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If you have sold or transferred all your shares in Kingsoft Corporation Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

**PROPOSAL FOR ADOPTION OF THE 2011 SHARE OPTION SCHEME
AND RE-ELECTION OF DIRECTORS
AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of Kingsoft Corporation Limited to be held at 14F, Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC on Friday, 9 December 2011 at 3:00 p.m. is set out on pages 7 to 8 of this circular. A proxy form for your use at the extraordinary general meeting is enclosed with this circular. Whether or not you propose to attend the extraordinary general meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so desire.

Hong Kong, 22 November 2011

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DEFINITIONS

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

“2011 Share Option Scheme”	the share option scheme to be adopted by the Company at the Extraordinary General Meeting, the principal terms of which are set out on pages 9 to 18 of this circular
“Adoption Date”	9 December 2011, the date on which the 2011 Share Option Scheme is conditionally adopted by the Company at a general meeting of the Shareholders
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Associate”	has the meaning as ascribed thereto in Rule 1.01 of Chapter 1 of the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of directors of the Company or a duly authorised committee thereof
“Business Day”	shall have the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as amended from time to time
“Company”	Kingsoft Corporation Limited, an exempted limited liability company incorporated in the British Virgin Islands on 20 March 1998 and discontinued in the British Virgin Islands and continued into the Cayman Islands on 15 November 2005, with its Shares listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 3:00 p.m. on Friday, 9 December 2011 at 14F, Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC
“EGM Notice”	the notice convening the Extraordinary General Meeting as set out on pages 7 to 8 of this circular
“Eligible Employee(s)”	employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company, its Subsidiaries or any Invested Entity
“Grantee(s)”	Participant(s) who accepted the offer of the grant of any Option in accordance with the terms of the 2011 Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee

DEFINITIONS

“Group”	the Company and its directly or indirectly owned subsidiaries or, where the context so requires in respect of period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors since 1988
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds any equity interest
“Latest Practicable Date”	17 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Offer”	the offer of the grant of an Option made
“Offer Date”	the date on which the Board makes an Offer to any Participant
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the 2011 Share Option Scheme
“Option Period”	in respect of any particular Option, such period as the Board may in its absolute discretion determine and notify to each Grantee, save that such period shall not be more than ten (10) years from the Offer Date subject to the provisions for early termination set out in the 2011 Share Option Scheme and that the Board may at its discretion determine the minimum period for which the Option has to be held before the exercise of the subscription right attaching thereto
“Participant(s)”	any person belonging to any of the following classes of persons: (a) any Eligible Employee (b) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or any Invested Entity
“PRC”	the People’s Republic of China
“Share(s)”	share(s) of US\$0.0005 each (or of such other nominal amount as shall result from a subsequent sub-division, consolidation, reclassification or reconstruction of such shares from time to time) in the capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Share on the exercise of an Option pursuant to the provisions of the 2011 Share Option Scheme
“Subsidiary”	a company which is for the time being a subsidiary (within the meaning of Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as modified from time to time) of the Company, whether incorporated in Hong Kong or elsewhere
“Trading day”	a day on which the Stock Exchange is open for the trading of securities
“US\$”	United States dollars
“%”	percent



Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

Executive Director:

Mr. Tao ZOU

Non-executive Directors:

Mr. Jun LEI

Mr. Pak Kwan KAU

Mr. Chi Ping LAU

Independent Non-executive Directors:

Mr. Tat Joel, CHANG

Mr. Guangming George LU

Mr. Chuan WANG

Registered Office:

Clifton House

75 Fort Street

P.O. Box 1350 GT

George Town

Grand Cayman KY1-1108

Cayman Islands

Principal Place of Business in Hong Kong:

Unit 1309A, 13/F

Cable TV Tower

No. 9 Hoi Shing Road

Tsuen Wan, N.T.

Hong Kong

Hong Kong, 22 November 2011

To Shareholders

Dear Sir or Madam,

**PROPOSAL FOR ADOPTION OF THE 2011 SHARE OPTION SCHEME
AND RE-ELECTION OF DIRECTORS
AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this letter is to provide information to Shareholders regarding the proposals to: (i) adopt the 2011 Share Option Scheme; and (ii) re-elect directors at the Extraordinary General Meeting. Set out in Appendix 1 to this letter is the EGM Notice convening the Extraordinary General Meeting at which Shareholders will be requested to consider and, if they think fit, approve resolutions relating to: (i) adoption of the 2011 Share Option Scheme; and (ii) re-election of directors.

LETTER FROM THE CHAIRMAN

2. ADOPTION OF THE 2011 SHARE OPTION SCHEME

It is proposed that, subject to the approval of the Shareholders for the adoption of the 2011 Share Option Scheme at the Extraordinary General Meeting, the 2011 Share Option Scheme will take effect on the date of its adoption at the Extraordinary General Meeting. Operation of the 2011 Share Option Scheme will commence after all conditions precedent have been fulfilled.

The Directors consider that in order to enable the Group to motivate the Participants to optimise their future contributions to the Group and/or to reward them for their past contributions, to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity, it is important that the Group should provide incentive or rewards to the Participants.

Under the provisions of the 2011 Share Option Scheme, the Board has discretion to set a minimum period for which an Option has to be held before it may be exercised. This discretion allows the Board to provide incentives to a Participant to remain as a Participant during the minimum period and thereby enable the Group to continue to benefit from the services of such Participant during such period. This discretion, coupled with the power of the Board to impose any conditions as they may consider appropriate before any Option can be exercised, enables the Group to provide incentives to the Participants to use their best endeavors in assisting the growth and the development of the Group. The flexibility given to the Directors to grant Options to the Participants and to impose minimum periods for which the Options have to be held and any conditions before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and the development of the Group as a whole.

It is therefore proposed that the 2011 Share Option Scheme for the benefit of the Participants be adopted at the Extraordinary General Meeting. A summary of the principal terms of the 2011 Share Option Scheme is set out in Appendix 2 to this letter. A copy of the 2011 Share Option Scheme will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit 1309A, 13/F, Cable TV Tower, No.9 Hoi Shing Road, Tsuen Wan, N.T., Hong Kong during the 14-day period immediately preceding the Extraordinary General Meeting and at the Extraordinary General Meeting itself.

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2011 Share Option Scheme (when aggregated with Shares to be issued upon exercise of options to be granted under other share option scheme) may not in aggregate exceed 10 percent of the Shares in issue as at the Adoption Date. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date, the number of Shares that may be issued pursuant to the 2011 Share Option Scheme on the Adoption Date will be 116,764,893 Shares, being 10 percent of the Company's issued share capital as at the Latest Practicable Date.

The 2011 Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. Application will be made to the Stock Exchange for the approval of the 2011 Share Option Scheme and the subsequent granting of options thereunder and the listing of and permission to deal in the Shares to be issued upon exercise of options granted under the 2011 Share Option Scheme.

As part of the special businesses of the Extraordinary General Meeting, Shareholders are asked to consider and if thought fit, to pass ordinary resolutions as set out in the EGM Notice to approve the 2011 Share Option Scheme, to authorise the Directors to issue and allot Shares upon exercise of options under the 2011 Share Option Scheme.

LETTER FROM THE CHAIRMAN

3. RE-ELECTION OF DIRECTORS

Furthermore, ordinary resolutions will be proposed at the Extraordinary General Meeting for the approval by the Shareholders of the re-election of Mr. Chi Ping LAU as a non-executive Director and Messrs. Chuan WANG and Tat Joel, CHANG as independent non-executive Directors who will retire in accordance with the articles of association of the Company and, being eligible, will offer themselves for re-election.

Details of the retiring Directors proposed to be re-elected in the Extraordinary General Meeting are set out in Appendix 3 to this circular.

4. EXTRAORDINARY GENERAL MEETING

Set out in Appendix 1 to this letter is the EGM Notice of the Extraordinary General Meeting to be held at 14F, Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC on Friday, 9 December 2011 at 3:00 p.m., at which Shareholders are requested to consider the resolutions in the EGM Notice relating to the adoption of the 2011 Share Option Scheme and re-election of directors.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the proposed adoption of the 2011 Share Option Scheme at the Extraordinary General Meeting.

Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the enclosed form of proxy and return the same to the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at a general meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors are of the opinion that all the proposed resolutions are in the best interest of the Company and the Shareholders as a whole and recommend Shareholders to vote in favour of all the resolutions to be proposed at the Extraordinary General Meeting to adopt the 2011 Share Option Scheme and to re-elect directors.

Yours faithfully,
By Order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman



Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Kingsoft Corporation Limited (the “**Company**”) will be held at 14F, Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC on Friday, 9 December 2011 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions, as Ordinary Resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**, subject to and conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in, the ordinary shares of US\$0.0005 each in the capital of the Company (or of such other nominal amount as may result from a sub-division, consolidation or reduction of the share capital of the Company from time to time) (the “**Shares**”) or any part thereof to be issued pursuant to the exercise of any options that may be granted under the share option scheme of the Company (the “**2011 Share Option Scheme**”), the terms of which are contained in the document marked “A” produced to the meeting and for the purpose of identification signed by the Chairman of the meeting, the 2011 Share Option Scheme be and is hereby approved and adopted as the new share option scheme of the Company and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2011 Share Option Scheme, notwithstanding that they or any of them may be interested in the same, including without limitation to:
 - (a) administer the 2011 Share Option Scheme under which options will be granted to participants eligible under the 2011 Share Option Scheme to subscribe for Shares;
 - (b) modify and/or amend the 2011 Share Option Scheme from time to time provided that such modification and/or amendment is/are effected in accordance with the provisions of the 2011 Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange;
 - (c) issue and allot from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the 2011 Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme and any other share option schemes of the Company shall not exceed ten (10) percent of the relevant class of the issued share capital of the Company as at the date of passing this resolution (the “**Scheme Mandate Limit**”), with the acknowledgement that the Company may seek an approval from its shareholders in general meeting to refresh the Scheme Mandate Limit from time to time but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed thirty (30) percent of the issued share capital of the Company from time to time; and

- (d) make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may be listed at the relevant time for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of options granted under the 2011 Share Option Scheme.”
2. “**THAT** the re-election of Mr. Chi Ping LAU as a non-executive director of the Company and the authorization of the board of directors of the Company to fix his remuneration, be and are hereby approved.”
3. “**THAT** the re-election of Mr. Chuan WANG as an independent non-executive director of the Company and the authorization of the board of directors of the Company to fix his remuneration, be and are hereby approved.”
4. “**THAT** the re-election of Mr. Tat Joel, CHANG as an independent non-executive director of the Company and the authorization of the board of directors of the Company to fix his remuneration, be and are hereby approved.”

By Order of the Board
Kingsoft Corporation Limited
Michelle Feng Harnett
Secretary

Hong Kong, 22 November 2011

Notes:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must attend the meeting in person to represent you. If more than one proxy is so appointed, the appointment shall specify the number of shares of the Company in respect of which each such proxy is so appointed.
- (b) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be).
- (c) The register of members will be closed from Wednesday, 7 December 2011, to Friday, 9 December 2011, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of the shareholders entitled to attend and vote at the meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 6 December 2011.
- (d) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the extraordinary general meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (e) Where there are joint holders of any share of the Company, any one of such holders may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the extraordinary general meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (f) Further details regarding Resolution numbered 1 are set out in the Appendix 2 to the circular to shareholders of the Company dated 22 November 2011.
- (g) Details of the retiring Directors, namely Messrs. Chi Ping LAU, Chuan WANG and Tat Joel, CHANG regarding Resolutions numbered 2 to 4 are set out in the Appendix 3 to the circular to shareholders of the Company dated 22 November 2011.
- (h) Voting for the ordinary resolutions set out in the notice will be taking by poll.

As at the date of this notice, the Executive Director is Mr. Tao ZOU; the Non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Chi Ping LAU; the Independent Non-Executive Directors are Messrs. Tat Joel, CHANG, Guangming George LU, and Chuan WANG.

RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Group collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

SUMMARY OF THE 2011 SHARE OPTION SCHEME

The following is a summary of the principal terms of the 2011 Share Option Scheme to be submitted to Shareholders for adoption at the Extraordinary General Meeting. Reference to paragraphs are to paragraphs of this Appendix.

(1) Purpose of the 2011 Share Option Scheme

The 2011 Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

(2) Participants and basis of determining eligibility

The basis of eligibility of any of the classes of Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and the growth of the Group and the Invested Entity.

For the avoidance of doubt only, the grant of any options by the Company for the subscription of Shares to any person who falls within any of the classes of Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of Options under the 2011 Share Option Scheme.

(3) Grant of Options

- (i) Subject to the terms of the 2011 Share Option Scheme, the Board shall be entitled at any time within a period of 10 years commencing on the Adoption Date to offer the grant of any Option(s) to any Participant as the Board may in its absolute discretion select and subject to such conditions as the Board may think fit, Option(s) to subscribe for such number of Shares as the Board may determine at the Subscription Price, and, on acceptance of the offer, grant such part of the Option(s) as accepted to the Participant.
- (ii) The 2011 Share Option Scheme, however, does not stipulate any minimum period for which an Option must be held before it can be exercised.
- (iii) There is no performance target that has to be achieved before the exercise of any Option except otherwise imposed by the Board pursuant to Clause 4.01 of the 2011 Share Option Scheme and stated in the Offer. Clause 4.01 of the 2011 Share Option Scheme states that on and subject to the terms of the 2011 Share Option Scheme, the Board shall be entitled at

any time and from time to time within a period of 10 years commencing on the Adoption Date to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, Option(s) to subscribe for such number of Shares as the Board may determine at the Subscription Price. For the avoidance of doubt, the grant of any Options by the Company for the subscription of Shares to any person who fall within any of the classes of Participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of Option under the 2011 Share Option Scheme. The basis of eligibility of any of the classes of Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.

(4) Subscription Price

- (i) The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the making of the Offer (which shall be stated in the letter containing the Offer) but in any case the Subscription Price shall not be lower than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Trading Days immediately preceding the Offer Date; and (iii) the nominal value of a Share. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out herein.
- (ii) The Subscription Price shall also be subject to adjustment.

(5) Exercise of Options

- (i) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do so. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without any compensation.
- (ii) An offer of grant of an Option may be accepted by a Participant within a period of twenty-eight (28) days from the Offer Date provided that no Offer shall be open for acceptance after the expiry of the 2011 Share Option Scheme or after the 2011 Share Option Scheme has been terminated. A nominal consideration of HK\$1.00 is payable on acceptance of each grant of Option(s).
- (iii) An Option may be exercised at any time during the Option Period in accordance with the terms of the 2011 Share Option Scheme.

(6) Rights on ceasing to be an Eligible Employee

In the event of the Grantee ceasing to be an Eligible Employee for any reason other than his or her death or the termination of his or her employment on one or more of the grounds that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity, his Option(s) (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option(s) (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the Grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

(7) Rights on death

In the event that the Grantee ceases to be a Participant by reason of death (provided that none of the events which would be a ground for termination of his or her employment under Paragraph 6 arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of twelve (12) months from the date of death (or such longer period as the Board may determine) to exercise the Option in full (to the extent which has become exercisable and not already exercised).

(8) Rights on a takeover or a scheme of arrangement

In the event of a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavors to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company.

If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option(s) (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her Option(s) at any time before the close of such offer (or any revised offer).

(9) Rights on winding-up

In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or where permitted his or her legal personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than two (2) Business Days

prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.

(10) Rights on compromise or arrangement between the Company and its creditors

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its Shareholders or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his or her Option(s) (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her Option(s) so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(11) Allotment

The Share to be allotted upon the exercise of an Option 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 and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

(12) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Paragraph 6 or 7;
- (c) the date on which the offer (or, as the case may be, the revised offer) referred to in Paragraph 8 closes;
- (d) subject to Paragraph 9, the date of the commencement of the winding-up of the Company;
- (e) the date on which the Grantee ceases to be an Eligible Employee by reason of the termination of his or her employment on any one or more of the grounds that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity. A resolution of the Board or the board of directors of the relevant Subsidiary or the board of directors of the relevant Invested Entity to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive and binding on the Grantee;
- (f) subject to Paragraph 10, the date when the proposed compromise or arrangement becomes effective;
- (g) the date on which the Grantee commits a breach of Paragraph 5(i); or
- (h) if the Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her Associate has committed any breach of any contract entered into between the Grantee or his or her Associate on the one part and the Group or any Invested Entity on the other part or that the Grantee 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 or her creditors generally, the Directors shall determine that the Options granted to the Grantee under the 2011 Share Option Scheme be lapsed. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(13) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all Options to be granted under the 2011 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 percent of the total number of Shares in issue on the Adoption Date. Options lapsed in accordance with the terms of this 2011 Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10 percent limit under this Paragraph.

The Company may seek approval of the Shareholders in general meeting for refreshing the 10 percent limit under the 2011 Share Option Scheme save that the total number of Shares which may be issued upon exercise of all Options to be granted under the 2011 Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” shall not exceed 10 percent of the total number of Shares in issue as at the date of approval of the limit as “refreshed”. Options previously granted under this 2011 Share Option Scheme or any other share option schemes of the Company (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of this 2011 Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as “refreshed”. For the purpose of seeking the approval of Shareholders under this Paragraph, a circular containing the information as required under the Listing Rules must be sent to the Shareholders.

The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the 10 percent limit provided that the Options in excess of the limit are granted only to Participants specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders under this Paragraph, the Company must send a circular to the Shareholders containing a generic description of the specified Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the specified Participants with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.

Notwithstanding any to the contrary herein, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this 2011 Share Option Scheme and any other share option schemes of the Company must not exceed 30 percent of the total number of Shares in issue from time to time. No Options may be granted under this 2011 Share Option Scheme or any other share option schemes of the Company if this will result in the limit set out in this Paragraph being exceeded.

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1 percent of the total number of Shares in issue.

Where any further grant of Options to a Participant would result in the total number of Shares issued and to be issued upon exercise of all the Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 percent of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his Associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted and Options previously granted to such Participant and the information as required under the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Option(s) should be taken as the date of Offer for the purpose of calculating the Subscription Price.

The number of Shares subject to Options and to the 2011 Share Option Scheme may be adjusted, in such manner as an independent financial adviser or Auditors (acting as experts and not as arbitrators) shall certify in writing to the Board to be in their opinion fair and reasonable, in the event of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

(14) Maximum number per Grantee who is a connected person

Each grant of Options to a Director, chief executive (other than a proposed Director or chief executive of the Company) or substantial shareholder of the Company, or any of their respective Associates, under the 2011 Share Option Scheme or any other share option scheme of the Company or any of its Subsidiaries must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by the independent non-executive Directors of the Company (excluding independent non-executive Director who is a Grantee of the Options).

Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of Options must be approved by the Shareholders. The Company must send a circular to all Shareholders. All Connected Persons of the Company must abstain from voting in favour at such general meeting. Any Connected Persons who are required to abstain from voting in favour at the general meeting may vote against the resolution at the general meeting of the Company provided that their intention to do so has been stated in relevant circular to shareholders. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. Any change in the terms of the Options granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective Associates must be approved by the Shareholders in general meeting.

The circular referred to in this paragraph shall contain:

- (a) details of the number and terms (including the Option Period, the minimum period (if any) for which an Option must be held before it can be exercised, performance targets (if any), the Subscription Price, the basis of determination of Subscription Price, the amount (if any) payable on acceptance of the Option and the rights attached to the Share or the Option) of the Options to be granted to each such substantial shareholder, independent non-executive Director of the Company, or any of their respective Associates, which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price;

- (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the Options) to the independent Shareholders as to voting;
- (c) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(15) Cancellation of Options

Any cancellation of Options granted but not exercised shall require approval of the Board with the relevant Grantees and their Associates abstaining from voting.

Any vote taken at the meeting to approve such cancellation must be taken by poll. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the 2011 Share Option Scheme.

Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in Paragraph 13.

For the avoidance of doubt, Options which have been exercised shall not be included as cancelled Options.

(16) Reorganisation of Capital Structure

In the event of a capitalisation issue, rights issue, consolidation or subdivision of shares or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option(s); and/or
- (d) the maximum number of Shares referred to in Paragraph 13,

as an independent financial adviser or Auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustments shall remain the same as that to which he was entitled before such adjustments and no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction.

In addition, in respect of any such adjustments as provided in this Paragraph, other than any made on a capitalisation issue, an independent financial adviser or the Auditors must confirm in writing to the Directors that the adjustment satisfy the requirements of the relevant provision of the Listing Rules.

The capacity of the independent financial adviser or the Auditors in this Paragraph is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees.

The costs of the independent financial advisers or the Auditors shall be borne by the Company.

(17) Alteration of the 2011 Share Option Scheme

The 2011 Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any changes to the definitions of Participant and Grantee and Option Period;
- (b) any alteration to the provisions of the 2011 Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees;
- (c) any changes to the provisions of Clauses 3, 4, 5, 6, 7, 8, 9, 12, 13 and 14 of the 2011 Share Option Scheme;
- (d) any alteration to the terms and conditions of this 2011 Share Option Scheme which are of a material nature;
- (e) any change to the terms of the Options granted;
- (f) any change to the authority of the Board in relation to any alteration to the terms of this 2011 Share Option Scheme,

must be approved by a resolution by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the 2011 Share Option Scheme, provided that the amended terms of the 2011 Share Option Scheme or the Options shall still comply with the requirements of Chapter 17 of the Listing Rules and that no such alteration shall operate to affect adversely the terms of issue of any Option(s) granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the 2011 Share Option Scheme and provided further that any alterations to the terms and conditions of the 2011 Share Option Scheme which are of a material nature shall first be approved by the Stock Exchange.

The Company must provide to all Grantees all details relating to changes in the terms of the 2011 Share Option Scheme during the life of the 2011 Share Option Scheme immediately upon such changes taking effect.

(18) Termination

The Company may by resolution in general meeting at any time terminate the operation of the 2011 Share Option Scheme and in such event no further Options will be offered but the provisions of the 2011 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2011 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the 2011 Share Option Scheme.

(19) Conditions of the 2011 Share Option Scheme

This 2011 Share Option Scheme shall take effect subject to the passing of the resolution of Shareholders to adopt the 2011 Share Option Scheme and is conditional upon the Stock Exchange granting approval of the 2011 Share Option Scheme and the granting of Options hereunder and granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options under this 2011 Share Option Scheme.

If the above conditions are not satisfied within two calendar months after the Adoption Date, the 2011 Share Option Scheme shall forthwith determine, any Option(s) granted or agreed to be granted pursuant to the 2011 Share Option Scheme and any Offer of such a grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the 2011 Share Option Scheme.

ADDITIONAL INFORMATION

Upon the grant of any Option, the Board will consider factors such as the Subscription Price, the Option Period, the vesting period, performance targets (if any) and other conditions which the Board has the discretion to prescribe, to enable the purpose of the 2011 Share Option Scheme to be served.

None of the Directors are appointed as trustees of the 2011 Share Option Scheme or have a direct or indirect interest in the trustees of the 2011 Share Option Scheme.

The Board considers it inappropriate to value all the Options that can be granted under the 2011 Share Option Scheme on the assumption that they were granted on the Latest Practicable Date. This is because a number of factors critical for determining such a valuation cannot be reasonably determined. These factors include, without limitation, the Subscription Price, the Option Period, the vesting period, and the other terms and conditions of the grant, particularly those conditions which may be contingent in nature, or other continuing eligibility criteria which the Board has the discretion to prescribe upon the grant of an Option.

Accordingly, any valuation of the Options based on these speculative assumptions would not be meaningful and may be misleading to Shareholders.

The following are the particulars of the Directors proposed to be re-elected at the Extraordinary General Meeting in accordance with the Articles of Association:

Mr. Chi Ping LAU, aged 38, is a non-executive director of the Company. He is also a member of the nomination committee of the Company. He is an executive director and president of Tencent Holdings Limited (“**Tencent**”) (a company listed on The Stock Exchange of Hong Kong Limited, Stock Code: 700), a substantial shareholder of the Company. He joined Tencent in 2005 as a chief strategy and investment officer and was responsible for corporate strategies, investment, M&A and investor relations. In 2006, he was promoted as president of Tencent to assist Mr. MA Huateng, chairman of the board of directors and chief executive officer of Tencent, in managing the day-to-day operation of Tencent. In 2007, he was appointed as an executive director of Tencent. Prior to Tencent, he was an executive director at Goldman Sachs (Asia) L.L.C.’s investment banking division and a chief operating officer of its Telecom, Media and Technology Group. Prior to that, he worked at McKinsey & Company, Inc. as a management consultant. Mr. LAU has over 14 years’ experience in IPO, merger and acquisitions and management consulting. He received his Bachelor of Science Degree in Electrical Engineering from the University of Michigan, a Master of Science Degree in Electrical Engineering from Stanford University and a MBA Degree from Kellogg Graduate School of Management, Northwestern University.

Mr. LAU has entered into a service contract as a non-executive director with the Company for a term of 3 years from 28 July 2011. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Under the service contract, he will not receive director’s emoluments.

Save as disclosed above, as at the Latest Practicable Date, Mr. LAU (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the shares of the Company within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed public companies in the last three years.

Save as disclosed above, Mr. LAU has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to his re-election as a non-executive director of the Company.

Mr. Chuan WANG, aged 42, is an independent non-executive director of the Company. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. He is a general manager of 創建北京多看科技有限公司 since 2009. In 1996, he was appointed as a general manager of 創建北京雷石世紀科技有限公司. He received his a bachelor’s degree in Computer Science from Beijing University of Technology. Mr. WANG has entered into a service contract as an independent non-executive director with the Company for a term of 3 years from 28 July 2011. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Under the current service contract, he does not receive any director’s emoluments.

Save as disclosed above, as at the Latest Practicable Date, Mr. WANG (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the shares of the Company within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed public companies in the last three years.

Save as disclosed above, Mr. WANG has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to his re-election as an independent non-executive director of the Company.

Mr. Tat Joel, CHANG, aged 43, is an independent non-executive director of the Company. He is also the chairman of the audit committee and a member of the remuneration committee of the Company. He has considerable strategic financial and advisory experience. He is one of the founder of AID Partners Capital Ltd (“**AID Partners**”), an Asian-based private equity investment company established in 2007. He is currently the managing partner and an investment committee member of AID Partners, and is responsible for its strategic investment planning and overseeing its investment portfolio. He was formerly the executive director and chief financial officer of Orange Sky Golden Harvest Entertainment (Holdings) Limited (1132.HK), shares of which are listed on the Stock Exchange of Hong Kong Limited, between April 2010 and May 2011. Prior to the establishment of AID Partners, he was the chief investment officer of Investec Asia Limited and a managing director of China Everbright Capital Limited and an executive director of BNP Prime Peregrine Capital Limited. He is also a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor’s degree in economics from Monash University in 1990.

Mr. CHANG has entered into a services contract as an independent non-executive director with the Company for a term of 3 years from 1st October 2011. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Under the services contract, Mr. CHANG will receive director’s emolument of US\$40,000 per annum which was determined by board of directors of the Company based on the recommendations of the remuneration committee and nomination committee of the Company, with reference to his duties and responsibilities with the Company and the market rate for his positions.

Save as disclosed above, as at the Latest Practicable Date, Mr. CHANG (i) has not held any other positions with any members of the Group; (ii) is not related to any director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group; (iii) is not interested in the shares of the Company within the meaning of Part XV of the SFO; and (iv) has not held any other directorships in any other listed public companies in the last three years.

Save as disclosed above, Mr. CHANG has confirmed that there is no other information required to be brought to the attention of the Shareholders and the Company or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules in relation to his re-election as an independent non-executive director of the Company.