more than one Scheme Loan, a separate lien will be granted over, and only apply to, the Scheme Shares applicable to each Scheme Loan and such lien will be treated separately from any other lien granted by the Participant.
- 12.2 For the purposes of protecting its rights under any such lien and enforcing any restrictions under Clause 8.5, the Lender may request SCH to apply a holding lock to prevent the transfer of a Participant's Scheme Shares.
- 12.3 Subject to Clause 8.5, if the value of the Scheme Shares of a Participant exceeds the Prescribed Security Value, the Lender shall within 3 business days of a request from the Participant, release from the lien granted under this Section any shares in excess of the Prescribed Security Value. In accordance with Clause 4.3, shares which are so released cease to be Scheme Shares.
- 12.4 For the purposes of valuing the security of shares under this Section, each Scheme Share shall be deemed to have a value equal to its Issue Price, irrespective of its market value from time to time.
- 12.5 The Directors may, from time to time, in their absolute discretion, release any number of Scheme Shares of a Participant from the lien held by the Lender. In accordance with Clause 4.3, shares which are so released cease to be Scheme Shares.
- 12.6 If, as a consequence of the application of any of the terms and conditions, the security under this Section is at any time is less than the Prescribed Security Value, the Lender shall not be entitled to obtain further security and the Participant shall be under no obligation to top up such security.

## **13. DEFAULT IN REPAYMENT OF SCHEME LOAN**

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- 13.1 If a Participant fails to pay an amount due on 31 December in accordance with Clause 11.1 within 14 days of receipt of a written notice from the Lender requiring that such default be rectified:
- (a) the Lender shall have power to sell such number of Scheme Shares as will realise net proceeds equal to the amount due on that 31 December;
  - (b) such power of sale shall be restricted to the period of 35 business days following expiry of the 14 day notice of rectification;
  - (c) such power of sale shall be restricted to selling the shares on the ASX at a price not less than 90% of the average of the last sale price quoted for HGL shares on the ASX for the 10 consecutive business days preceding the sale; and
  - (d) if such power of sale is not exercised or cannot be effected within such parameters or if the proceeds of sale arising from due exercise are insufficient to discharge the amount due to the Lender on that 31 December, the balance then due shall be capitalised and form part of the Participant's Scheme Loan.

- 13.2 If a Participant fails to pay the outstanding balance of the Participant's Scheme Loan when it becomes due and payable to the Lender under Clauses 11.3 to 11.5 then:
- (a) the Lender shall have power to sell all of the Participant's Scheme Shares then retained by the Lender and apply so much of the proceeds of sale as are necessary to pay the amount in default and any surplus shall be paid to the Participant; or
  - (b) HGL may accept the Participant's offer to enter into a buyback agreement under Clause 16 and buyback the Participant's Scheme Shares in accordance with Clause 16.
- 13.3 Each Participant irrevocably appoints HGL as the Participant's attorney to execute all documents and do all things on the Participant's behalf that may be necessary or expedient to:
- (a) enter into a buyback agreement in accordance with Clause 16 and complete the buyback of the Participant's Scheme Shares in accordance with that agreement; and
  - (b) sell the Participant's Scheme Shares in accordance with the Lender's power of sale under Clause 13.2(a).

## **14. TAKEOVERS**

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- 14.1 In the event that a person has made takeover offers for the shares in HGL in accordance with Chapter 6 of the Act ("takeover offer"), each Participant shall be entitled to accept such offer with respect to the Participant's Scheme Shares.
- 14.2 If a Participant wishes to accept a takeover offer the Participant shall supply the Lender with:
- (a) all things necessary to accept the takeover offer in respect of such number of shares as the Participant chooses and direct that the proceeds of sale are to be remitted to the Lender at the Lender's address; and
  - (b) a written direction from the Participant to the Lender to forward any documents in the manner prescribed for acceptance of the takeover offer.
- 14.3 Upon receipt of such direction the Lender shall comply with the direction.
- 14.4 When the Lender comes into possession of the net proceeds of sale of shares arising from sales contemplated by this Section, the Lender shall apply only so much of it as is attributable to the Participant's Scheme Shares to repay the Participant's Scheme Loan and pay any balance to the Participant.
- 14.5 If, despite a direction given under Clause 14.2(a), the proceeds of sale are sent to the Participant, the Participant shall immediately remit to the Lender an amount equal to that which the Lender would have been entitled to under Clause 14.4.
- 14.6 The forwarding of documents by the Lender in accordance with this Section shall not cause the shares concerned to cease being Scheme Shares unless and until the Lender is in receipt of the proceeds of sale contemplated by Clauses 14.4 and 14.5 together with any paper contemplated by Clause 14.7.
- 14.7 Where the offeror under a takeover offer is offering consideration other than only cash (such noncash component called "**paper**"):
- (a) the cash component (if any) attributable to the Participant's Scheme Shares shall be dealt with under Clauses 14.4 and 14.5;

- (b) if, after (a) has been done, there is no amount owing on the Participant's Scheme Loan the paper attributable to the Participant's Scheme Shares shall belong to the Participant absolutely and any certificates in respect of such paper shall be immediately forwarded to the Participant;
- (c) if, after (a) has been done, there is an amount owing on the Participant's Scheme Loan, the paper attributable to the Participant's Scheme Shares shall be dealt with as follows:
  - (i) the Lender shall be entitled to possession of any certificates in respect of such paper pending the following steps being undertaken;
  - (ii) the Participant shall sell such amount of that paper as will realise net proceeds equal to the outstanding balance of the Participant's Scheme Loan and pay that amount to the Lender;
  - (iii) any proceeds in excess of that required to repay the outstanding balance of the Participant's Scheme Loan and any paper then remaining shall belong to the Participant absolutely and any certificates in respect of such paper shall be immediately forwarded to the Participant;
  - (iv) if the proceeds from the sale of paper are insufficient to repay the outstanding balance of the Participant's Scheme Loan, the Lender's only rights shall be in respect of any remaining Scheme Shares of the Participant.

14.8 The outstanding balance of a Participant's Scheme Loan for the purposes of repayment under this Clause 14 shall be calculated subject to Clause 17.

14.9 The provisions of this Clause will not qualify the limitations on the liability of a Participant to repay a Scheme Loan as set out in Clauses 11.7 and 11.8.

## **15. INFORMATION TO PARTICIPANTS**

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On both 30 November in each year, and as soon as practicable after receipt of a written request from a Participant, the Secretary shall send to the Participant a statement setting out:

- (a) the total number of the Participant's then Scheme Shares;
- (b) the outstanding balance of the Participant's Scheme Loan at the beginning of the period to which the statement relates;
- (c) the amount and source of any payments made by the Participant in repayment of either principal or interest in respect of the Participant's Scheme Loan during the period to which the statement relates;
- (d) the balance of the Participant's Scheme Loan at the end of the period to which the statement relates;
- (e) the amount so far as is known to the Secretary, which is then due to be paid by the Participant under Clause 11.1 on 31 December next; and
- (f) other information relevant to these matters.

## **16. BUYBACK**

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16.1 Each Participant irrevocably offers to enter into an agreement with HGL under which HGL will buyback all of the Participant's Scheme Shares in accordance with this Clause 16 ("buyback agreement").

- 16.2 HGL may only accept the Participant's offer under Clause 16.1 in the circumstances contemplated by Clause 11.6 or Clause 13.2(b).
- 16.3 HGL may accept a Participant's offer to enter into a buyback agreement under Clause 16.1 by giving written notice to the Participant ("Buyback Notice"). The Buyback Notice must contain the following details:
- (a) the name of the Participant;
  - (b) the price at which HGL will buyback the Participant's Scheme Shares ("Buyback Price");
  - (c) the number of the Participant's Scheme Shares; and
  - (d) the date for completion of the buyback by HGL ("Completion Date").
- 16.4 Upon HGL giving a Buyback Notice, the Participant must sell and HGL must buyback the Participant's Scheme Shares for the Buyback Price on the Completion Date.
- 16.5 The Completion Date shall be a date between 5 and 15 business days from the date of the Buyback Notice. Completion of the buyback must take place on the Completion Date at 1.00pm at HGL's registered office, or at any other time and place that HGL and the Participant agree.
- 16.6 The Buyback Price in relation to each Scheme Share that is being bought back by HGL shall:
- (a) be equal to the Issue Price of the Scheme Shares if the buy back is under Clause 11.6; or
  - (b) otherwise, be not less than the average of the last sale prices quoted for HGL Shares on ASX for the 20 consecutive business days preceding the date of the Buyback Notice.
- 16.7 At the Completion Date, the Participant must give HGL:
- (a) a duly completed transfer executed by the Participant transferring to HGL the Participant's Scheme Shares; and
  - (b) any other documents that HGL may require to give effect to the buyback of the Participant's Scheme Shares.
- 16.8 At the Completion Date, subject to the Participant complying with Clause 16.7, HGL must:
- (a) apply so much of the total Buyback Price as is required to satisfy the outstanding balance of the Participant's Scheme Loan; and
  - (b) pay the balance of the total Buyback Price (if any), to the Participant.

## **17. REDUCTION OF PARTICIPANT'S SCHEME LOAN**

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- 17.1 Clause 17.2 applies in relation to the repayment of the outstanding balance of a Participant's Scheme Loan:
- (a) in accordance with Clause 11;
  - (b) upon exercise by the Lender of its rights under Clause 13.2; or
  - (c) under Clause 14.
- 17.2 In the circumstances set out in Clause 17.1 and subject to Clause 17.3:

- (a) the outstanding balance of the Participant's Scheme Loan will be reduced by the Discount Amount (the reduced outstanding balance being "the Discounted Balance");
- (b) the Participant will only be required to pay the Discounted Balance to fully discharge their Scheme Loan; and
- (c) the Lender will accept the payment of the Discounted Balance in full satisfaction of the Participant's Scheme Loan.

17.3 Clause 17.2 will not apply in circumstances where a Participant's Scheme Loan is repayable under Clause 11.6 or as a result of the Dismissal for Serious Misconduct of that Participant.

## **18. THE COMMITTEE**

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- 18.1 The Committee shall be appointed by the Directors.
- 18.2 The number of the members of the Committee shall, unless the Directors otherwise decide, be, at least 2 and no more than 4.
- 18.3 The Directors may at any time remove any person from membership of the Committee and whenever a vacancy in the Committee occurs the Directors may fill that vacancy.
- 18.4 A person shall cease to be a member of the Committee if.
- (a) the person resigns by notice in writing to the Directors;
  - (b) the person is removed from office by the Directors; or
  - (c) the person dies.
- 18.5 The members of the Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit provided that 2 members of the Committee shall be the quorum necessary for the transaction of business.
- 18.6 Any business to be carried out by the Committee pursuant to these terms and conditions shall be carried out in accordance with a resolution of the members of the Committee passed by a majority of votes at a meeting of the Committee at which a quorum is present and at which each member of the Committee is entitled to one vote. The chairman of the Committee (if any) shall not have a second or casting vote.
- 18.7 Notwithstanding anything else in these terms and conditions the Committee shall at all times comply with any Listing Rules relevant to the Scheme.
- 18.8 A resolution in writing signed by all the members of the Committee shall have the same effect and validity as a resolution of the members of the Committee passed at a duly convened meeting.
- 18.9 The members of the Committee shall be entitled to be paid such remuneration and expenses by HGL as the Directors from time to time determine.

## **19. ADMINISTRATION OF THE SCHEME**

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- 19.1 The Scheme shall be administered by the Directors who shall have power to:
- (a) determine the appropriate procedures for the administration of the Scheme consistent with the terms and conditions;

- (b) delegate to any 2 or more of them for such period and on such conditions as they may determine the exercise of their powers or discretions arising under the Scheme; and
- (c) subject to Clause 20, amend or add to these terms and conditions.

19.2 If any doubt shall arise as to whether or when:

- (a) a person has become or ceased to be an employee of HGL or a subsidiary of HGL; or
- (b) a person's employer has become or ceased to be a subsidiary of HGL,

then a certificate signed by the Secretary shall be deemed conclusive evidence of that fact.

## **20. ALTERATIONS**

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20.1 Subject to Clause 20.2, these terms and conditions may at any time and from time to time be amended by the Directors.

20.2 No amendment to these terms and conditions shall be made by the Directors:

- (a) unless the Directors or HGL (as the case may be) complies with the Act and the Listing Rules; or
- (b) without the prior express written consent of the Participant concerned, if the amendment detrimentally affects the rights of a Participant with regard to either the Participant's Scheme Shares or Scheme Loan.

## **21. GOVERNING LAW**

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These terms and conditions shall be governed by and construed in accordance with the laws for the time being in force in the State of New South Wales.