

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Kingsoft Corporation Limited** (“the Company”), 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.

**Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.**

---

 **KINGSOFT**<sup>®</sup>  
**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 SHARE OPTION SCHEME OF WESTHOUSE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

---

A notice convening the EGM of the Company to be held at Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC on Thursday, 27 June 2013 at 2:00 p.m. is set out on pages 7 to 8 of this circular. A proxy form for your use at the EGM is enclosed with this circular. Whether or not you propose to attend the EGM, 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 EGM 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, 11 June 2013

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1–3
<b>Letter from the Chairman</b>	
1. Introduction .....	4
2. Adoption of the Share Option Scheme .....	4
3. Extraordinary General Meeting .....	5
4. Recommendation .....	6
<b>Appendix 1 — Notice of Extraordinary General Meeting</b> .....	7–8
<b>Appendix 2 — Summary of the Principal Terms of the Share Option Scheme</b> .....	9–19

---

## DEFINITIONS

---

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

“Adoption Date”	Thursday, 27 June 2013, the date on which the Share Option Scheme is conditionally adopted by the shareholders of the Company and Westhouse in general meeting
“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 Westhouse
“Business Day”	has the meaning as ascribed thereto in rule 1.01 of Chapter 1 of the Listing Rules
“Commencement Date”	in respect of an Option, the date upon which such Option is granted in accordance with the provisions of the Share Option Scheme
“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
“Connected Person”	has the meaning as ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of the Company to be held at 2:00 p.m. on Thursday, 27 June 2013 at Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC
“EGM Notice”	the notice convening the EGM as set out on pages 7 to 8 of this circular
“Eligible Employee(s)”	employee(s) (whether full time or part time employee(s)) of Westhouse, its Subsidiaries or any Invested Entity
“Excluded Employee”	any Eligible Employee who is resident in a place where (a) the grant or exercise of the Option pursuant to the terms of the Share Option Scheme is not permitted under the laws and regulations of such place, or (b) in the view of the board of Westhouse, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Employee, in each case as determined by the board of Westhouse in its absolute discretion

---

## DEFINITIONS

---

“Grantee(s)”	any Participant who accepts the Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) a person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised) in consequence of the death of such Grantee
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Public Offering”	a firm commitment underwritten initial public offering which results in the ordinary shares of Westhouse trading publicly on a recognized regional or national securities exchange
“Invested Entity”	any entity in which Westhouse Group directly or indirectly holds 20% or more equity interest
“Latest Practicable Date”	7 June 2013, 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 in accordance with the provisions of the Share Option Scheme
“Offer Date”	the date on which the board of Westhouse makes an Offer to any Participant
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the Share Option Scheme
“Option Period”	in respect of any particular Option, such period as the board of Westhouse may in its absolute discretion determine and notify to each Grantee, from the Commencement Date to the date of expiration of the Option, save that such period shall not be more than ten (10) years from the Commencement Date subject to the provisions for early termination set out in the Share Option Scheme
“Participant(s)”	any Eligible Employee (excluding any Excluded Employee)
“Share(s)”	ordinary share(s) of Westhouse, par value US\$0.004 or such other nominal amount as shall result from a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of Westhouse

---

## DEFINITIONS

---

“Share Option Scheme”	the share option scheme to be adopted by Westhouse at the EGM the principal terms of which are set out on pages 9–19 of this circular
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the provisions of the 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 Westhouse, 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
“Vesting Schedule”	in relation to an Option, a schedule for the vesting of Shares comprised in the Option during the Option Period to be determined by the board of Westhouse on the Offer Date
“Westhouse”	Westhouse Holdings Limited, a limited liability company organized under the laws of the Cayman Islands whose registered office is at Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands
“Westhouse Group”	Westhouse and its directly or indirectly owned Subsidiaries from time to time



**Kingsoft Corporation Limited**

**金山軟件有限公司**

*(Continued into the Cayman Islands with limited liability)*

**(Stock Code: 03888)**

**Directors:**

*Executive Directors*

HongJiang ZHANG

Yuk Keung NG

Tao ZOU

*Non-Executive Directors*

Jun LEI (*Chairman*)

Pak Kwan KAU

Chi Ping LAU

*Independent Non-Executive Directors*

Guangming George LU

David Yuen Kwan TANG

Wenjie WU

*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, 11 June 2013

*To Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR ADOPTION OF  
THE SHARE OPTION SCHEME OF WESTHOUSE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this letter is to provide to you the information regarding the proposals to adopt the Share Option Scheme at the EGM. Set out in Appendix 1 to this letter is the EGM Notice convening the EGM at which you will be requested to consider and, if you think fit, adopt resolutions relating to the adoption of the Share Option Scheme.

**2. ADOPTION OF THE SHARE OPTION SCHEME**

Westhouse is a 80% owned subsidiary of the Company. The remaining 20% equity interest in Westhouse is owned by WestGame Holdings Limited. Westhouse is an investment holding company and the Westhouse Group is mainly engaged in the research, development and provision of on-line games and entertainment services. As at the Latest Practicable Date, no share option scheme has ever been adopted by Westhouse.

---

## LETTER FROM THE CHAIRMAN

---

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

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

The Share Option Scheme provides the Participants an opportunity to receive dividend which may be declared by the board of Westhouse from time to time. The directors of the Company and Westhouse believe that the Share Option Scheme would encourage and motivate the employees of the Invested Entity to make continuous contributions to the success of the Invested Entity which shall in turn benefit Westhouse as Westhouse will share profit from the Invested Entity. Since Westhouse is a subsidiary of the Company, hence the benefit received by Westhouse from Invested Entity will in turn benefit the Company.

It is therefore proposed that the Share Option Scheme for the benefit of the Participants be adopted at the EGM. A summary of the principal terms of the Share Option Scheme is set out in Appendix 2 to this letter. A copy of the Share Option Scheme will be available for inspection during normal business hours at the principal place of business of the Company 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 EGM and at the EGM itself.

The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme may not in aggregate exceed 10 percent of the Shares in issue as at the Adoption Date (i.e. 80,000,000 Options and assuming that no Shares will be issued or repurchased by Westhouse from the Latest Practicable Date to the Adoption Date).

As at the Latest Practicable Date, the total number of Shares in issue is 800,000,000. The total number of Options that may be issued is limited by 10% of the total issued Shares as at the date of approval of the Share Option Scheme.

The Share Option Scheme is in compliance with Chapter 17 of the Listing Rules. At the EGM, shareholders are asked to consider and if thought fit, to pass ordinary resolutions as set out in the EGM Notice to approve the Share Option Scheme.

### **3. EXTRAORDINARY GENERAL MEETING**

Set out in Appendix 1 to this letter is the EGM notice to convene the EGM which is to be held at Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC on Thursday, 27 June 2013 at 2:00 p.m.. Ordinary resolutions in respect of the adoption of the Share Option Scheme will be proposed at the EGM.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the directors of the Company and Westhouse 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 Share Option Scheme at the EGM.

---

## LETTER FROM THE CHAIRMAN

---

Whether or not you are able to attend the EGM, 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

Pursuant to rule 13.39(4) of the Listing Rules, all votes at a general meeting will generally 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 of the Company are of the opinion that all the proposed resolutions are in the best interest of the Company and Westhouse and their shareholders as a whole and recommend you to vote in favour of all the resolutions to be proposed at the EGM to adopt the Share Option Scheme.

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 2:00 p.m. on Thursday, 27 June 2013 at Kingsoft Tower, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai, Guangdong, PRC for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution, as Ordinary Resolution of the Company:

#### Ordinary Resolution

“**THAT**, the share option scheme of Westhouse Holdings Limited (the “**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 be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the Share Option Scheme.”

By Order of the Board  
**Kingsoft Corporation Limited**  
**Jun LEI**  
*Chairman*

Hong Kong, 11 June 2013

*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) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the EGM if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.

- (d) Where there are joint holders of any share of the Company, any one of such holders may vote at the EGM, 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 EGM 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.
- (e) Voting for the ordinary resolutions set out in the notice will be taken by poll.

*As at the date of this notice, the Executive Directors are Messrs. HongJiang ZHANG, Yuk Keung NG and Tao ZOU; the Non-Executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Chi Ping LAU; the Independent Non-Executive Directors are Messrs. Guangming George LU, David Yuen Kwan TANG, and Ms. Wenjie WU.*

**RESPONSIBILITY STATEMENT**

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, 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 SHARE OPTION SCHEME**

The following is a summary of the principal terms of the Share Option Scheme to be approved at the EGM. Reference to paragraphs are to paragraphs of this Appendix.

**(1) Purpose of the Share Option Scheme**

The Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Westhouse Group and/or to enable the Westhouse Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Westhouse 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 of Westhouse from time to time on the basis of their contribution to the development and the growth of the Westhouse Group and the Invested Entity.

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

**(3) Grant of Options**

- (i) Subject to the terms of the Share Option Scheme, the board of Westhouse shall be entitled at any time within a period of 10 years from the Adoption Date to offer the grant of any Option(s) to any Participant. The offer of grant shall be made as the board of Westhouse may in its absolute discretion select and subject to such conditions as the board of Westhouse may think fit.
- (ii) The 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 of Westhouse pursuant to Clause 4.01 of the Share Option Scheme and stated in the Offer letter. Clause 4.01 of the Share Option Scheme states that the board of Westhouse shall be entitled at any time and from time to time within

the life of the Share Option Scheme to offer to grant to any Participant as the board of Westhouse may in its absolute discretion select; and subject to such conditions as the board of Westhouse may think fit.

- (iv) Westhouse may not grant any Options after inside information has come to the knowledge of the Company and Westhouse until an announcement of such information has been made. In particular, Westhouse may not grant any Options during the period commencing one month immediately before the earlier of (i) the date of the board meeting of the Company (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

#### **(4) Subscription Price**

The Subscription Price in respect of any particular Option shall be such price as determined by the board of Westhouse in its absolute discretion at the time of the making of the Offer but in any case the Subscription Price of Options granted after Westhouse or the Company has resolved to seek a separate Initial Public Offering and up to date of Westhouse's Initial Public Offering must not be lower than the new issue price (if any) in the Westhouse's Initial Public Offering. In particular, any Options granted during the period commencing six months before the lodgment of Form A1 (or its equivalent) up to the date of Westhouse's Initial Public Offering are subject to this requirement. The Subscription Price of Options granted during such period shall be subject to adjustment to a price not lower than the new issue price in Westhouse's Initial Public Offering.

#### **(5) Exercise of Options**

- (i) An Option must be personal to the Grantee and must 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. Any breach of the foregoing shall entitle Westhouse 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 Share Option Scheme or after the Share Option Scheme has been terminated. No consideration is payable on acceptance of the grant of Option(s).
- (iii) An Option may be exercised at any time during the Option Period in accordance with the terms of the Share Option Scheme.

#### **(6) Rights on ceasing to be a Participant**

In the event of the Grantee ceasing to be a Participant 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 (i) 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 of Westhouse) 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 Westhouse or the relevant Subsidiary or the relevant Invested Entity; or (ii) the Grantee's voluntary or unilaterally termination of his or her employment, the Grantee shall be entitled to exercise the vested Option(s) in full (to the extent which has become exercisable and not already exercised) within a period of one (1) month from the date of such cessation, which will be taken to be the last day on which the Grantee was at work with the Westhouse 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 six (6) months from the date of death (or such longer period as the board of Westhouse may determine) to exercise the vested 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, Westhouse shall use all reasonable endeavours 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 vested Options (to the extent not already exercised) granted to them, shareholders of Westhouse. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her vested Option(s) (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to Westhouse in exercise of his or her vested Option(s) at any time within ten (10) Business Days after the date on which such offer becomes or is declared unconditional.

**(9) Rights on winding-up**

In the event a notice is given by Westhouse to its shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up Westhouse, Westhouse shall on the same date as or soon after it dispatches such notice to each shareholder give notice thereof to all Grantees and thereupon, each Grantee shall be entitled to exercise all or any of his or her vested Options (to the extent which has become exercisable and not already exercised) at any time not later than five (5) Business Days prior to the proposed general meeting of Westhouse by giving notice in writing to Westhouse, 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 Westhouse 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 Westhouse to participate in the distribution of assets of Westhouse available in liquidation.

**(10) Rights on compromise or arrangement between Westhouse and its creditors**

In the event of a compromise or arrangement between Westhouse and its creditors (or any class of them) or between Westhouse and its shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of Westhouse, Westhouse 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 vested Option(s) (to the extent which has become exercisable and not already exercised), but the exercise of the vested Option(s) shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Westhouse may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her vested 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) Rights on repurchase of Shares between Westhouse and the Grantee**

- (a) In the event that (i) the Grantee has breached the confidentiality obligation, non-compete obligation, non-solicitation obligation that such Grantee owes to the Westhouse Group or the Invested Entity under relevant employment agreements, confidentiality and intellectual property rights assignment agreements, non-compete and non-solicitation agreements or the Share Option Scheme in any material respect, or (ii) the Grantee has ceased to be a Participant due to the termination of his or her employment on one or more of the grounds specified in paragraph 6, all the unvested Options held by such Grantee shall automatically be cancelled and cease vesting, all the vested but unexercised Options held by such Grantee shall automatically lapse, and Westhouse shall have the right to, at any time and from time to time, repurchase from the Grantee all or any part of the Shares allotted to such Grantee upon the exercise of an Option at nil consideration. Westhouse may give notice in writing to such Grantee requesting the repurchase of his/her Shares, and the Grantee shall use his/her best efforts to cooperate with Westhouse and complete the Westhouse's repurchase of such Shares as soon as practicable and in any event within ten (10) days after his/her receipt of such notice. Westhouse's right to repurchase Shares from the Grantee shall automatically terminate upon Westhouse's Initial Public Offering.
- (b) In the events of the Grantee ceasing to be a Participant for any reason other than the termination of his or her employment on one or more of the grounds specified in paragraph 6, Westhouse shall have the right (but not obligation) to, at any time and from time to time, repurchase from the Grantee:
  - (i) all or any part of the Shares allotted to him/her upon the exercise of an Option at a price mutually agreed between Westhouse and the Grantee, which unless otherwise determined by the Board in its absolute discretion, shall in no event exceed  $IP \times [1 + 0.01 \times N]$  per Share (the "Maximum Repurchase Price"), where IP = the lowest of (a) the Subscription Price applicable to the Option held by such Grantee, (b) the net profit per Share times the monthly average price-to-earnings ratio of major rivals that are public companies in the same industry as Westhouse and the monthly average price-to-earnings ratio is calculated one month prior to the repurchase date, (c) the fair market value per Share appraised by a qualified and independent third

party designated by the board of Westhouse in good faith, and (d) the price per Share applied in the latest private financing during the past six (6) months; and  $N = (a)$  zero (0), if such Grantee ceases to be a Participant prior to the fourth (4th) anniversary of the Commencement Date, or (b) a fraction the numerator of which is the number of calendar days between the Commencement Date and the date of such Grantee ceasing to be a Participant, and the denominator of which is 365, if such Grantee ceases to be a Participant on or after the fourth (4th) anniversary of the Commencement Date); and

- (ii) all vested but unexercised Options held by him at a price mutually agreed between Westhouse and the Grantee, which shall in no event exceed the difference between the Subscription Price of such Options and the Maximum Repurchase Price.
- (c) In the event the outstanding Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Shares, the applicable Maximum Repurchase Price then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Shares, the applicable Maximum Repurchase Price then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased. Any adjustment shall become effective at the close of business on the date of subdivision or combination becomes effective. Westhouse may give notice in writing to such Grantee requesting the repurchase of his/her Shares and/or Options, and the Grantee shall use his/her best efforts to cooperate with Westhouse and complete Westhouse's repurchase of such Shares and/or Options as soon as practicable and in any event within ten (10) days after his/her receipt of such notice. Westhouse's right to repurchase Shares from the Grantee shall automatically terminate upon Westhouse's Initial Public Offering.

## **(12) Allotment**

The Shares to be allotted upon the exercise of an Option (i) shall not, prior to Westhouse's Initial Public Offering, be sold, assigned, transferred, pledged, hypothecated, mortgaged, encumbered or otherwise disposed through one or a series of transactions, directly or indirectly, by any Grantee (or his or her legal representative(s)) to any third party unless otherwise approved by the board of Westhouse in writing; and (ii) will be subject to all the provisions of the articles of association of Westhouse 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 Westhouse 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 Westhouse 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 Westhouse 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 Westhouse, provided always that when the date of exercise of the Option falls on a day upon which the register of members of Westhouse is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of Westhouse 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.

The Grantee shall, unless otherwise approved by the board of Westhouse in writing, irrevocably and unconditionally constitute and appoint Mr. ZOU Tao (鄒濤) or any other director of Westhouse



serving as an Eligible Employee as determined by the board of Westhouse from time to time with full power of substitution as the Grantee's true and lawful attorney and irrevocable proxy, for and on behalf of the Grantee, to vote each of the Shares allotted to him/her upon the exercise of an Option as the Grantee's proxy, at every meeting of the shareholders of Westhouse or any adjournment thereof or in connection with any written consent of Westhouse's shareholders. The foregoing proxy shall be irrevocable and coupled with an interest prior to Westhouse's Initial Public Offering, and shall automatically terminate upon Westhouse's Initial Public Offering.

Mr. ZOU Tao (鄒濤) is the chief executive officer of Westhouse. The main reason why Mr. ZOU Tao (鄒濤) is appointed to be the Grantee's proxy is to manage voting process more efficiently. There will be many Grantees and each of the Grantee will hold very small percentage of voting power. While the Grantee is still entitle to economic benefit of the Shares he/she holds, the voting power of the Shares has little effect on the Grantee. It is easier for the Grantees to appoint one person to be their proxy who is also a trustworthy person in Westhouse. If there is not such appointment in place, the voting at Westhouse shareholders' meetings would be scattered and difficult to manage.

### **(13) Lapse of Options**

An Option, (i) if vested, shall automatically lapse (to the extent not already exercised), or (ii) if unvested, shall automatically be cancelled and cease vesting, in each case on the earliest of:

- (a) the expiry of the Option Period;
- (b) subject to paragraph 6 and paragraph 7, the date on which the Grantee ceases to be a Participant;
- (c) the date on which the Grantee is found to be an Excluded Employee;
- (d) the expiry of any of the periods referred to in paragraph 6 or 7;
- (e) the date on which the offer (or, as the case may be, the revised offer) referred to in paragraph 8 closes;
- (f) subject to paragraph 9, the date of the commencement of the winding-up of Westhouse;
- (g) the date on which the Grantee ceases to be a Participant by reason of (i) 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 of Westhouse) 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 Westhouse or the relevant Subsidiary or the relevant Invested Entity or (ii) the Grantee's voluntary or unilaterally termination of his or her employment. A resolution of the board of Westhouse 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;



- (h) subject to paragraph 10, the date when the proposed compromise or arrangement becomes effective;
- (i) the date on which the Grantee commits a breach of paragraph 5(i);
- (j) the date on which the board of Westhouse shall exercise Westhouse's right to cancel the Option at any time after the Grantee commits a breach of paragraph 11(a);
- (k) if the directors of Westhouse 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 Westhouse 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 of Westhouse shall determine that the Options granted to the Grantee under the 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 of Westhouse have so determined; or
- (l) on the date which the Grantee indicates in writing to Westhouse that he or she will not exercise the Option(s), notwithstanding that he or she has previously accepted the said grant.

#### **(14) Maximum number of Shares**

The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme shall not in aggregate exceed 10 percent of the total number of Shares in issue on the Adoption Date (i.e. 80,000,000 Options and assuming that no Shares will be issued or repurchased by Westhouse prior to the Adoption Date) unless otherwise approved by the shareholders of the Company and Westhouse in general meeting. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the total number of Shares.

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

Westhouse may seek separate approval by the shareholders of the Company and Westhouse 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 Westhouse before such approval is sought. A circular must be sent to the shareholders of the Company and Westhouse 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.

The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of Westhouse must not exceed 30 percent of the total number of Shares in issue from time to time. No Options may be granted under the Share Option Scheme 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 must 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 of the Company and Westhouse in general meeting with such Participant and his Associates abstaining from voting. A circular must be sent to the shareholders of the Company and Westhouse 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 the approval of the shareholders of the Company and Westhouse and the date of the meeting of the board of Westhouse 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 Share Option Scheme may be adjusted, in such manner as an independent financial adviser or Auditors (acting as experts and not as arbitrators) must certify in writing to the board of Westhouse 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 Westhouse 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 Westhouse is a party.

**(15) 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 Westhouse) or substantial shareholder of the Company or Westhouse, or any of their respective Associates, under the Share Option Scheme or any other share option scheme of Westhouse 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) (where the Shares are listed on the Stock Exchange), having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of Options must be approved by the shareholders of the Company and Westhouse. A circular must be sent to all shareholders of the Company and Westhouse. 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 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 of the Company and Westhouse 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 Shares or the Option) of the Options to be granted to each such grantee, 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 of the Company (excluding one who is a Grantee of the Options) on whether or not to vote in favour of the proposed grant;
- (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;
- (d) the information required under rule 2.17 of the Listing Rules.

#### **(16) Cancellation of Options**

Any cancellation of Options granted but not exercised shall require approval of the board of Westhouse 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.

Where Westhouse 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 14.

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

### **(17) Reorganisation of Capital Structure**

In the event of a capitalisation issue, rights issue, consolidation or subdivision of shares or reduction of capital of Westhouse (other than an issue of Shares as consideration in respect of a transaction to which Westhouse 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 administrative procedure to exercise the Option(s); and/or
- (d) the maximum number of Shares referred to in paragraph 14,

as an independent financial adviser or Auditors shall certify in writing to the board of Westhouse 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 Westhouse 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 shares of the Westhouse 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 of Westhouse 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 Westhouse and the Grantees.

### **(18) Alteration of the Share Option Scheme**

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

- (a) any changes to the definitions of Participant and Grantee and Option Period;
- (b) any alteration to the provisions of the 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 Share Option Scheme;

- (d) any alteration to the terms and conditions of the 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 of Westhouse in relation to any alteration to the terms of the Share Option Scheme,

must be approved by a resolution by the shareholders of the Company and Westhouse in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that the amended terms of the 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 Share Option Scheme.

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

#### **(19) Termination**

Westhouse may by resolution in general meeting at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but the provisions of the 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. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

#### **(20) Conditions of the Share Option Scheme**

The Share Option Scheme shall take effect subject to the passing of the resolution of shareholders of the Company and Westhouse to adopt the Share Option Scheme.

If the above conditions are not satisfied, the Share Option Scheme shall forthwith determine, any Option(s) granted or agreed to be granted pursuant to the 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 Share Option Scheme.

#### **ADDITIONAL INFORMATION**

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

None of the directors of the Company or Westhouse are appointed as trustees of the Share Option Scheme or have a direct or indirect interest in the trustees of the Share Option Scheme.