

# Kingsoft Corporation Limited

## 金山軟件有限公司

*(Continued into the Cayman Islands with limited liability)*  
(Stock Code: 03888)

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### SHARE OPTION SCHEME Adopted on 9 December 2021

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This Plan does not constitute an offer or invitation to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the “**Companies (WUMP) Ordinance**”) or the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Options offered in relation to the Plan may not be offered or sold in Hong Kong by means of any document, except in circumstances which do not result in the document being a “prospectus” as defined in the Companies (WUMP) Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance.

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

### SHARE OPTION SCHEME

#### 1 DEFINITIONS

1.01 In this Scheme the following expressions have the following meanings.

**“Adoption Date”** 9 December 2021, the date on which the Scheme is conditionally adopted by the Company at a general meeting of the Shareholders;

**“Associates”** has the meaning ascribed to it under 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”** has the meaning ascribed to it under the Listing Rules;

**“Cash Payment”**  $\text{Cash Payment} = A \times (B - C)$

where:

A = the number of Shares in respect of which the Option has been exercised or become exercisable;

B = the Market Value of a Share on the date of exercise of the Option or the date of the Option becoming exercisable (or if such date is not a Business Day, the Market Value of a Share on the last Business Day preceding the date the Option(s) becoming exercisable);

C = the Subscription Price, if any

and the Company’s determination of the amount of the Cash Payment shall, in the absence of fraud or manifest error, be binding on the Company and the relevant Grantee;

**“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;

**“Core Connected Person”** has the meaning ascribed to it under the Listing Rules;

<b>“Close Associate”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Connected Person(s)”</b>	has the meaning as ascribed thereto in the Listing Rules;
<b>“Court”</b>	has the same meaning as ascribed in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
<b>“Director(s)”</b>	director(s) of the Company;
<b>“Disability”</b>	a disability, whether temporary or permanent, partial or total as determined by the Board in its absolute discretion;
<b>“Eligible Employee”</b>	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;
<b>“Grantee(s)”</b>	Participant(s) who accepted the offer of the grant of any Option in accordance with the terms of the Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
<b>“Group”</b>	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;
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Invested Entity”</b>	any entity in which the Group holds any equity interest;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);
<b>“Market Value”</b>	means, in relation to a Share on any day, the closing price of a Share as stated in the daily quotations sheets issued by the Stock Exchange;
<b>“Offer”</b>	the offer of the grant of an Option made in accordance with Clause 4.01;
<b>“Offer Date”</b>	the date on which the Board makes an Offer to any Participant;
<b>“Option(s)”</b>	option(s) to subscribe for Shares granted pursuant to the Scheme;

<b>“Option Period”</b>	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 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;
<b>“Participant(s)”</b>	subject to the compliance with applicable laws and regulations, any person belonging to any of the following classes of persons: <ul style="list-style-type: none"> <li>(a) any Eligible Employee;</li> <li>(b) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or any Invested Entity;</li> </ul>
<b>“Scheme”</b>	this share option scheme in its present or any amended form;
<b>“Share(s)”</b>	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;
<b>“Shareholder(s)”</b>	holder(s) of Share(s);
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subscription Price”</b>	the price per Share at which a Grantee may subscribe for Share on the exercise of an Option as described in Clause 5;
<b>“Subsidiary”</b>	has the meaning as ascribed thereto in the Listing Rules;
<b>“Trading Day”</b>	a day on which the Stock Exchange is open for the trading of securities;
<b>“HK\$”</b>	Hong Kong dollars; and
<b>“US\$”</b>	United States dollars.

1.02 In this Scheme, save as where the context otherwise requires:

- (a) clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme;
- (b) references herein to clauses are to clauses of this Scheme;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;

- (d) expressions in singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organizations, associations, enterprises, branches and entities of any other kind.

## **2 CONDITIONS**

- 2.01 This Scheme shall take effect subject to the passing of the resolution of Shareholders to adopt the Scheme and is conditional upon the Stock Exchange granting approval of the 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 Scheme.
- 2.02 If the above conditions are not satisfied within two (2) calendar months after the Adoption Date, the Scheme shall forthwith terminate and any Option(s) granted or agreed to be granted pursuant to the 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 Scheme.
- 2.03 Reference in Clause 2.01 to the Stock Exchange formally granting the approvals, listing and permission shall include any such approvals, listing and permission which are granted subject to conditions.
- 2.04 A certificate of the Board that the conditions set out in Clause 2.01 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date shall be conclusive evidence of the matters certified.

## **3 PURPOSE, DURATION AND ADMINISTRATION**

- 3.01 The purpose of this 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.
- 3.02 Subject to Clause 13, the Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which the conditions set out in Clause 2.01 are satisfied, after which period no further Options will be granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of this Scheme and which are not yet exercised prior to the end of the ten-year period shall continue to be exercisable in accordance with their terms of grant within the Option Period for which such Options are granted, notwithstanding the expiry of this Scheme.
- 3.03 The Scheme shall be subject to the administration of the Board (including the independent non-executive directors) whose decision (save as otherwise provided herein) shall be final and binding on all parties. The Board shall have the power from time to time to make or vary regulations for the administration and operation of this Scheme, provided that the same are not inconsistent with the other provisions of this Scheme.

## 4 GRANT OF OPTIONS

- 4.01 On and subject to the terms of the Scheme, the Board shall be entitled at any time and from time to time during the term of the Scheme set out in Clause 3.02 to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such terms and 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. The Offer shall be set out in a letter to a Participant specifying the terms and conditions upon which the Option is to be granted, including but not limited to the holding period and/or performance or other conditions (if any) that must be satisfied in order for the Options to become exercisable in whole or in part. 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 Board otherwise determined, be construed as a grant of Option under the Scheme. The basis of eligibility of any of the classes of Participants to the grant of any Options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.
- 4.02 No Offer shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with Rule 2.07C of the Listing Rules. In particular, during the period commencing one (1) month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the terms of the Listing Rules) for approval of 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 publish an announcement of 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, no Option should be granted.
- 4.03 Where a grant of an Option is to a Director, no Option may be granted on any day on which the financial results of the Company are published and during the period of:
- (a) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
  - (b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.
- 4.04 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Participant concerned for 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 Scheme set out in Clause 3.02 or after the Scheme has been terminated in accordance with the provisions hereof. A nominal consideration of HK\$1.00 is payable by the Participant to the Company on acceptance of each grant of Option(s).
- 4.05 An Offer shall be deemed to have been accepted and the Option to which such Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance of the consideration for the grant thereof in favour of the Company is received by the Company. Such remittance shall in no circumstances be refundable.



- 4.06 Any Offer may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of such number of Shares as represents a board lot for the time being for the purposes of trading on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted within twenty-eight (28) days from the Offer Date in the manner indicated in Clause 4.05, it will be deemed to have been irrevocably declined and lapsed automatically.
- 4.07 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 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).
- 4.08 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. The Grantee, his/her Associates and all Core Connected Persons of the Company must abstain from voting in favour at such general meeting.

- 4.09 The circular referred to in Clause 4.08 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 Offer Date 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; and
  - (d) the information required under Rule 2.17 of the Listing Rules.



## **5 SUBSCRIPTION PRICE**

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.

## **6 EXERCISE OF OPTIONS**

- 6.01 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. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without any compensation.
- 6.02 An Option may be exercised in whole or in part in the manner as set out in Clause 6.03 by the Grantee (or, as the case may be, his or her legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given. Within ten (10) Business Days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of an independent financial adviser or Auditors pursuant to Clause 9, the Company shall (i) allot and issue the relevant Shares to the Grantee (or his or her legal personal representative(s)) credited as fully paid and issue and allot to the Grantee (or his or her legal personal representative(s)) the Shares; or (ii) in its discretion pay or procure the payment of the Cash Payment in Hong Kong dollars or the equivalent in the Grantee's local currency (converted on the basis of such exchange rate as the Company may in its discretion determine). Notwithstanding the foregoing, if the Company or any Grantee would or might be prohibited by the Listing Rules or by any other applicable laws, regulations or rules (including any dealing code of the Company) from dealing in the Shares during the Option Period or within the periods specified above, the relevant Shares under such Option shall be allotted and issued to the Grantee as soon as possible after the date when such dealing is permitted.
- 6.03 Subject as hereinafter provided in this Scheme, the Option may be exercised by the Grantee (or his or her legal personal representatives) at any time during the Option Period provided that: —
- (a) in the event of the Grantee ceasing to be an Eligible Employee for any reason other than due to (i) his or her death, (ii) one or more of the grounds specified in Clause 7(e) or (iii) retirement in accordance with the terms of his or her contract of employment or by virtue of any statutory requirement, the Grantee may exercise his or her Options up to his or her entitlement at the date of cessation (to the extent exercisable and not already exercised) within the one (1) month following the Grantee's last day of employment or engagement with the Company, the relevant Subsidiary or the relevant Invested Entity (as the case may be), whether salary is paid in lieu of notice or not, unless the exercise period is otherwise extended by the Board;

- (b) in the event that the Grantee ceases to be a Participant by reason of death or Disability (provided that none of the events which would be a ground for termination of his or her employment under Clause 7(e) arises prior to his or her death or Disability), the legal personal representative(s) of this Grantee shall be entitled within a period of twelve (12) months from the date of death or date on which the Grantee ceases to be a Participant due to the Disability (or such longer period as the Board may determine) to exercise the Options in full (to the extent such Options have become exercisable and are not already exercised);
- (c) in the event that the Grantee ceases to be a Participant by reason of retirement in accordance with the terms of his or her contract of employment or by virtue of any statutory requirement and none of the events which would be a ground for termination of his or her employment as specified under Clause 7(e) has arisen, the Grantee shall be entitled within a period of twelve (12) months from the date of retirement (or such longer period as the Board may determine) to exercise his or her Options in full (to the extent such Options have become exercisable and are not already exercised);
- (d) 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 Shareholders, or all such Shareholders 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 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 of the Options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, the Board shall have absolute discretion to determine that all or a portion of the Options may be exercisable (to the extent not already exercised). A Grantee (or where permitted under Clause 6.03(b) his or her legal personal representative(s)) shall be entitled to exercise such Options 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 at any time before the close of such offer (or any revised offer);
- (e) 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 Clause) and thereupon, each Grantee (or where permitted under Clause 6.03(b) his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her Options (to the extent such Options have become exercisable and have not already been 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 and issue the relevant Shares to the Grantee credited as fully paid, which Shares shall rank *par 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; and

(f) 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 where permitted under Clause 6.03(b) his or her legal personal 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 such Options have become exercisable and are not already exercised), but the exercise of the Option(s) shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee and the Grantee shall agree 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 would have been the case had such Shares been subject to such compromise or arrangement.

6.04 The Share to be allotted and issued 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 and issued upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

6.05 Notwithstanding Clause 6.04, if there are regulatory, legal and/or other reasons which may make the issuance of Shares difficult or undesirable, the Company may decide in its absolute discretion to satisfy an Option with a Cash Payment in lieu of Shares. Any such determination may be made on a case-by-case basis after the exercise of the Options or generally at any time prior to the Options in question becoming exercisable, and the Board shall notify the relevant Grantees of such determination.

## **7 LAPSE OF OPTION**

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 Clause 6.03(a) or (b);
- (c) the date on which the offer (or, as the case may be, the revised offer) referred to in Clause 6.03(c) closes;
- (d) subject to Clause 6.03(e), 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 been declared bankrupt 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 immediately without notice or payment in lieu of notice 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 Clause 7(e) shall be conclusive and binding on the Grantee;
- (f) subject to Clause 6.03(f), the date when the proposed compromise or arrangement becomes effective;
- (g) the date on which the Grantee commits a breach of Clause 6.01; or
- (h) if the Board at its absolute discretion determines 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 been declared bankrupt 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 Board shall determine that the Options granted to the Grantee under the 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 Board has made such determination.

## **8 MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- 8.01 (a) The total number of Shares which may be issued upon exercise of all Options to be granted under the 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 Scheme (or any other share option schemes of the Company) or which have been satisfied by the making of a Cash Payment will not be counted for the purpose of calculating the 10 percent limit under this Clause 8.01(a).
- (b) The Company may seek approval of the Shareholders in general meeting for refreshing the 10 percent limit under the Scheme save that the total number of Shares which may be issued upon exercise of all Options to be granted under the 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 Scheme or any other share option schemes of the Company (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of this 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 Clause 8.01(b), a circular containing the information as required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules must be sent to the Shareholders.

- (c) The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the 10 percent limit set out in Clause 8.01(a) 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 Clause 8.01(c), 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 Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (d) 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 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 Scheme or any other share option schemes of the Company if this will result in the limit set out in this Clause 8.01(d) being exceeded.
- 8.02 (a) Subject to Clause 8.01(b), 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.
- (b) 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 or her Close Associates (or his or her Associates if the Participant is a Connected Person) 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 Rule 17.02(2)(d) of 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.
- (c) If the Company conducts a share consolidation or subdivision after the 10 percent limit has been approved in general meeting in accordance with Clause 8.01(b), the maximum number of Shares that may be issued upon exercise of all Options granted pursuant to this Scheme and any other share option schemes of the Company under the 10 percent limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.
- 8.03 Subject to Clauses 8.01 and 8.02, the number of Shares subject to Options and to the 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.



## **9 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 Clauses 8.01 and 8.02,

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 or she 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 Clause 9, other than any made on a capitalisation issue, an independent financial adviser or the Auditors must confirm in writing to the Board 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 Clause 9 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.

## **10 SHARE CAPITAL**

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

## **11 DISPUTES**

Any dispute arising in connection with the Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price, or otherwise) shall be referred to the decision of the Board and whose decision shall, in the absence of manifest error, be final and binding on all persons who may be affected thereby. The Board, if it so wishes, may refer the dispute to an independent financial advisor or the Auditors, in which case whose decision shall, in the absence of manifest error, be final and binding on all persons who may be affected thereby.

## **12 ALTERATION OF THE SCHEME**

12.01 The 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 in Clause 1.01;
- (b) any alteration to the provisions of the 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, this Clause 12 and Clauses 13 and 14;
- (d) any alteration to the terms and conditions of this Scheme which are of a material nature;
- (e) any change to the terms of the Options granted; and/or
- (f) any change to the authority of the Board in relation to any alteration to the terms of this Scheme,

must be approved by a resolution by the Shareholders in general meeting, except where (i) such alterations are necessary to comply with or to be consistent with any changes or updates to the Listing Rules and/or applicable laws or regulations or (ii) such alterations take effect automatically under the existing terms of the Scheme, provided that the amended terms of the 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 Scheme and provided further that any alterations to the terms and conditions of the Scheme which are of a material nature shall first be approved by the Stock Exchange.

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

## **13 TERMINATION**

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

## **14 CANCELLATION OF OPTIONS**

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

14.02 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 Scheme.



14.03 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 Clause 8.01.

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

## **15 MISCELLANEOUS**

15.01 The Company shall bear the costs of establishing and administering the Scheme.

15.02 The Company shall provide a summary of the terms of the Scheme to all Grantees on their joining the Scheme and a copy of the rules of the Scheme to any Grantee who requests such a copy.

15.03 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders.

15.04 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong or such other address as notified to the Grantees from time to time and, in the case of the Grantee, his or her residential address in Hong Kong as notified to the Company from time to time.

15.05 Any notice or other communication served by post;

(a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and

(b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

15.06 All allotment and issue of Shares and/or Cash Payments will be subject to applicable laws, regulations, rules and requirements for the time being in force in any relevant jurisdiction. The Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant, acceptance and/or exercise of the Option. Neither the Company nor any of its Subsidiaries or Invested Entities shall be responsible for any failure by a Grantee to obtain any such consent or other liability to which a Grantee may become subject as a result of his or her participation in the Scheme. A Grantee shall, on demand, indemnify the Company, its Subsidiaries and/or Invested Entities in full against all claims and demands which may be made against the Company, its Subsidiaries and/or Invested Entities (whether alone or jointly with other party or parties) for or in respect of or in connection with any failure on the part of the Grantee to obtain any necessary consent referred to above and against all incidental costs and expenses which may be incurred.

- 15.07 A Grantee shall pay all tax and discharge all other liabilities to which he or she may become subject as a result of his or her participation in this Scheme and/or the exercise of any Option. Any liability of a Grantee for tax or social security contributions in respect of a grant or exercise of his or her Options shall be for the account of the Grantee and the allotment and issue of Shares or the making of a Cash Payment pursuant to the exercise of the Options shall be conditional on the Grantee complying with any arrangements specified by the Company for the payment of any tax and social security contributions, including, without limitation, authorising the Company or any third party to (a) sell, on behalf of the Grantee, a sufficient number of the Shares issued to the Grantee pursuant to the exercise of his or her Options to satisfy any tax and social security contribution liability; and/or (b) withhold the amount of any tax and social security contribution liability from any Cash Payment, remuneration or other amounts owing to the Grantee.
- 15.08 Participation in this Scheme shall be at the Board's absolute discretion and neither participation in this Scheme nor the receipt of a grant pursuant to this Scheme shall create any right to or expectation of any future participation or offer under this Scheme or any other equity-based incentive plans of the Group.
- 15.09 The Scheme shall not form part of any contract of employment or engagement for services between the Company, any Subsidiary or any Invested Entity and any Participant. The rights and obligations of any Participant under the terms of his or her employment or engagement shall not be affected by his or her participation in the Scheme and the Scheme shall not afford such a Participant additional rights to compensation or damages in consequence of the termination of such employment or engagement for any reason.
- 15.10 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.11 The Board shall be entitled to establish such arrangements as it deems reasonably necessary with respect to the mechanisms to implement the exercise of Options and the related registration, recording and reporting matters to ensure that the Grantees and the Company can comply with all applicable securities, foreign exchange and tax regulations of all relevant jurisdictions. Each Grantee shall authorise the Company to establish all necessary brokerage and other accounts on the Grantee's behalf and shall provide to the Company such information as the Board deems necessary in connection with the Company's and the Grantee's compliance with the foregoing obligations.
- 15.12 If any provision of this Scheme or its application to any person or in any circumstances is illegal, invalid or unenforceable to any extent, such illegality, invalidity or unenforceability shall not prejudice the effectiveness of the remainder of this Scheme or the application of such provision to other persons or in other circumstances and each other provision of this Scheme shall be legal, valid and enforceable to the fullest extent permitted by law.
- 15.13 The Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.