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

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Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

PROPOSALS FOR

(1) GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES;

(2) RE-ELECTION OF RETIRING DIRECTORS;

(3) ADOPTION OF THE 2024 SHARE SCHEME;

(4) ADOPTION OF THE BKOS 2024 SHARE INCENTIVE SCHEME

AND

NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Kingsoft Corporation Limited to be held at Kingsoft Software Park, No. 329 Qiandaohuan Road, Tangjiawan Town, Zhuhai, Guangdong, the PRC on 23 May 2024 at 10:30 a.m. is set out on pages 97 to 101 of this circular. A proxy form for your use at the Annual General Meeting is enclosed with this circular. Whether or not you propose to attend the Annual General Meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon 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 as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting should you so desire.

Hong Kong, 30 April 2024

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DEFINITIONS

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

“2011 Share Option Scheme”	the share option scheme adopted by the Company on 9 December 2011
“2021 Share Award Scheme”	the share award scheme of the Company adopted by the Board on 31 March 2008, as amended on 5 July 2021
“2021 Share Option Scheme”	the share option scheme adopted by the Company on 9 December 2021
“2024 Scheme Period”	Subject to the terms of the 2024 Share Scheme, the period commencing on the Adoption Date and ending on the day falling 10th anniversary of the Adoption Date
“2024 Share Scheme”	the share incentive scheme of the Company proposed to be approved at the Annual General Meeting, a summary of which is set out in the Appendix III to this circular
“2024 Share Scheme Rules”	the rules of the 2024 Share Scheme as amended from time to time
“Actual Selling Price”	an amount equal to the actual price at which the Award Shares are sold (net of all applicable costs from time to time such as brokerage, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy and other applicable costs (if any)) in the circumstances contemplated in the section headed “Vesting of Awards” set out in Appendix III
“Adoption Date”	the date on which the 2024 Share Scheme and the BKOS 2024 Share Incentive Scheme (as the case may be) is approved by the Shareholders at the Annual General Meeting
“AFRC”	the Accounting and Financial Reporting Council continued under section 6 of the Accounting and Financial Reporting Council Ordinance
“Annual General Meeting”	the annual general meeting of the Company to be held at Kingsoft Software Park, No. 329 Qiandaohuan Road, Tangjiawan Town, Zhuhai, Guangdong, the PRC on 23 May 2024 at 10:30 a.m.
“Articles of Association”	the articles of association of the Company (as amended, supplemented or modified from time to time)
“associate(s)”	shall have the meaning ascribed to it in the Listing Rules
“Award”	an Award granted to an Eligible Participant under the Scheme which will upon vesting entitle such Eligible Participant to receive Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may in its absolute discretion determine in accordance with the terms of the 2024 Share Scheme. For the avoidance of doubt, an award will not include any Option to subscribe for new Shares

DEFINITIONS

“Award Holder(s)”	holder(s) of an Award
“Award Shares”	the Shares to be received by a Grantee upon the vesting of the relevant Award (or any part thereof), which can be funded by the issuance of new Shares by the Company or existing Shares purchased by way of on-market transactions as the Board may in its absolute discretion determine
“BKOS”	Beijing Kingsoft Office Software, Inc. (北京金山辦公軟件股份有限公司), a limited liability company incorporated in the PRC, in which the Company owns 51.62% as of the date of this circular and whose shares are listed on the SSE STAR Market (stock code: 688111)
“BKOS 2021 Share Incentive Scheme”	the 2021 restricted share incentive scheme in its present or any amended form as adopted by BKOS on 2 June 2021, with a maximum scheme limit of 870,000 shares of BKOS, the details of which are set out in the announcement of BKOS dated 13 May 2021
“BKOS 2022 Share Incentive Scheme”	the 2022 restricted share incentive scheme in its present or any amended form as adopted by BKOS on 28 April 2022, with a maximum scheme limit of 1,000,000 shares of BKOS, the details of which are set out in the announcement of BKOS dated 24 March 2022
“BKOS 2023 Share Incentive Scheme”	the 2023 restricted share incentive scheme in its present or any amended form as adopted by BKOS on 6 June 2023, with a maximum scheme limit of 1,000,000 shares of BKOS, the details of which are set out in the announcement of BKOS dated 20 March 2023
“BKOS 2024 Share Incentive Scheme”	the restricted share incentive scheme to be adopted by BKOS, subject to the approval of the Shareholders and the BKOS Shareholders, a summary of which is set out in the Appendix IV to this circular
“BKOS Board”	the board of directors of BKOS
“BKOS Group”	BKOS and its subsidiaries
“BKOS Remuneration Committee”	the remuneration and appraisal committee of BKOS
“BKOS Scheme Rules”	the rules of the BKOS 2024 Share Incentive Scheme
“BKOS Shareholders”	the shareholders of BKOS
“Board”	the board of the directors of the Company
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“chief executive”	shall have the meaning ascribed to it in the Listing Rules

DEFINITIONS

“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
“Companies Act”	Companies Act (as revised) of the Cayman Islands as amended from time to time and every other act, order regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, its Memorandum of Association and/or these Articles
“connected person”	shall have the meaning ascribed to it in the Listing Rules
“Continuous Service”	with respect to the 2024 Share Scheme, the provision of services to the Group or Related Entity (as the case may be) in any capacity of director, employee or Service Providers is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as a director, employee or Service Providers, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Group or Related Entity (as the case may be) notwithstanding any required notice period that must be fulfilled before a termination as a director, employee or Service Providers can be effective under applicable laws. An Eligible Participant’s Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Eligible Participant provides services ceasing to be a member of the Group or a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any leave of absence approved by any member of the Group or any Related Entity, including sick leave, military leave, or any other personal leave, (ii) transfers among any member of the Group or Related Entity, or any successor, in any capacity of a director, employee or Service Providers, or (iii) any change in status as long as the individual remains in the service of the Group or Related Entity in any capacity of a director, employee or Service Providers (except as otherwise provided in the Offer Letter)
“Director(s)”	the director(s) of the Company
“Eligible Participant”	with respect to the 2024 Share Scheme, an Employee Participant, Related Entity Participant or Service Provider Participant
“Employee Participant(s)”	a director or any employee (whether full time or part time) of any member of the Group (including persons who are granted Options or Awards under the 2024 Share Scheme as an inducement to enter into employment contracts with these companies)
“Exercise Period”	in respect of any particular Option, the period in which an Option may be exercised to be determined by the Board in its absolute discretion and to be notified by the Board to the Grantee, provided that, such period shall not be more than 10 years from the date on which such Option is deemed to be granted under the section headed “Grant of Options or Awards” set out in Appendix III

DEFINITIONS

“Exercise Price”	the price per Share at which an Option Holder may subscribe for Shares upon the exercise of an Option pursuant to the terms of the 2024 Share Scheme, as may be determined in accordance with relevant provisions under the section headed “Exercise Price and Purchase Price” set out in Appendix III
“First Grant”	the proposed first grant of no less than 80% of the maximum scheme limit under the BKOS 2024 Share Incentive Scheme
“Grant Date”	with respect to the 2024 Share Scheme, the date on which the grant of an Option or an Award is made to a Grantee, being the same date of the Offer Date
“Grant Price”	the price of each Restricted Share granted to the Participants
“Grantee”	an Option Holder or an Award Holder, as the case may be, being an Eligible Participant approved for participation in the 2024 Share Scheme and who has been granted any Option or any Award in accordance with the terms of the 2024 Share Scheme
“Grant Shares”	the Award Shares and/or the Option Shares, as the case may be
“Grounds for Termination with Cause”	shall have the meaning as set out in the section headed “Lapse of Options and Awards” set out in Appendix III
“Group”	the Company and its Subsidiaries from time to time, and the expression “member of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Incentive Participants”	the participant(s) of the BKOS 2024 Share Incentive Scheme, including certain senior management, core management personnel and technical backbones of the BKOS Group, but excluding the BKOS’ independent directors, supervisors, shareholders who individually or collectively hold 5% or more of the shares of BKOS, and de facto controllers of BKOS and their spouses, parents, children
“Latest Practicable Date”	24 April 2024, 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, supplemented or modified from time to time)
“Management Measures”	the Management Measures for Share Incentive Scheme Adopted by Listed Companies (上市公司股權激勵管理辦法)
“Offer”	an offer of the grant of an Option or an Award to be made to an Eligible Participant by the Board in accordance with the terms of the 2024 Share Scheme

DEFINITIONS

“Offer Date”	with respect to the 2024 Share Scheme, the date on which an Offer is made to an Eligible Participant, which date must be a Business Day
“Offer Letter”	the letter to be issued by the Company to an Eligible Participant in such form as may be determined from time to time by the Board for the Offer in accordance with the terms of the 2024 Share Scheme, specifying the Offer Date, the number of Grant Shares, the vesting criteria and conditions, the Vesting Date and such other details as it may consider necessary
“Option(s)”	a right granted to an Eligible Participant to subscribe for Shares upon vesting and exercised pursuant to the terms of an Option granted under the 2024 Share Scheme
“Option Holder(s)”	holder(s) of an Option
“Option Share(s)”	the Shares to be issued to the Option Holder upon his exercise of an Option (or any part thereof)
“PRC” or “China”	the People’s Republic of China which, for the purpose of this circular only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“principal subsidiary”	has the meaning ascribed to it under the Listing Rules
“Purchase Price”	with respect to the 2024 Share Scheme, the price (if any) payable by an Award Holder to acquire the Award Shares under his Award, as may be determined in accordance with relevant provisions in the section headed “Exercise Price and Purchase Price” set out in Appendix III
“Related Entity”	with respect to the 2024 Share Scheme, any company that is an associate of the Company
“Related Entity Participant”	with respect to the 2024 Share Scheme, any person who is an employee (whether full time or part time or other employment relationship), director or officer of any company that is an associate of the Company
“Related Income”	with respect to the 2024 Share Scheme, all or such portion of cash income derived from the Award Shares (including cash dividends declared and paid on the Award Shares) as may be determined by the Board from time to time (excluding any interest earned on such cash income) and held under the Trust for the benefit of the Award Holder (excluding any nil-paid right, bonus warrant, cash component of a scrip dividend scheme, other non-cash and non-scrip distribution or proceeds of sale of the same unless otherwise directed by the Board in its absolute discretion under the section headed “Alternations in Share Capital or Corporate Transactions” set out in Appendix III)

DEFINITIONS

“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase, during the period as set out in the Repurchase Resolution, the Shares up to a maximum of 10% of the issued share capital of the Company (excluding any Treasury Shares) as at the date of passing of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution 6 of the notice of the Annual General Meeting
“Reserved Grant”	the reserved grant of no more than 20% of the maximum scheme limit under the BKOS 2024 Share Incentive Scheme
“Restricted Shares”	the A shares of BKOS to be granted to the Participants according to the terms and conditions stipulated in the BKOS 2024 Share Incentive Scheme, which shall only be delivered by the BKOS when the relevant performance targets as stipulated in the BKOS 2024 Share Incentive Scheme are satisfied
“Returned Shares”	such Award Shares that are not accepted, vested and/or are forfeited in accordance with the terms of the 2024 Share Scheme, or such Award Shares being deemed to be Returned Shares thereunder, in each case such Award Shares to be held by the Trustee to be applied towards future Awards in accordance with the provisions of the 2024 Share Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Administrator”	the Board and/or any committee of the Board or other person(s) to whom the Board has delegated its authority pursuant to the terms of the 2024 Share Scheme
“Scheme Mandate Limit”	shall have the meaning set out in the section headed “Scheme Mandate Limit and Service Provider Sublimit” in the Appendix III, as increased, refreshed or renewed from time to time in accordance with the terms of the 2024 Share Scheme

DEFINITIONS

“Service Providers Participant”	any person (other than an Employee Participant or a Related Entity Participant, solely with respect to rendering services in such person’s capacity as an employee or director) providing services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group as determined by the Board pursuant to the criteria set out in the section headed “Eligible participants” in Appendix III (“ Service Provider(s) ”). Service Providers may include persons who work for the Group as independent contractors where the continuity and frequency of their services are akin to those of employees. For the avoidance of doubt, (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall not be Service Provider Participants for the purposes of the 2024 Share Scheme
“Service Providers Sublimit”	shall have the meaning set out in the section headed “Scheme Mandate Limit and Service Provider Sublimit” in the Appendix III, as increased, refreshed or renewed from time to time in accordance with the terms of the 2024 Share Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or modified from time to time)
“Share(s)”	ordinary shares of the share capital of the Company with a par value of US\$0.0005 each, or, if there has been a sub-division, consolidation, re-classification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from such subdivision, consolidation, re-classification or re-construction
“Shareholder(s)”	the shareholder(s) of the Company
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and deal with (including any sale or transfer of Treasury Shares out of treasury, subject to the amendments to the relevant Listing Rules having come into effect) Shares during the period as set out in the proposed ordinary resolution as referred to in resolution 5 up to a maximum of 20% of the issued share capital of the Company (excluding any Treasury Shares) as at the date of passing of the resolution approving the Share Issue Mandate
“SSE STAR Market”	the science and technology innovation board of the Shanghai Stock Exchange
“STAR Market Listing Rules”	the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed thereto in the Listing Rules
“substantial shareholder”	has the meaning as ascribed thereto in the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong (as amended, supplemented or modified from time to time)
“Taxes”	shall have the meaning as set out in the section headed “Vesting of Awards” in Appendix III
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules as amended from time to time. For the purpose of the 2024 Share Scheme, references to new Shares include Treasury Shares, and references to the issue of new Shares include the transfer of Treasury Shares
“Trust(s)”	the trust(s) constituted by the Trust Deed
“Trust Deed(s)”	The trust deed(s) between the Company and the Trustee for the purposes of administering the Awards granted or to be granted under the 2024 Share Scheme
“Trustee(s)”	the trustee(s) as may be appointed by the Company from time to time for the purposes of the Trust
“US\$”	United States dollars, the lawful currency of the United States of America
“Vesting Conditions”	with respect to the 2024 Share Scheme, has the meaning ascribed to it under the section headed “Performance targets” in Appendix III
“Vesting Date”	the date on which a Grantee’s entitlement to the Grant Shares (or any part thereof) is vested in accordance with the 2024 Share Scheme
“%”	percent



Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

Directors:

Executive Director

Mr. Tao ZOU

Non-executive Directors

Mr. Jun LEI (*Chairman*)

Mr. Pak Kwan KAU

Mr. Leiwen YAO

Independent Non-executive Directors

Mr. Shun Tak WONG

Mr. Zuotao CHEN

Ms. Wenjie WU

Registered Office

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Grand Cayman, KY1-1104

Cayman Islands

Principal Place of Business

in Hong Kong

Suite 3208, 32/F, Tower 5

The Gateway, Harbour City

Tsim Sha Tsui, Kowloon

Hong Kong

Hong Kong, 30 April 2024

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR

(1) GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES;

(2) RE-ELECTION OF RETIRING DIRECTORS;

(3) ADOPTION OF THE 2024 SHARE SCHEME;

(4) ADOPTION OF THE BKOS 2024 SHARE INCENTIVE SCHEME

AND

NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting relating to, among other things, (i) the proposed Share Issue Mandate and the extension of the Share Issue Mandate; (ii) the proposed Repurchase Mandate; (iii) the proposed re-election of retiring Directors; (iv) the proposal for adoption of the 2024 Share Scheme; and (v) the proposal for adoption of the BKOS 2024 Share Incentive Scheme.

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE SHARES

On 24 May 2023, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to exercise the powers of the Company to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting.

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any Shares (including any sale or transfer of Treasury Shares), approval is being sought from the Shareholders at the Annual General Meeting to grant the Share Issue Mandate to the Directors to allot or issue new Shares (including any sale or transfer of Treasury Shares out of treasury) equal in aggregate up to 20% of the issued share capital of the Company (excluding any Treasury Shares) at the date of the Annual General Meeting. For the avoidance of doubt, the Company may only use the Share Issue Mandate for the sale or transfer of Treasury Shares after the amendments to the relevant Listing Rules having come into effect.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,339,167,117 Shares. Subject to the passing of the resolution approving the Share Issue Mandate and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the resolution approving the Share Issue Mandate to issue (or transfer out of treasury) a maximum of 267,833,423 Shares, representing no more than 20% of the issued share capital of the Company (excluding any Treasury Shares) as at the Latest Practicable Date.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in ordinary resolutions as referred to in resolutions 5 and 7, respectively, of the notice of Annual General Meeting.

GENERAL MANDATE TO REPURCHASE SHARES

On 24 May 2023, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting.

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any Shares, approval is being sought from the Shareholders at the Annual General Meeting to grant the Repurchase Mandate to the Directors to repurchase the Shares equal in aggregate up to 10% of the issued share capital of the Company (excluding any Treasury Shares) at the date of the Annual General Meeting.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,339,167,117 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing of the Repurchase Resolution, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate as at the date of passing the Repurchase Resolution will be 133,916,711 Shares, representing no more than 10% of the issued share capital of the Company (excluding any Treasury Shares) as at the Latest Practicable Date.

An explanatory statement as required under the Listing Rules to provide the required information in relation to the Repurchase Mandate is set out in **Appendix I** to this circular.

LETTER FROM THE CHAIRMAN

RE-ELECTION OF THE RETIRING DIRECTORS

The Board currently comprises seven Directors, of which one is executive Director, namely Mr. Tao ZOU; three are non-executive Directors, namely Messrs. Jun LEI, Pak Kwan KAU and Leiwen YAO; and three are independent non-executive Directors, namely Messrs. Shun Tak WONG and Zuotao CHEN and Ms. Wenjie WU.

Pursuant to Article 108(a) of the Articles of Association, Mr. Tao ZOU, Mr. Pak Kwan KAU and Mr. Leiwen YAO, who are Directors longest in office since their last re-election, will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

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

ADOPTION OF 2024 SHARE SCHEME

The Current Share Schemes

On 9 December 2011, the Company adopted the 2011 Share Option Scheme for the purpose of providing incentives and rewards to eligible participant which expired on 8 December 2021, and after which no further grant was made under the 2011 Share Option Scheme. As at the Latest Practicable Date, an aggregate of 2,529,800 options remained outstanding under the 2011 Share Option Scheme.

The 2021 Share Option Scheme was adopted by the Company on 9 December 2021 and is valid for a period of 10 years commencing from the date of adoption, subject to early termination.

The 2021 Share Award Scheme was adopted by the Company on 31 March 2008 and certain amendments were made on 5 July 2021, and the termination date of the Existing Share Award Scheme was extended to 30 March 2027, subject to early termination. The 2021 Share Award Scheme is funded by both existing Shares and new Shares.

Save for the Existing Share Schemes, the Company had no other subsisting share schemes which have not been expired as at the Latest Practicable Date.

Proposed Adoption of the 2024 Share Scheme

The purpose of the 2024 Share Scheme is to provide incentives or rewards to Eligible Participants thereunder for their contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The 2024 Share Scheme is funded by the issuance of new Shares by the Company or existing Shares purchase by way of on-market transaction as the Board may in its absolute discretion determine. For the purpose of the 2024 Share Scheme, references to new Shares include Treasury Shares, and references to the issue of new Shares include the transfer of Treasury Shares, subject to the relevant amendments to the Listing Rules having come into effect.

The Board proposes that immediately upon the 2024 Share Scheme taking effect, the Company shall not grant any further options and awards under the 2021 Share Option Scheme and the 2021 Share Award Scheme. For the avoidance of doubt, any granted and unexercised options made under the 2021 Share Option Scheme and the granted and unvested award shares under the 2021 Share Award Scheme shall continue to be valid and exercisable and/or vested in accordance with the terms of the grant and the respective rules of 2021 Share Option Scheme and 2021 Share Award Scheme rules. As at the Latest Practicable Date, an aggregate of 5,500,000 options (pursuant to which a maximum of 5,500,000 Shares may be issued by the Company if fully exercised) remain outstanding under the 2021 Share Option Scheme and an aggregate of 75,960 Shares remained unvested under the 2021 Share Award Scheme.

LETTER FROM THE CHAIRMAN

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the adoption of the 2024 Share Scheme. The summary of the principal terms of the 2024 Share Scheme is set out in Appendix III to this circular. The 2024 Share Scheme was prepared in English. In the event of any discrepancy between the English version and the Chinese translation of the 2024 Share Scheme, the English version shall prevail.

Conditions

The adoption of the 2024 Share Scheme is conditional upon (i) the passing of a resolution by the Shareholders to approve the adoption of the 2024 Share Scheme; and (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, the new Shares which may be issued by the Company in respect of all Options and Awards to be granted under the 2024 Share Scheme.

As at the Latest Practicable Date, none of the above conditions have been satisfied. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options and the vesting of the Awards under the Share Scheme.

Eligible Participants and Eligibility

The Eligible Participants comprise the Employee Participants, the Related Entity Participants and the Service Provider or with the approval of the Board or the Scheme Administrator, any special-purpose vehicle (such as a trust or a private company) that is set up for the only purpose of holding the Options or Awards on behalf of any Eligible Participant or a group thereof. Under the 2024 Share Scheme, the Board may at its absolute discretion determine, subject to the Listing Rules, the eligibility of the Participants, the number of Shares to be comprised in the Options or Awards, performance targets, the exercise period and vesting period of Options or Awards.

The basis of determining eligibility of the Eligible Participants to the grant of any Options or Awards shall be determined by the Board or the Scheme Administrator in their absolute discretion from time to time on the basis of the amount of contribution the Eligible Participant has made or is likely to make towards the success of the Group and such other factors as the Board or Scheme Administrator may in its discretion consider appropriate as set out below:

- (1). For Employee Participants and Related Entity Participants, the Board or Scheme Administrator will generally consider their general working performance, time commitment (full-time or part-time), length of their service within the Group and the Related Entity (as the case may be), working experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard;
- (2). Service Providers comprise independent service providers, consultants, suppliers and agents and contractors. The Group is principally engaged in the following activities: (i) design, research and development and sales and marketing of the office software products and services of WPS Office, and (ii) research and development of games, and provision of PC games and mobile games services. In the ordinary and usual course of business of the Group, the Group will from time to time require provision of the relevant services from the Service Providers. Set out below

LETTER FROM THE CHAIRMAN

is the identification of each category of Service Providers and the criteria for determining a person's eligibility under each category:

	Category	Eligibility criteria for Services Provider Participant
(i)	Service providers	Outsourced staff engaged by the Group that provides services which are material and relevant to the Group's operations (including but not limited to information technology support, customer services and retails store supports) on a regular or recurring basis.
(ii)	Consultants	Those that (a) provide consultancy services material and relevant to the Group's operations (including but not limited to services in recruitment, tax, research and development, market advisory services); (b) engage with the Group on a regular or recurring basis; and (c) have specialties or expertise in areas that supplement the Group or with which the Group would consider important to maintain a close business relationship on an ongoing basis.
(iii)	Suppliers	Those that supply the Group with goods on a regular or recurring basis, with which the Group would consider important to maintain a close business relationship on an ongoing basis, and in turn, it would be beneficial to the Group's business relationship to grant such supplier with proprietary ownership in the Company and to encourage the supplier to have a vested shareholding interest in the Group and in the Group's future development.
(iv)	Agents and contractors	Those that provide important services to the Group on a regular or recurring basis with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis, that in turn, it would be beneficial to the collaboration between the Group and the agents and/or contractors to grant such agents and/or contractors proprietary ownership in the Company and to encourage the agents and/or contractors to have a vested shareholding interest in the Group and the Group's future development.

Where a service provider qualifies for one of the above service provider types and meets the initial eligibility criteria to fall within the above categories, the below will be considered:

Whether one qualifies as a Service Provider Participant: Whether a potential service provider will be eligible to qualify as a Service Provider Participant will be determined by the Scheme Administrator based on qualitative and quantitative performance indicators to be on a case-by-case basis in accordance with the above eligibility criteria.

Whether a Service Provider provides services to the Group on a continuing basis: In assessing whether a Service Provider provides services to the Group on a continuing basis, the Scheme Administrator will take into account factors such as: (i) length and type of services provided or will be provided to the Group, recurrence and regularity of such services; (ii) how the selection metrics benchmark against comparable metrics used to determine other Eligible

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Participants who have been granted options and/or awards under the Company's share schemes; (iii) the Group's objectives in engaging the Service Provider and how granting options and/or awards to the service provider would align with the purpose of the 2024 Share Scheme or benefit the Group; and (iv) remuneration packages of comparable listed peers with respect to similar service providers, if any, based on available industry information.

Based on the above, the Board (including the independent non-executive Directors) considers that (i) the basis of determination of the eligibility of Eligible Participants aligns with the purposes of the 2024 Share Scheme because it will enable the Group to preserve its cash resources and use share incentives to encourage persons both inside and outside of the Group to contribute to the Group and align the mutual interests of each party, as the Company of the one part and the Employee Participants, Related Entity Participants and Service Providers of the other part, by holding on to equity incentives, will mutually benefit from the long-term growth of the Group; (ii) the inclusion of the proposed categories of Service Providers as non-employee participants are in line with the Group's business needs and the industry norm of providing equity based payment to stakeholders in order to align interests and incentivise performance and contribution, as it is desirable and necessary to sustain and foster these business relationships on a long-term basis; and (iii) the criteria for selection of Eligible Participants as set out above and the discretion afforded to the Board to impose different terms and conditions (including performance targets (if any) and vesting conditions) on Options or Awards granted to such selected Eligible Participants, is appropriate and in the interest of the Company and the Shareholders as a whole, and would enable the purpose of the 2024 Share Scheme to be achieved.

Vesting Period

The vesting period of Options and/or Awards granted to the Eligible Participants shall not be less than 12 months except, in case of the Employee Participants, for such circumstances as set out in paragraphs (a) to (f) under section headed "Vesting Period" of Appendix III to this circular which the Board and, where the arrangements relate to grants of Options or Awards to Directors and/or senior managers of the Company, the Remuneration Committee consider appropriate and such grants align with the purposes of the 2024 Share Scheme to shorten the vesting period. The Board and, where the arrangements relate to grants of Options or Awards to Directors and/or senior managers of the Company, the Remuneration Committee consider that by having the flexibility of having a shorter vesting period for the Employee Participants in accordance with the circumstances set out in paragraphs (a) to (f) under section headed "Vesting Period" of Appendix III to this circular, the Group will be in a better position to attract and retain Employee Participants to continue serving the Group whilst at the same time providing them with further incentive in achieving the goals of the Group, and thereby, to achieve the purpose of the 2024 Share Scheme. Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period for the Employee Participants under the circumstances specified in paragraphs (a) to (f) under section headed "Vesting Period" of Appendix III to this circular is in line with the market practice and is appropriate and aligns with the purpose of the 2024 Share Scheme.

Scheme Mandate Limit and Service Provider Sublimit

The 2024 Share Scheme is funded by the issuance of new Shares by the Company or the purchase of existing Shares by way of on-market transaction as the Board may in its absolute discretion determine. As at the Latest Practicable Date, there were 1,339,167,117 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the maximum number of new Shares issuable under the 2024 Share Scheme and any other schemes of the Company (if any) in aggregate will be 133,916,711 Shares, being 10% of the total number of Shares in issue on the Adoption Date (excluding any Treasury Shares), i.e., the Scheme Mandate Limit. In addition,

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within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Options and Awards to be granted to Service Provider Participants under the 2024 Share Scheme shall not exceed 13,391,671 Shares, being 1% of the total number of Shares in issue as at the Adoption Date (excluding any Treasury Shares), i.e. the Service Provider Sublimit.

The total number of new Shares which may be issued in respect of all options and awards to be granted under all share schemes of the Company which are funded by issue of new Shares of the Company (including the 2024 Share Scheme) must not exceed 10% of the Shares in issue (excluding any Treasury Shares) as at the date of approval by the Shareholders of a share scheme or a refreshment of scheme mandate under a share scheme, whichever is the latest.

Others

There is a clawback mechanism under the 2024 Share Scheme to recover or withhold any Options or Awards granted to any Participants in the event of, among others, serious misconduct or other circumstances, details of which are set out in the Appendix III to this circular. By allowing the Company to grant Options and Awards under the 2024 Share Scheme at a price (where applicable) which will be determined on a fair basis according to market value of the Shares and to impose such clawback mechanism and/or require the Eligible Participant to achieve such performance targets as may be stipulated in the Offer Letter on a case by case basis, the Company may be in a better position to retain such Eligible Participants to continue serving the Company whilst at the same time providing these Eligible Participants further incentive in achieving the goals of the Group, and therefore the above provisions align with the purpose of the 2024 Share Scheme.

The Trustee has not been appointed for the Share Scheme as at the Latest Practicable Date, and is expected to be appointed prior to the making of any Offer for the Awards.

The Company has sought legal advice on the applicability of the prospectus requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Ordinance**”). As advised by the Hong Kong legal advisers of the Company, the Directors understand that whilst the 2024 Share Scheme is not restricted to executives and employees of the Group, the adoption of the 2024 Share Scheme would not constitute an offer to public and prospectus requirements under the Ordinance is not applicable. The Company will comply with the relevant requirements under the Ordinance when granting Options and Awards to the Eligible Participants.

A copy of the 2024 Share Scheme will be published on the Stock Exchange and the website of the Company for a period of not less than 14 days before the date of the Annual General Meeting and will be made available for inspection at the Annual General Meeting.

ADOPTION OF THE BKOS 2024 SHARE INCENTIVE SCHEME

Adoption of the BKOS 2024 Share Incentive Scheme

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve and adopt the BKOS 2024 Share Incentive Scheme. The full text of the BKOS 2024 Share Incentive Scheme is set out in Appendix IV to this circular. The BKOS 2024 Share Incentive Scheme was prepared in Chinese. In the event of any discrepancy between the English translation and the Chinese version of the BKOS 2024 Share Incentive Scheme, the Chinese version shall prevail.

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The adoption of the BKOS 2024 Share Incentive Scheme is conditional upon, among other things, (i) the approval by the BKOS Board; (ii) the approval of the BKOS Shareholders; and (iii) the approval of the Shareholders at the Annual General Meeting to be convened for the purpose of considering and, if thought fit, approving, among other things, the adoption of the BKOS 2024 Share Incentive Scheme. Subject to the satisfaction of the aforementioned conditions, the BKOS 2024 Share Incentive Scheme shall become effective upon the date of the First Grant and shall be valid until the date on which all Restricted Shares granted to the Incentive Participants (have vested or have lapsed) provided that such period shall not exceed 60 months.

Background

BKOS is a company incorporated in the PRC with limited liability, whose shares are listed on the SSE STAR Market (stock code: 688111). BKOS is owned as to 51.62% by the Company as of the date of this circular and BKOS is considered as a principal subsidiary of the Company. The BKOS 2024 Share Incentive Scheme will therefore constitute a share scheme under Chapter 17 of the Listing Rules, which applies to the share scheme of a principal subsidiary of a listed issuer.

The shares which are subject to the Restricted Shares granted under the BKOS 2024 Share Incentive Scheme will be the listed shares of BKOS on the SSE STAR Market, not the Company's Shares listed on the Main Board of the Stock Exchange.

Purpose of the BKOS 2024 Share Incentive Scheme and Participants

The purpose of the BKOS 2024 Share Incentive Scheme is to improve BKOS's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of BKOS's employees, effectively align the interests of the BKOS Shareholders, BKOS and the core teams, and enable all parties to jointly contribute to the long-term development of the BKOS Group.

As set out in Appendix IV to this circular, the Incentive Participants include certain core management personnel and technical backbones of the BKOS Group, who are instrumental to the success and long-term growth of the BKOS Group. All Incentive Participants must be employed or engaged by a member of the BKOS Group at the time of grant. The list of eligible Incentive Participants shall be prepared by the BKOS Remuneration Committee and verified and determined by the Supervisory Committee of BKOS. Incentive Participants exclude BKOS' independent directors, supervisors, shareholders who individually or collectively hold 5% or more of the shares of BKOS, and de facto controllers of BKOS and their spouses, parents, children. The eligibility of the Incentive Participants is consistent with the purpose of the BKOS 2024 Share Incentive Scheme, which enables BKOS to use share incentives to retain certain outstanding personnel employed with the BKOS Group.

The total number of Incentive Participants proposed for the First Grant under the BKOS 2024 Share Incentive Scheme is 158. If the circumstances of the Incentive Participants change before the actual grant of the Restricted Shares by the BKOS Board, the BKOS Board may make appropriate adjustments to the actual Incentive Participants. The Incentive Participants for the Reserved Grant shall be determined by the BKOS Board within 12 months from the date on which the BKOS 2024 Share Incentive Scheme is considered and approved at the general meeting of BKOS and at the Annual General Meeting. The reserved interest shall lapse where the Incentive Participants for the Reserved Grant are not determined after 12 months from the aforesaid date. The Incentive Participants of the Reserved Grant shall be determined with reference to the standards of the First Grant.

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Scheme Mandate Limit

As at the Latest Practicable Date, BKOS has a total of 461,817,245 shares in issue. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Restricted Shares to be issued to the Incentive Participants under the BKOS 2024 Share Incentive Scheme (assuming all Restricted Shares will vest and be deliverable) is 1,000,000 shares, representing approximately 0.22% of the issued share capital of BKOS as at the Latest Practicable Date. More specifically:

- **First Grant:** 801,000 Restricted Shares will be granted under the First Grant, which accounts for no less than 80.00% of the total Restricted Shares available under the BKOS 2024 Share Incentive Scheme; and
- **Reserved Grant:** 199,000 Restricted Shares will be granted under the Reserved Grant, which accounts for no more than 20.00% of the total Restricted Shares available under the BKOS 2024 Share Incentive Scheme.

As at the Latest Practicable Date, (i) save for the BKOS 2021 Share Incentive Scheme, the BKOS 2022 Share Incentive Scheme and the BKOS 2023 Share Incentive Scheme, BKOS has not adopted any other share incentive schemes; (ii) the total number of shares underlying the restricted shares granted and to be granted under all of the effective share incentive schemes of BKOS (including the BKOS 2024 Share Incentive Scheme, the BKOS 2023 Share Incentive Scheme, the BKOS 2022 Share Incentive Scheme and the BKOS 2021 Share Incentive Scheme, same below) is 3,870,000 shares, representing approximately 0.84% of the issued share capital of BKOS as at the Latest Practicable Date; (iii) the total maximum number of shares underlying the restricted shares granted and to be granted under all of the effective share incentive schemes of BKOS (whether vested or not) does not exceed 10% of the issued share capital of BKOS as at the Latest Practicable Date.

Grant Price and Basis of Determination of the Grant Price

The Grant Price of the Restricted Shares under the BKOS 2024 Share Incentive Scheme shall not be less than RMB146.74 per share, which represents 51.98% of the closing price of RMB282.28 per share of BKOS quoted on the trading day immediately preceding the date of announcement of the BKOS 2024 Share Incentive Scheme. For details of the pricing methodology, please refer to Appendix IV to this circular. Subject to the control of the share-based payment expenses by BKOS, BKOS Board would be authorized to finalize the Grant Price based on the closing price of the shares of BKOS as at the date of grant, provided that the Grant Price shall not be less than RMB146.74 per share.

In the event of any capitalisation issue, bonus issue, sub-division, rights issue, share consolidation or dividend distribution of BKOS in the period from the date of announcement of the BKOS 2024 Share Incentive Scheme to the completion of vesting and registration of Restricted Shares by the Incentive Participants, the Grant Price or the number of Restricted Shares to be granted/vested shall be adjusted in accordance with the relevant rules of the BKOS 2024 Share Incentive Scheme accordingly. For the avoidance of doubt, no adjustment will be made to the number of Restricted Shares to be granted/vested in the event of dividend distribution.

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BKOS has arrived at the Grant Price and pricing methodology upon taking into account factors including the prevailing market price per share of the BKOS, the roles and responsibilities of the Incentive Participants, the effectiveness of the BKOS 2024 Share Incentive Scheme and the impact of the share payment costs of BKOS, with the fundamental aim of promoting the development of BKOS, and safeguarding the rights and interests of BKOS Shareholders, furthering stabilizing and motivating the core team with the principle of balance between incentives and restraints, providing an incentive and restraint mechanism and guaranteeing availability of talents for the long-term and stable development of BKOS, and reflecting the actual incentive needs of BKOS. The determination of the Grant Price is in line with the requirements under the STAR Market Listing Rules and the Management Measures as well as the market practice for determining Grant Price for Type II restricted shares, which can provide BKOS with sufficient flexibility to determine the Grant Price that can provide adequate incentive to the Incentive Participants to achieve the purpose of the BKOS 2024 Share Incentive Scheme.

Vesting and Performance Targets

The Restricted Shares under the First Grant will vest over a period of three years, while the Restricted Shares under the Reserved Grant will vest over a period of two or three years depending on the date of grant, all of which will be subject to a minimum vesting period of 12 months. The vesting arrangements are in line with market practice and can ensure employee loyalty over the long run and increase long-term sustainability for the business development of BKOS, and therefore is in line with the purpose of the BKOS 2024 Share Incentive Scheme. Vesting of the Restricted Shares is subject to the achievement of certain pre-established performance targets, such as the growth rate of revenue and the growth rate of revenue from institution subscription and services business of BKOS at BKOS level and individual performance assessment at the Participants level.

The revenue and revenue from institution subscription and services business are selected as the performance assessment indicators at BKOS level, which are the core financial indicators and revenue composition indicators of BKOS and therefore in line with the purpose of the BKOS 2024 Share Incentive Scheme. BKOS is a leading provider of the office software and services in the PRC, principally engaged in design, research and development and sales and marketing of the office software products and services of WPS Office. Revenue is the principal operating results and a crucial guarantee for BKOS to improve profitability. The growth rate of revenue reflects BKOS's development capability and industry competitiveness. The subscription-based business model can greatly improve customer stickiness, revenue certainty, and provide continuous and stable cash flow. Using revenue from institution subscription and services business as performance assessment indicator at BKOS level requires BKOS to continuously improve the penetration of WPS Office at all levels of users through measures such as improving the product system, improving service experience, and broadening ecological channels, and actively promote the transformation of domestic institutional customers from the traditional independent end office to cloud and collaborative office.

Clawback

If the Incentive Participants violate the laws and professional ethics, leak confidential information of BKOS, and are negligent or gross misconduct in performance of duties which may cause serious damage to the interests or reputation of BKOS, upon being reviewed by the BKOS Remuneration Committee and reported to the BKOS Board for approval, the Restricted Shares that have been granted to Incentive Participants but not yet vested shall not be vested and shall lapse and be canceled by BKOS. At the same time, in the event of serious circumstances, BKOS may also recover the losses suffered by BKOS in accordance with relevant laws and regulations. The clawback mechanism provides an option for BKOS to

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clawback the share incentives granted to the Incentive Participants culpable of misconduct and is in line with the purpose of the BKOS 2024 Share Incentive Scheme and the interests of BKOS and its shareholders as a whole.

The lapse of Restricted Shares granted under BKOS 2024 Share Incentive Scheme will be regarded as utilised for the purpose of calculating the number of Restricted Shares available for grant.

For details of the BKOS 2024 Share Incentive Scheme, please refer to Appendix IV to this circular.

Listing Rules Implications

As BKOS is a principal subsidiary of the Company, the BKOS 2024 Share Incentive Scheme will be subject to the requirements under Chapter 17 of the Listing Rules, which applies to the share scheme of a principal subsidiary of a listed issuer.

To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, none of the Incentive Participants will be a Director, chief executive or substantial shareholder of the Company or any of their respective associates as at the Latest Practicable Date. In the event that any grant under the BKOS 2024 Share Incentive Scheme (i) will result in the Restricted Shares granted to any Incentive Participant representing in aggregate over 1% of the issued share capital of BKOS in any 12-month period up to and including the relevant date of grant; and/or (ii) will result in the Restricted Shares granted to any Incentive Participant who is a Director, chief executive, substantial shareholder of the Company or any of their respective associates, representing in aggregate over 0.1% of the relevant class of shares in issue of BKOS in any 12-month period up to and including the relevant date of grant, the Company will comply with the relevant requirements under Chapter 17 of the Listing Rules and obtain the prior approval of the Shareholders.

Rule 17.03(13) of the Listing Rules requires that the scheme document must include a provision for adjustment to the exercise or purchase price and/or the number of shares subject to options or awards granted under the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital. Note to Rule 17.03(13) of the Listing Rules states that any adjustment required under Rule 17.03(13) must give the Incentive Participants the same proportion of the equity capital as that to which that person was previously entitled. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 17.03(13) of the Listing Rules so as to enable the adjustments to grant price of the Restricted Shares granted under the BKOS 2024 Share Incentive Scheme in the event of dividend distribution on the basis that, among other things, (a) BKOS is a PRC company with its A shares listed on the SSE STAR Market, and the BKOS 2024 Share Incentive Scheme involves the issue of new A shares of BKOS only. Therefore, the BKOS 2024 Share Incentive Scheme must also comply with applicable PRC laws and regulations, pursuant to which, as advised by the PRC legal advisors to BKOS, the adjustments to the grant price of Restricted Shares granted under the BKOS 2024 Share Incentive Scheme in the event of dividend distribution are required by Article 48 of the Management Measures; (b) the proposed adoption of the BKOS 2024 Share Incentive Scheme will be subject to the approval of (i) the Shareholders at the Annual General Meeting and (ii) the BKOS Shareholders, whereby the Shareholders will have the opportunity to fully consider and evaluate the terms of the BKOS 2024 Share Incentive Scheme based on its merits and the interest of the Shareholders will not be prejudiced; (c) the number of A shares proposed to be issued and granted by BKOS under the BKOS 2024 Share Incentive Scheme is 1,000,000 shares, representing only approximately 0.22% of the issued share capital of BKOS as at the Latest Practicable Date, and the dilution effect for the Company's interests under the BKOS 2024 Share Incentive Scheme is minimal; and (d) the Company believes that the adjustment to grant price of Restricted Shares granted under the BKOS 2024 Share Incentive Scheme in the event of dividend distribution will not adversely affect the interests of Shareholders.

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The terms of the BKOS 2024 Share Incentive Scheme do not require BKOS to appoint any trustee for the purpose of administering the BKOS 2024 Share Incentive Scheme and, as at the Latest Practicable Date, BKOS does not intend to appoint a trustee to the BKOS 2024 Share Incentive Scheme. As such, there is no issue on whether any Director is a trustee of the BKOS 2024 Share Incentive Scheme or having a direct or indirect interest in the trustees of the BKOS 2024 Share Incentive Scheme.

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Kingsoft Software Park, No. 329 Qiandaohuan Road, Tangjiawan Town, Zhuhai, Guangdong, the PRC on 23 May 2024 at 10:30 a.m. is set out on pages 97 to 101 of this circular.

To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolutions regarding the proposed adoption of the 2024 Share Scheme and the BKOS 2024 Share Incentive Scheme at the Annual General Meeting. The Board confirms that to the best of their knowledge, belief and information having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you propose to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch share 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 Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting if you so desire.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(4) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the Directors 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, 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.

LETTER FROM THE CHAIRMAN

RECOMMENDATION

The Directors believe that the resolutions set out in the notice of the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting.

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

This explanatory statement contains all the information required to be given to the Shareholders pursuant to Rule 10.06(1)(b) of the Listing Rules in connection with the proposed Repurchase Mandate, which is set out as follows:

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,339,167,117 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 133,916,711 Shares, representing no more than 10% of the issued share capital of the Company (excluding any Treasury Shares) as at the date of the Latest Practicable Date.

REASONS FOR REPURCHASE

Although the Directors have no present intention of repurchasing any Shares, the Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds entirely from the Company's available cash flow or working capital facilities which will be legally available for such purpose in accordance with its memorandum of association and Articles of Association, the Companies Law of the Cayman Islands and any other applicable law.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the Company's annual report for the year ended 31 December 2023 in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

1. SHARES PRICES

The highest and lowest closing prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date and for the month of April 2024 up to the Latest Practicable Date are as follows:

	Shares Traded Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2023		
April	41.80	33.35
May	33.45	28.40
June	34.60	29.85
July	34.15	30.50
August	33.75	29.20
September	31.05	27.70
October	28.90	26.25
November	31.50	25.00
December	25.50	22.85
2024		
January	23.85	18.72
February	22.10	19.02
March	25.00	20.85
April (up to the Latest Practicable Date)	25.75	23.45

2. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association and Articles of Association of the Company, the laws of Hong Kong and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if the Repurchase Mandate is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

Neither this explanatory statement nor the proposed share repurchase has unusual features.

The Company may cancel such repurchased Shares or hold them as Treasury Shares, subject to market conditions and the Group's capital management needs at the relevant time of the repurchases.

For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

EFFECT OF TAKEOVERS CODE AND PUBLIC FLOAT

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Jun LEI was deemed to be interested in 308,157,048 Shares of the Company, representing approximately 23.01% of the issued share capital of the Company (excluding any Treasury Shares). Among these 308,157,048 Shares, (i) 174,818,191 Shares were held by Color Link Management Limited, a BVI company owned as to 100% by Mr. Jun LEI; (ii) 38,338,857 Shares were held by a wholly owned subsidiary of Xiaomi Corporation, a company controlled by Mr. Jun LEI under the SFO; and (iii) 95,000,000 Shares were deemed to be interested by Mr. Jun LEI under the SFO because under a voting consent agreement and its supplemental agreement entered into by Mr. Jun LEI and Mr. Pak Kwan KAU, Mr. Pak Kwan KAU will vote in the same way as Mr. Jun LEI with these shares.

In the event that the Directors exercised in full the power to repurchase the Shares under the Repurchase Mandate, the interest of Mr. Jun LEI will be increased to approximately 25.57% of the issued share capital of the Company (excluding any Treasury Shares).

In view of this, such increase will not give rise to an obligation on the part of Mr. Jun LEI to make a mandatory offer under the Takeovers Code. As such, as at the Latest Practicable Date, the Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate.

The Company has no present intention to repurchase Shares to such extent as to result in the number of Shares held by the public being reduced to less than 25%.

SHARES REPURCHASE MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company has repurchased a total of 24,129,600 Shares on the Stock Exchange, details of which are set out as follows:

Date of purchases	Number of Shares purchased	Price per Share	
		Highest price paid HK\$	Lowest price paid HK\$
1. 22 November 2023	688,400	29.10	28.95
2. 23 November 2023	715,400	28.10	27.65
3. 27 November 2023	373,000	26.85	26.70
4. 28 November 2023	572,400	26.05	25.90
5. 30 November 2023	791,000	25.20	24.60
6. 4 December 2023	966,000	25.00	24.60
7. 5 December 2023	615,000	24.50	24.20
8. 14 December 2023	135,000	24.50	24.50
9. 18 December 2023	190,600	24.50	24.45
10. 22 December 2023	2,196,600	23.20	22.20
11. 3 January 2024	868,600	23.50	22.80
12. 5 January 2024	898,600	22.40	22.05
13. 8 January 2024	455,200	22.00	21.80
14. 10 January 2024	458,600	21.80	21.75
15. 15 January 2024	459,000	21.85	21.70
16. 16 January 2024	932,600	21.55	21.25
17. 17 January 2024	1,943,800	21.00	20.40
18. 18 January 2024	369,000	20.50	20.15
19. 19 January 2024	2,465,800	20.50	19.76
20. 22 January 2024	2,145,800	18.78	18.42
21. 25 January 2024	478,000	21.00	20.70
22. 26 January 2024	979,000	20.75	20.05
23. 29 January 2024	494,200	20.40	20.10
24. 30 January 2024	1,022,800	19.80	19.30
25. 31 January 2024	1,054,000	19.22	18.84
26. 2 February 2024	521,000	19.24	19.12
27. 5 February 2024	304,400	19.00	18.56
28. 9 February 2024	510,600	19.78	19.32
29. 14 February 2024	50,400	20.00	19.00
30. 19 February 2024	474,800	21.25	20.90

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

Tao ZOU, aged 48, is currently an executive Director, the chief executive officer (“CEO”) and a member of the Environmental, Social and Governance Committee of the Company. Mr. ZOU is a director of Season Holdings, a director of Cheetah Mobile (NYSE: CMCN), Chairman of Kingsoft Office (SSE STAR Market: 688111) and the vice chairman, and the acting CEO of Kingsoft Cloud (Stock Code: 03896 and NASDAQ: KC). Mr. ZOU also serves as a director of Xunlei Limited (NASDAQ: XNET) from 1 December 2016 to 2 April 2020 and a director of 21Vianet Group, Inc. (NASDAQ: VNET) from 1 December 2016 to 14 December 2020. Mr. ZOU graduated from Nankai University in 1997. Mr. ZOU joined us in 1998 and was responsible for the development of our Kingsoft Powerword. Mr. ZOU has been responsible for our entertainment software business since 2004 and served as the CEO of Season Holdings until January 2018. Mr. Zou has served as acting CEO of Kingsoft Cloud since 2022.

Mr. ZOU became a senior vice president of the Company in December 2007 and has been an executive Director of the Company since August 2009 and the CEO of the Company since December 2016.

Mr. ZOU is also a director of certain subsidiaries of the Company.

Mr. ZOU has entered into a service contract as an executive Director with the Company. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

As at the Latest Practicable Date, Mr. Tao ZOU was deemed to be interested in 12,111,707 Shares, representing approximately 0.90% of the issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. ZOU (i) had not held any other positions with any members of the Group; (ii) was not related to any Director, senior management or substantial Shareholder or other members of the Group; (iii) was not interested in the Shares within the meaning of Part XV of the SFO; and (iv) had not held any other directorships in any other listed public companies in the last three years.

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

Pak Kwan KAU, aged 59, was re-designated from an executive Director to a non-executive Director of our Company with effect from 24 October 2011. Mr. KAU has been employed by us since 1988. He graduated from National Defense University of Science and Technology in China in 1984 with a bachelor’s degree in Information Management Systems. Between 1984 and 1987, Mr. KAU worked at various Chinese companies as a software developer.

Mr. KAU started Kingsoft Software in 1988, and he was primarily responsible for the development of WPS 1.0 in 1988. Mr. KAU was named as one of the Top Ten Business Persons of the Year in 2000, one of the China Top Financial Figures of the Year in 2001 by CCTV, one of the Ten Most Influential Leaders in China’s Games Industry at the inaugural China Game Industry Annual Conference in January 2005, and one of the Most Outstanding Entrepreneurs at 2009 China Game Industry Annual Conference held in December 2009. Mr. KAU has never held directorship in any other listed public companies. Mr. KAU was appointed

as an acting CEO of the Company in December 2007. He was the CEO of the Company from May 2008 to 24 October 2011 when he resigned from the post. Mr. KAU was the Chairman of the board of our Company until 5 July 2011.

Mr KAU is also a director of certain subsidiaries of the Company.

Mr. KAU has entered into a service contract as a non-executive Director with the Company. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

As at the Latest Practicable Date, Mr. Pak Kwan KAU was deemed to be interested in 95,000,000 Shares, representing approximately 7.09% of the issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. KAU (i) had not held any other positions with any members of the Group; (ii) was not related to any Director, senior management or substantial Shareholder or other members of the Group; (iii) was not interested in the Shares within the meaning of Part XV of the SFO; and (iv) had not held any other directorships in any other listed public companies in the last three years.

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

Leiwen YAO, aged 42, is a non-executive Director and a member of the Nomination Committee of the Company.

Mr. Yao is currently a Vice General Manager of the Investment Department in Tencent Holdings Limited (“**Tencent**”, a company listed on the Stock Exchange of Hong Kong, Stock Code: 700). He also serves as a non-executive director of Sipai Health Technology Co., Ltd., (a company listed on the Stock Exchange of Hong Kong, stock code: 314), since October 2019.

He joined Tencent in 2011 as a senior investment manager, and was promoted to the Vice General Manager of the Investment Department in Tencent in 2018, responsible for managing the investment, merger and acquisition activities in the high-tech and enterprise services sectors. Prior to joining Tencent, he was an investment director at Mindray, a global medical instrumentation developer, manufacturer and marketer, in charge of merger and acquisition activities in the healthcare sector. Prior to that, he worked at Deutsche Bank as an investment associate.

Mr. YAO received his bachelor’s degree in Economic Information Management and a master’s degree in Finance from the University of International Business and Economics, and his master’s degree in Business Administration from Institut Européen D’ administration des Affaires (INSEAD).

Mr. YAO has entered into a service contract as a non-executive Director with the Company. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Under the service contract, Mr. YAO will not receive Director’s emoluments.

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

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

The following is a summary of the principal terms of the 2024 Share Scheme to be considered and approved by Shareholders at the AGM. It does not form part of, nor is it intended to be part of, the 2024 Share Scheme. The Directors reserve the right at any time prior to the AGM to make amendments to the 2024 Share Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspect with the summary set out in this Appendix.

Purpose: The purpose of the 2024 Share Scheme is to provide incentives or rewards to Eligible Participants thereunder for their contribution to the Group, and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Conditions: The Scheme shall become effective upon fulfilment of the following conditions:

- (a) the passing of a resolution by the Shareholders to approve the adoption of the 2024 Share Scheme; and
- (b) the Stock Exchange granting approval of the listing of, and permission to deal in, the new Shares which may be issued by the Company in respect of all Options and Awards to be granted under the 2024 Share Scheme.

Scheme administration: The 2024 Share Scheme shall be administered by the Scheme Administrator, being either the Board and/or any committee of the Board or other person to whom the Board has delegated its authority to administer the 2024 Share Scheme.

Eligible participants: Eligible Participants are determined by the Scheme Administrator from time to time, or with the approval of the Board or the Scheme Administrator, any special-purpose vehicle (such as a trust or a private company) that is set up for the only purpose of holding the Options or Awards on behalf of any Eligible Participant or a group thereof, to be eligible to participate as grantees under the 2024 Share Scheme, and shall fall under one or more of the below categories:

- (a) ***Employee Participant***, being a director or any employee (whether full time or part time) of any member of the Group (including persons who are granted Options or Awards under the 2024 Share Scheme as an inducement to enter into employment contracts with these companies).
- (b) ***Related Entity Participant***, any person who is an employee (whether full time or part time or other employment relationship), director or officer of any company that is an associate of the Company (as defined in the Listing Rules).

- (c) *Service Provider Participant*, any person (other than an Employee Participant or a Related Entity Participant, solely with respect to rendering services in such person’s capacity as an employee or director) providing services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group as determined by the Board pursuant to the criteria set out below (“**Service Provider(s)**”). Service Providers may include persons who work for the Group as independent contractors where the continuity and frequency of their services are akin to those of employees. For the avoidance of doubt, (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall not be Service Provider Participants for the purposes of the 2024 Share Scheme.

Category	Eligibility criteria for Services Provider Participant
(i) Service providers	Outsourced staff engaged by the Group that provides services which are material and relevant to the Group’s operations (including but not limited to information technology support, customer services and retails store supports) on a regular or recurring basis.
(ii) Consultants	Those that (a) provide consultancy services material and relevant to the Group’s operations (including but not limited to services in recruitment, tax, research and development, market advisory services); (b) engage with the Group on a regular or recurring basis; and (c) have specialties or expertise in areas that supplement the Group or with which the Group would consider important to maintain a close business relationship on an ongoing basis.
(iii) Suppliers	Those that supply the Group with goods on a regular or recurring basis, with which the Group would consider important to maintain a close business relationship on an ongoing basis, and in turn, it would be beneficial to the Group’s business relationship to grant such supplier with proprietary ownership in the Company and to encourage the supplier to have a vested shareholding interest in the Group and in the Group’s future development.

- (iv) Agents and contractors
- Those that provide important services to the Group on a regular or recurring basis with which the Group would consider important to maintain a close collaborative relationship on an ongoing basis, that in turn, it would be beneficial to the collaboration between the Group and the agents and/or contractors to grant such agents and/or contractors proprietary ownership in the Company and to encourage the agents and/or contractors to have a vested shareholding interest in the Group and the Group's future development.

**Scheme Mandate
Limit and Service
Provider Sublimit:**

- (a) The total number of new Shares which may be issued in respect of all Options and Awards to be granted under the 2024 Share Scheme (the “**Scheme Mandate Limit**”) shall not exceed 10% of the Shares in issue (excluding any Treasury Shares) on the Adoption Date, being 133,916,711 Shares, provided that Options or Awards lapsed in accordance with the terms of the 2024 Share Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit; and
- (b) Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Options and Awards to be granted to Service Provider Participants under the 2024 Share Scheme shall not exceed 1% of the total number of Shares in issue as at the Adoption Date (excluding any Treasury Shares) (the “**Service Provider Sublimit**”), provided that Options or Awards lapsed in accordance with the terms of the 2024 Share Scheme will not be regarded as utilised for the purpose of calculating the Service Provider Sublimit. The Service Provider Sublimit is subject to separate approval by the Shareholders at general meeting; and
- (c) The maximum number of Award Shares underlying the Awards to be granted under the 2024 Share Scheme, which shall be satisfied by existing Shares upon vesting of such Awards, shall not exceed 5% of the total number of Shares in issue as at the Adoption Date (excluding any Treasury Shares), being 66,958,355 Shares, subject to adjustment and/or refreshment by the Board in accordance with the terms of the 2024 Share Scheme from time to time, provided that Awards satisfied by existing Shares, which are lapsed in accordance with the terms of the 2024 Share Scheme, will not be regarded as utilised for the purpose of calculating the aforesaid limit.

Note:

The Service Provider Sublimit is determined based on the maximum possible number of Options and Awards that the Company intends to grant to Service Provider Participants and the Company's future business and development plan. The Directors (including the independent non-executive Directors) consider the Service Provider Sublimit to be appropriate and reasonable given the nature of the industries in which the Group operates and the Group's current and future business needs, and takes into account:

- (i) the rationale behind the scope and eligibility criteria of Service Provider Participants, as detailed above;*
- (ii) that this sublimit provides the Group with flexibility to provide incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or directors of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2024 Share Scheme;*
- (iii) the fact that this sublimit represents a maximum limit and that the Company retains the flexibility to Options and Awards from this sublimit to satisfy Options and Awards to other Eligible Participants depending on business growth and needs in the future as and when appropriate. For example, where the Company considers that the business needs of the Group at a future point in time suggests that the full Service Provider Sublimit is no longer needed for Service Provider Participants and that it would be more appropriate and beneficial to serve the purpose of the 2024 Share Scheme to allocate a portion of the Options and Awards under this sublimit to other Eligible Participants; and*
- (iv) the service provider sublimits (as a percentage of the scheme mandate limit) proposed or adopted by other companies listed on the Stock Exchange.*

If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting of the Company, the maximum number of new Shares that may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares (excluding any Treasury Shares) as at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

The total number of new Shares which may be issued in respect of all options and awards to be granted under all share schemes of the Company which are funded by issue of new Shares of the Company (including this Share Award Scheme, and each a “Share Scheme”) must not exceed 10% of the Shares in issue (excluding any Treasury Shares) as at the date of approval by the Company’s shareholders of a Share Scheme or a refreshment of scheme mandate under a Share Scheme, whichever is the latest.

**Refreshing the
Scheme Mandate
Limit and Service
Provider Sublimit:**

The Company may seek the approval of the Shareholders in general meeting for “refreshing” the Scheme Mandate Limit or the Service Provider Sublimit under the 2024 Share Scheme after three years from the Adoption Date or the last refreshment. Any refreshment within any three-year period must be approved by the Shareholders subject to the following provisions:

- (a) any controlling shareholders of the Company and their respective associates (or, if there is no such controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (b) the Company must comply with the relevant requirements of the Listing Rules,

The requirements under sub-paragraphs (a) and (b) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the total number of Shares in issue (excluding any Treasury Shares)) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole Share.

Options and Awards already granted under the 2024 Share Scheme and any other share schemes of the Company (including those outstanding, cancelled or lapsed in accordance with its terms or exercised) shall not be counted for the purpose calculating the Scheme Mandate Limit or the Service Provider Sublimit as refreshed.

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2024 Share Scheme and all other schemes of the Company under the scheme mandate limit as refreshed shall not exceed 10% of the total number of Shares in issue (excluding any Treasury Shares) as at the date of the aforesaid approval to refresh the Scheme Mandate Limit by the Shareholders in general meeting.

Subject to compliance with the relevant requirements as set out in the Listing Rules, the Company may seek separate approval by the Shareholders in general meeting for granting Options or Awards beyond the Scheme Mandate Limit provided that, the Options or Awards in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought.

**Limit on Granting
Options and Awards
to Individual
Participants:**

Where any grant of Options or Awards to an Eligible Participant would result in the new Shares issued and to be issued in respect of all options and awards granted to such person (excluding any Options and Awards lapsed in accordance with the terms of the 2024 Share Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (excluding any Treasury Shares) (the “1% individual limit”), such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or, if the Eligible Participant is a connected person, associates) abstaining from voting. The Company must send a circular to the Shareholders in connection therewith. The said circular must disclose the identity of such Eligible Participant, the number and terms of the Options or the Awards to be granted (and those previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options or Awards to the Eligible Participant and an explanation as to how the terms of the Options or the Awards serve such purpose. The number and terms of the Options or the Awards to be granted to such Eligible Participant must be fixed before Shareholders’ approval.

**Granting Options
of Awards to a
Director, Chief
Executive or
Substantial
Shareholder:**

Any grant of Options or Awards by way of issuance of new Shares to a Director or chief executive or substantial shareholder of the Company, or any of their respective associates under the 2024 Share Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options or the Awards).

Where any grant of Awards (excluding grant of Options) to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the new Shares issued and to be issued in respect of all Awards and other awards granted (excluding any Awards and other awards lapsed in accordance with the terms of the 2024 Share Scheme or the other scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue (excluding any Treasury Shares), such further grant of Awards must be approved by the Shareholders in general meeting in the manner mentioned below.

Where any grant of Options or Awards to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the new Shares issued and to be issued in respect of all Options, Awards, other options and other awards granted (excluding any Options, Awards, other options and other awards lapsed in accordance with the terms of the 2024 Share Scheme or the other scheme, as the case may be) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding any Treasury Shares), such further grant of Options or Awards must be approved by the Shareholders at the general meeting of the Company in the manner mentioned below.

In connection with the aforesaid approvals by the Shareholders, the Company must send a circular to the Shareholders. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the applicable requirements of the Listing Rules.

Any change in the terms of Options or Awards by way of issuance of new Shares granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by Shareholders in the manner mentioned in the aforesaid manner if the initial grant of Options or Awards requires such approval (except where the changes take effect automatically under the existing terms of the 2024 Share Scheme).

The requirements for the grant to a Director or chief executive of the Company mentioned above do not apply where the Eligible Participant is only a proposed Director or chief executive of the Company.

**Grant of Options
or Awards:**

An Offer of grant of Option and/or an Award (as the case may be) shall be made to any Eligible Participant as the Board may from time to time determine in respect of such number of Grant Shares at such Exercise Price (in respect of an Option) or Purchase Price (if any, in respect of an Award). The Offer shall be made upon the terms and conditions as the Board may think fit in its absolute discretion at a consideration of HK\$1.00 by an Offer Letter in such form as the Board may from time to time determine based on the amount of the contribution which the Eligible Participant has made or is likely to make toward the success of the Group and such other factors as the Board may in its absolute discretion consider appropriate. By signing the Offer Letter and accepting the terms thereof, the Eligible Participant shall undertake to hold the Option or the Award on such terms to be granted and to be bound by the provisions of the 2024 Share Scheme. The Offer shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the Grant Date provided that, no Offer shall be open for acceptance after the expiry of the 2024 Scheme Period, and that an Offer cannot be accepted by an Eligible Participant who ceases to be qualified as an Eligible Participant.

An Option or an Award shall be deemed to have been accepted and the Option or the Award to which the Offer relates shall be deemed to have been granted and to have taken effect (with retrospective effect from the Grant Date) when the letter comprising acceptance of the Offer is duly signed by the Grantee together with a remittance in favour of the Company of the consideration for the grant thereof received by the Company.

An 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 the said 28-day period, except as otherwise determined by the Scheme Administrator, it will be deemed to have been irrevocably declined and lapsed automatically.

Restrictions on the Offer to Grant Options or Awards

No Offer to grant any Option or any Award may be made:

- (a) if any member of the Group is required under applicable laws, rules or regulations to issue a prospectus or other offer documents in respect of such grant or the 2024 Share Scheme;
- (b) where such grant or dealing in the Shares in respect of such grant would result in a breach by any member of the Group or any of its directors of any applicable laws, rules, regulations or codes in any jurisdiction from time to time;
- (c) in circumstances where the requisite approval from any applicable governmental or regulatory authority has not been obtained, provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon such approval being obtained;
- (d) in circumstances which would result in a breach of the Scheme Mandate Limit, provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon the Scheme Mandate Limit being refreshed or approval of Shareholders being otherwise obtained;
- (e) where such Award is to a connected person and, under the Listing Rules, requires the specific approval of Shareholders, until such approval of Shareholders is obtained provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon such specific shareholder approval being obtained;
- (f) where inside information (as defined in the Listing Rules) has come to the knowledge of the Company until (and including) the Business Day after the Company has announced such information;
- (g) during the period commencing one month immediately before 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 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); or
 - (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 relevant results announcement; and

- (h) in any other circumstances where dealings by the relevant Eligible Participant (including directors of the Company) are prohibited under the Listing Rules, the Securities and Futures Ordinance or any other applicable laws or regulations or where the requisite approval from any applicable regulatory authorities has not been granted.

**Issue of Shares
and Acquisition
of Shares to Satisfy
the Awards**

The Board shall determine on the Offer Date whether the Awards shall be satisfied by the allotment and issue of new Shares or the acquisition of existing Shares by way of on-market transaction. For the purposes of satisfying the Awards granted, the Company may, as soon as reasonably practicable from the Offer Date, (i) in the case of the Scheme Administrator having determined that the Awards shall be satisfied by the allotment and issue of new Share, allot and issue new Shares to the Trustee under the scheme mandate of the 2024 Share Scheme; (ii) in the case of the Scheme Administrator having determined that the Awards shall be satisfied by the acquisition of existing Shares by way of on-market transactions, transfer to the Trustee the necessary funds and instruct the Trustee to acquire existing Shares by way of on-market transaction at the prevailing market price; and/or (iii) instruct the Trustee whether or not to apply any Returned Shares to satisfy any Awards granted. For the avoidance of doubt, the Company may provide terms and conditions relating to the acquisition of Shares in the instructions to the Trustee. The costs of such allotment or purchase of Shares shall be borne by the Company.

Vesting period:

Under the Board has absolute discretion to set a minimum period for which an Option or an Award has to be held before it is vested (the “**Vesting Period**”). The Vesting Date in respect of any Option or any Award by way of issuance of new Shares shall be not less than 12 months from the Grant Date, provided that for Employee Participants, the Vesting Date may be less than 12 months from the Grant Date (including on the Grant Date) in the following circumstances:

- (a) grants of “make whole” Options or Awards to new Employee Participants to replace share awards such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Options or Awards with performance-based Vesting Conditions in lieu of time-based vesting criteria;
- (d) grants of Options or Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the Vesting Date may be adjusted to take account of the time from which the Option or the Award would have been granted if not for such administrative or compliance requirements;

- (e) grants of Options or Awards with a mixed or accelerated vesting schedule such that the Options or Awards vest evenly over a period of 12 months; or
- (f) grants of Options or Awards with a total vesting and holding period of more than 12 months.

The Scheme Administrator's discretion to determine the Vesting Period, coupled with the power of the Directors to impose any performance target as it deem fit before the Option or Award is vested or other restrictions in respect of the Grant Shares (such as the lock-up period in respect of the Grant Shares as the Scheme Administrator may determine, during which period the Grantee shall not dispose of such Grant Shares), enable the Group to incentivize the Grantees to contribute to the success of the Group.

Note:

The Directors are of the view that the vesting period (including the circumstances in which a shorter vesting period may apply), as detailed above, enables the Company to offer competitive remuneration and reward packages to Employee Participants, on an ad hoc basis, in such circumstances that would be justified and reasonable, which is also consistent with the Listing Rules and the former practice of the Company and peer companies in the Group's industry. Accordingly, the above vesting period is considered appropriate and aligns with the purpose of the 2024 Share Scheme.

Performance targets:

Options and Awards granted under the 2024 Share Scheme are subject to such terms and conditions as may be determined by the Scheme Administrator in its absolute discretion and specified in the Offer of an Option or Award. Such terms and conditions may include any vesting condition (the “**Vesting Condition**”), if any, which must be satisfied before an Option or Award shall become vested so that such Option becomes exercisable by the Option Holder or the Award Shares can be vested unto and transfer to the Award Holder (subject to payment of the relevant Purchase Price (if any) and vesting expenses (if any)).

Except as otherwise determined by the Scheme Administrator at Offer Date to be set out in the Offer Letter, upon termination of the Eligible Participant's Continuous Service for any reason, (i) with respect to an Option granted to such Eligible Participant, to the extent not vested and/or not exercisable on the date of such termination of Continuous Service, shall automatically lapse upon the termination of such Eligible Participant's Continuous Service, subject to any conditions on vesting or exercise and other limitations in respect of such Option so granted may be determined by the Scheme Administrator; and (ii) with respect to an Award granted to such Eligible Participant, to the extent not vested on the date of such termination of Continuous Service, shall automatically lapse upon the termination of such Eligible Participant's Continuous Service, and the relevant Award Shares shall become Returned Shares, subject to any condition and other limitations in respect of such Award so granted may be determined by the Scheme Administrator, provided that, in the event of an Award granted with a Purchase Price, the Scheme Administrator may in its absolute discretion determine whether such Award shall be lapsed upon the termination of Continuous Service.

The Vesting Condition may be a time-based Vesting Condition and/or a performance-based Vesting Condition. Performance-based Vesting Condition requires the Grantee to meet certain performance target, which may be related to the revenue and/or profitability and/or the business goals of the Group or any business unit of the Group to be assessed based on the audited accounts or management account of the Group or the related business unit, or other method as the Scheme Administrator may determine in its absolute discretion. After the grant of an Award, the Scheme Administrator may in its absolute discretion amend any performance-based Vesting Condition if any event occurs which causes it to consider that the amended performance-based Vesting Condition would, in the absolute discretion of the Scheme Administrator, be a more accurate or reasonable measure of the performance of the Grantee.

The performance target(s) of a performance-based Vesting Condition should take such a form as the Scheme Administrator or the Remuneration Committee (as the case may be) may consider appropriate having regard to the key performance indicators, at corporate, subsidiary, division, operating unit, business line, project, geographic or individual level or otherwise, commonly adopted by businesses operating in the industries and markets in which the Group operates. Such performance targets may be set in terms of sales, revenue, cash flow, cash collection, funding costs, returns on investment, number of instances of commencement and completion of projects, customer satisfaction metrics or such other parameters or matters relevant to the roles and responsibilities of the relevant Grantee as the Scheme Administrator or the Remuneration Committee (as the case may be) may determine from time to time.

The Scheme Administrator or the Remuneration Committee (as the case may be) will conduct assessment at the end of the actual performance period by comparing the performance of the relevant business segment(s) and/or (as the case may be) the actual individual performance of the relevant Grantee with the pre-determined target level(s) to determine whether or to what extent the target(s) has(have) been met, with reference to the position and role of the relevant Grantee in the Group to ensure a fair and objective assessment.

If the Vesting Conditions are not satisfied in full, except as otherwise determined by the Scheme Administrator, the Option or the Award shall lapse automatically in respect of such proportion of underlying Shares which have not vested with effect from the date on which the Vesting Conditions are not satisfied, provided that the Eligible Participant's Continuous Service are not terminated.

Note:

The Directors consider that it is not practicable to expressly set out a generic set of performance targets in the 2024 Share Scheme, since each Grantee has a different position/role with respect to the Group and will contribute differently to the Group in both nature, duration and significance. The Scheme Administrator will have regard to the purpose of the 2024 Share Scheme in making such determinations, with performance targets generally being in line with common key performance indicators in the industry of the Group, such as quantitative performance targets to be achieved, the Grantee's background/experience, qualitative contributions made or potentially to be made to the Group, and broader audit result trends, subject to amendments or adjustments as the Scheme Administrator deem appropriate.

Period within which the Option may be Exercised:

Subject to the relevant provisions of these 2024 Share Scheme Rules, upon vesting, an Option may be exercised in accordance with the terms of the Offer Letter and the Share Scheme at any time during the Exercise Period. The Exercise Period is a period to be determined by the Scheme Administrator in its absolute discretion provided that such period shall end not later than 10 years after the date of the grant of the Option.

Exercise Price and Purchase Price:

Exercise Price (in respect of an Option)

The Exercise Price at which an Option Holder may subscribe for Shares upon the exercise of an Option shall be determined by the Board in its absolute discretion, and shall be at least the highest of:

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

Purchase Price (in respect of an Award)

The Board may in its absolute discretion determine whether the Award Holder is required to pay any Purchase Price for the acquisition of the Award Shares and, if so required, the amount of the Purchase Price, after taking into account the practices of comparable companies and the effectiveness of the 2024 Share Scheme in attracting talents and motivating the Award Holder to contribute to the long term development of the Group.

Note:

The above flexibility allows the Company to control the costs incurred by the Company from the grant of Options and/or Awards under the 2024 Share Scheme by correlating the Exercise Price for Options with prevailing market prices at the time of grant (particularly considering that timing of when the Options will be exercised are within the discretion of the grantee and is typically made with reference to the difference between Exercise Price and prevailing market prices at the time of exercise) and the Company reserving the discretion to determine the Purchase Price, if any, on an individual basis taking into account the nature and degree of value benefiting the Group from granting Awards to such grantee, which is aligned with the purpose of the 2024 Share Scheme.

Rights attached to the Options and Awards: The Grantee only has a contingent interest in the Grant Shares underlying an Option or an Award unless and until such Option Shares are actually issued to the Grantee upon the exercise of the Option or such Award Shares are actually vested unto and transferred to the Grantee under the Award. No Grantee shall enjoy any of the rights of a Shareholder (including the right to vote at general meeting of the Company or to receive any dividends or distributions in respect of any Grant Shares) unless and until the Grant Shares are actually issued or transferred (as the case may be) to the Grantee as aforesaid save as otherwise provided for hereunder. An Award Holder does not have any rights to any of the Related Income until the Award Shares and Related Income are vested unto and transferred to them.

The Shares to be issued upon the exercise of an Option or transferred upon the vesting of an Award shall be subject to all the provisions of the memorandum of association of the Company for the time being in force and the Articles, and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights as, the fully paid Shares in issue on the date on which those Option Shares are issued or those Award Shares are transferred and, without prejudice to the generality of the foregoing, shall entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which those Option Shares are issued or those Award Shares are transferred, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which those Option Shares are issued or those Award Shares are transferred.

Transferability of Options and Awards: An Option or an Award shall be personal to the Grantee, and shall not be transferrable or assignable unless a waiver is granted by the Stock Exchange. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option or any Award, unless a waiver is granted by the Stock Exchange for such transfer. Where the Grantee is a company, any change of its controlling shareholder or any substantial change in its management (which is to be determined by the Scheme Administrator in its absolute discretion) will be deemed to be a sale or transfer of interest aforesaid.

The Company may apply (but is not bounded to make any application) to the Stock Exchange for the waiver of the Option or the Award to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the 2024 Share Scheme and comply with other requirements of Chapter 17 of the Listing Rules.

Exercise of Options: Subject to the relevant provisions of these 2024 Share Scheme Rules, upon vesting and subject to the applicable Exercise Period and the terms of the 2024 Share Scheme, an Option (to the extent vested) may be exercised in whole or in part in accordance with the terms of the Offer Letter and the 2024 Share Scheme at any time during the Exercise Period (which shall be a period to be determined by the Scheme Administrator in its absolute discretion provided that, such period shall end not later than 10 years after the date on which the Option is deemed to be granted under relevant provisions set out under the section headed “Grant of Options or Awards”) by the Grantee (or, in the case of his death, his legal personal representative(s)) giving notice in writing (in such form as the Scheme Administrator may from time to time specify) 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 Exercise Price for the Shares in respect of which the notice is given. Any notice given without the relevant remittance shall be invalid. Notwithstanding any contrary provisions herein contained, if at the time an Option Holder wishes to exercise his Option, the exercise of such Option or the consequence of such exercise is not permitted by applicable laws or the Listing Rules, the Option Holder shall not be entitled to exercise his Option until such exercise becomes permissible by the applicable laws and the Listing Rules.

Without prejudice to other provisions of these Scheme Rules, an Option granted hereunder may be exercised by the Grantee (or his or her legal personal representatives) at any time during the Exercise Period, provided that:

- (a) in the event of the Grantee ceasing to be an Eligible Participant for any reason other than due to (i) his or her death, (ii) one or more of the Grounds for Termination with Cause, 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 an Eligible Participant by reason of death or disability (provided that none of the events which would be a Ground for Termination with Cause arises prior to his or her death or Disability), the legal personal representative(s) of such 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 an Eligible Participant due to the disability (or such longer period as the Scheme Administrator 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 an Eligible 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 with Cause 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 Scheme Administrator 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 Scheme Administrator 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 sub-paragraph (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 Exercise Price for the Option 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 Rule) and thereupon, each Grantee (or where permitted under sub-paragraph (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 Exercise Price for the Option 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 Option Shares to the Grantee credited as fully paid, which shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation; 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 sub-paragraph (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.

Vesting of Awards: For the purposes of vesting of the Award, the Scheme Administrator may either:

- (a) cause the Award Shares to be allotted and issued to the Award Holder upon the vesting of the relevant Awards or as soon as reasonably practicable thereafter if it is not pragmatic to effect such allotment and issue on the Vesting Date;
- (b) direct and procure the Trustee to release from the Trust the Award Shares to the Award Holder by transferring the number of Award Shares so vested to the Award Holder in such manner as may be determined by it from time to time; or
- (c) if, based on advice from a legal or tax adviser engaged by the Company, the Scheme Administrator considers in its absolute opinion that (i) it is not practicable for such Award Holder to receive the Award in Shares as set out in the Vesting Notice solely due to legal or regulatory restrictions with respect to such Award Holder's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to such Award Holder, or (ii) the tax position of the Company or such Award Holder would be adversely affected if such Award Holder receives the Award in Shares, the Scheme Administrator will direct and procure the Trustee to sell by way of on-market transaction at the prevailing market price, the number of Award Shares so vested in respect of such Award Holder and pay such Award Holder the net proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares.

Except in the circumstances as set out below, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Scheme Administrator from time to time prior to any Vesting Date, the Scheme Administrator shall send to the Trustee a vesting notice (the "**Vesting Notice**") and instruct the Trustee the extent to which the Award Shares held in the Trust (including, without limitation, whether the Award Shares should comprise of new Shares and/or existing Shares acquired by way of on-market transaction) shall be transferred and released from the Trust to the Award Holder in the manner as may be determined by the Scheme Administrator, or be sold as soon as practicable from the Vesting Date.

Except in the circumstances as set out below, subject to the receipt of the Vesting Notice and the instructions from the Scheme Administrator, the Trustee shall transfer and release the relevant Award Shares to the relevant Award Holder in the manner as may be determined by the Scheme Administrator or sell the relevant Award Shares within any time stipulated above and pay the Actual Selling Price of such Award Shares to the Award Holder within a reasonable time period (in both cases with the Related Income derived from such Award Shares) in satisfaction of the Award.

Other than the stamp duty to be borne by the Company in accordance with the section headed “Vesting of Awards” in Appendix III, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes, as applicable), duties, social security contributions, impositions, charges and other levies arising out of or in connection with the Award Holder’s participation in the 2024 Share Scheme or in relation to the Award Shares, Related Income or cash amount of equivalent value of the Award Shares (the “Taxes”) shall be borne by the Award Holder, and neither the Company nor the Trustee shall be liable for any Taxes. The Award Holder shall indemnify all members of the Group and the Trustee against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, any member of the Group and/or the Trustee may, notwithstanding any contrary provisions of the 2024 Share Scheme (but subject to applicable law):

- (a) reduce or withhold the number of the Award Holder’s Award Shares underlying the Award or the amount of the Related Income (the number of Award Shares underlying the Award that may be reduced or withheld shall be limited to the number of Award Shares that have a fair market value on the date of reduction or withholding that, in the reasonable opinion of the Company, is sufficient to cover any such liability);
- (b) sell, on the Award Holder’s behalf, such number of Shares to which the Award Holder becomes entitled under the 2024 Share Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;
- (c) deduct or withhold, without notice to the Award Holder, the amount of any such liability from any payment to the Award Holder made under the 2024 Scheme or from any payments due from a member of the Group to the Award Holder, including from any amount payable to the Award Holder by any member of the Group; and/or
- (d) require the Award Holder to remit to any member of the Group an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by any member of the Group on account of the Award Holder or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

The Trustee shall not be obliged to transfer any Award Shares (or pay the Actual Selling Price of such Award Shares) or Related Income to an Award Holder unless and until the Award Holder satisfies the Trustee and the Company that such Award Holder’s obligations under the above have been met.

Notwithstanding the above, if the Company, the Trustee or any relevant Award Holder would or might be prohibited from dealing in Shares by the Listing Rules, or any other applicable laws or regulations at the time when the Shares would otherwise have been allotted, issued, transferred or sold (as the case may be) under those provisions, the allotment, issue, transfer or sale shall occur as soon as possible after the date when such dealing is permitted by the Listing Rules, or the applicable laws or regulations.

Notwithstanding any contrary provisions herein contained, the rights of the Award Holder to have the relevant Award Shares and the Related Income to be transferred to it upon vesting is subject to the payment to the Trustee the Purchase Price (if any) and the vesting expenses (as applicable), provided that, Continuous Services of the relevant Award Holders shall not be terminated throughout the period commencing from the Vesting Date and up to such payment is made. Further, in the event that the Trustee does not received the relevant Purchase Price and the relevant vesting expenses within certain period as determined by the Scheme Administrator after the vesting of the Award (or any part thereof), or the Continuous Service of an Award Holder is terminated prior to the payment of the Purchase Price, except as otherwise determined by the Scheme Administrator, the Award (or any part thereof) which would have otherwise been vested but for this paragraph shall automatically lapse and the relevant Award Shares shall be deemed to be Returned Shares.

**Alternations
in Share Capital
or Corporate
Transactions:**

Alternations in Share Capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party) after the Adoption Date, the Board shall make such corresponding adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change with respect to:

- (a) the number of Shares comprising the Scheme Mandate Limit or Service Provider Sublimit, provided that, in the event of any Share subdivision or consolidation, the Scheme Mandate Limit Service Provider Sublimit as a percentage of the total issued Shares of the Company at the date immediately before any consolidation or subdivision shall be the same on the date immediately after such consolidation or subdivision;
- (b) the number of Shares subject to the Options or the Awards, to the extent any Option has not been exercised or the Award so far as unvested; and/or
- (c) the Exercise Price or Purchase Price (if any),

or any combination thereof, as the Auditors or a financial advisor engaged by the Company for such purpose have certified satisfy the relevant requirements of the Listing Rules and are, in their opinion, fair and reasonable either generally or as regards any particular Grantee, provided always that: (i) any such adjustments should give each Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that Grantee was previously entitled prior to such adjustments; and (ii) no such adjustments shall be made which would result in a Share being issued at less than its nominal value. The capacity of the Auditors or financial advisor (as the case may be) herein is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

Corporate Transactions

Without prejudice to the abovementioned alternations in share capital, unless otherwise instructed by the Board:

- (a) in the event of the Company undertaking a rights issue, the Trustee shall sell the nil-paid rights allotted to it, and hold the net proceeds of sale as (i) the Related Income or funds of the Trust as may be directed by the Scheme Administrator in its absolute discretion (for the cash income derived from Award Shares) or (ii) funds of the Trust (for the cash income derived from Returned Shares);
- (b) in the event of the Company issuing bonus warrants in respect of any Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares by exercising any of the subscription rights attached to the bonus warrants, and shall sell the bonus warrants created and granted to it within a reasonable period of time, and hold the net proceeds of sale of such bonus warrants as (i) the Related Income or funds of the Trust as may be directed by the Scheme Administrator in its absolute discretion (for the cash income derived from Award Shares) or (ii) funds of the Trust (for the cash income derived from Returned Shares);
- (c) in the event of the Company undertaking a scrip dividend scheme, the Trustee shall elect to receive the cash component, and hold such cash dividend received as (i) the Related Income or the funds of the Trust as may be directed by the Scheme Administrator in its absolute discretion (for the cash income derived from Award Shares) or (ii) funds of the Trust (for the cash income derived from Returned Shares);

- (d) in the event of other non-cash and non-scrip distributions made by the Company in respect of the Shares held under the Trust, the Trustee shall sell such distribution and the net sale proceeds thereof shall be held as (i) the Related Income or the funds of the Trust as may be directed by the Scheme Administrator in its absolute discretion (for net sale proceeds derived from the sale of distributions in respect of Award Shares) or (ii) funds of the Trust (for net sale proceeds derived from the sale of distributions in respect of the Returned Shares);
- (e) without prejudice to other provisions of these 2024 Share Scheme Rules, if there is an event of change in control of the Company as the result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Board shall at its sole discretion determine whether the Vesting Dates of any Option or any Award will be accelerated and/or the vesting conditions or criteria of any Option or any Award will be amended or waived, and notify the Grantees accordingly.

For the purpose of this section, “control” shall have the meaning as specified in The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC from time to time.

**Lapse of Options
and Awards:**

In respect of an Option

Without prejudice and subject to other relevant provisions of these Scheme Rules or otherwise determined by the Scheme Administrator, an Option, (i) if unvested, shall lapse automatically, or (ii) if vested, shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of any applicable Exercise Period;
- (b) the expiry of any of the periods referred to in sub-paragraphs (a), (b) or (c) under the section headed “Exercise of Option”;
- (c) the date on which the offer (or, as the case may be, the revised offer) referred to in sub-paragraph (d) under the section headed “Exercise of Option” closes;
- (d) subject to sub-paragraph (e) under the section headed “Exercise of Option”, the date of the commencement of the winding-up of the Company;
- (e) subject to sub-paragraph (f) under the section headed “Exercise of Option”, the date when the proposed compromise or arrangement becomes effective;
- (f) subject to other relevant provisions of these Scheme Rules, a Grantee ceases to be an Eligible Participant due to the termination of Continuous Service pursuant to relevant provisions under the section headed “Performance targets”;

- (g) the date on which the Scheme Administrator makes a determination under relevant provisions under the section headed “Clawback”;
- (h) the date on which the Grantee, being an employee or a director of a member of the Group, ceases to be an Eligible Participant by reason of a termination of his employment or removal from his office of directorship on any one or more of the grounds (as may be determined by the Scheme Administrator in its absolute discretion) that he has been guilty of persistent or serious misconduct, or has become bankrupt or has made any arrangement or composition with his creditors generally or undertakes analogous proceedings, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Company and its subsidiaries into disrepute) 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 a Related Entity (the “**Grounds for Termination with Cause**”);
- (i) in the case of the Grantee being a Service Provider, the date on which the Board in its absolute opinion determines that the Grantee (i) has committed a material breach of any contract entered into between the Grantee and any member of the Group; (ii) has committed an act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made an arrangement or composition with his creditors generally; (iii) the Grantee can no longer make any contribution to the growth and development of the Group; or (iv) the Grantee has directly or indirectly involved or engaged in any business which competes or likely to compete with the business of any member of the Group, or has solicited or enticed away any suppliers, customers or employees from any member of the Group;
- (j) in respect of an Option which are subject to performance or other Vesting Condition(s), the date on which the condition(s) to vesting are not capable of being satisfied;
- (k) the date on which the Grantee commits a breach of any restriction on transfer or others as mentioned in the section headed “Transferability of Options and Awards”; and
- (l) the date on which the Grantee is found to be resident in a place where the grant of the Option to him, the exercise of the Option by him, and/or the issue of the Option Shares to him pursuant to the terms of the 2024 Share Scheme is not permitted under the laws and regulations of such place or where in the absolute opinion of the Scheme Administrator or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Grantee.

In respect of an Award

Without prejudice and subject to other relevant provisions of these Scheme Rules or otherwise determined by the Scheme Administrator, an Award shall lapse automatically (to the extent not already vested) on the earliest of:

- (a) subject to other relevant provisions of these Scheme Rules, a Grantee ceases to be an Eligible Participant due to the termination of Continuous Service pursuant to relevant provisions under the section headed “Performance targets”;
- (b) in respect of the Awards granted with Purchase Price, the expiry of the period for payment to be made by a Grantee pursuant to relevant provisions under the section headed “Vesting of Awards”;
- (c) the date on which the Scheme Administrator makes a determination under relevant provisions under the section headed “Clawback”;
- (d) the date on which the Grantee, being an employee or a director of a member of the Group, ceases to be an Eligible Participant by reason of the Grounds for Termination with Cause;
- (e) in respect of the Awards granted without Purchase Price, the date on of an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement);
- (f) in the case of the Grantee being a Service Provider, the date on which the Board in its absolute opinion determines that the Grantee (i) has committed a material breach of any contract entered into between the Grantee and any member of the Group; (ii) has committed an act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made an arrangement or composition with his creditors generally; (iii) the Grantee can no longer make any contribution to the growth and development of the Group; or (iv) the Grantee has directly or indirectly involved or engaged in any business which competes or likely to compete with the business of any member of the Group, or has solicited or enticed away any suppliers, customers or employees from any member of the Group;
- (g) in respect of an Award which are subject to performance or other Vesting Condition(s), the date on which the condition(s) to vesting are not capable of being satisfied;
- (h) the date on which the Grantee commits a breach of any restriction on transfer or others as mentioned in the section headed “Transferability of Options and Awards”; and

- (i) the date on which the Grantee is found to be resident in a place where the grant of the Award to him, the vesting and transfer of the Award Shares and/or the Related Income to him pursuant to the terms of the 2024 Share Scheme is not permitted under the laws and regulations of such place or where in the absolute opinion of the Scheme Administrator or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Grantee.

The Scheme Administrator shall have the power to decide whether an Option or an Award shall lapse and its decision shall be binding and conclusive on all parties. The Company shall not owe any liability to any Grantee for the lapse of any Option or any Award hereunder.

**Cancellation of
Options or Awards:**

The Board may, with the consent of the relevant Grantee, in its absolute discretion cancel any Option or any Award granted. Where the Company cancels an Option or an Award and makes a new grant of an Option or an Award to the same Grantee, such new grant may only be made under the 2024 Share Scheme with available scheme mandate approved by the Shareholders as aforementioned. The Options and Awards cancelled will be regarded as utilized for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

Clawback:

Under the 2024 Share Scheme, In the event that:

- (a) At any time after a Grantee is found to have engaged in serious misconduct including but not limited to, fraud and deception, guilty of persistent or serious misconduct, convicted of any criminal offence, are discovered;
- (b) the performance forming the basis on which the grant of an Option or an Award, or its becoming exercisable or vested (as the case may be) has been proved not genuine; or
- (c) in the reasonable opinion of the Scheme Administrator, a Grantee has committed a serious breach of an internal policy or code of any member of the Group, including the breach of a non-compete obligation or Commitment to anti-corruption imposed on the Grantee by the Group, and such breach is considered material;

then the Board may make a determination at its absolute discretion that: (A) any Option or any Award granted but not yet exercised or settled shall immediately lapse, regardless of whether such Options or such Awards have vested or not, and (B) with respect to any Grant Share delivered, or Actual Selling Price paid, to the Grantee pursuant to any Option or any Award granted under the 2024 Share Scheme, the Grantee shall be required to transfer back to the Company or its nominee (1) the equivalent number of Shares, (2) an amount in cash equal to the market value of such Shares or the Actual Selling Price, or (3) a combination of (1) and (2).

Note:

The Directors are of the view that the above clawback mechanism enables the Company to clawback Options and/or awards received by those Grantees that have, for example, committed a serious misconduct such as fraud or deception. In the abovementioned circumstances, the Company would not consider it in the Company or Shareholders' best interests to incentivise them with proprietary interests of the Company under the 2024 Share Scheme, nor would the Company consider such Grantees benefiting under the 2024 Share Scheme to align with the purpose of the 2024 Share scheme. As such, the Company considers this clawback mechanism appropriate and reasonable.

**Scheme Life
and Termination:**

The 2024 Share Scheme shall be valid and effective for the period (the “**Term**”) (i) commencing on the Adoption Date, subject to the fulfilment of the conditions set out above, and (ii) ending on the earlier of the 10th anniversary of the Adoption Date or the date of early termination of the 2024 Share Scheme as mentioned below.

The Scheme shall terminate on the earlier of:

- (a) the expiry of the 2024 Scheme Period; and
- (b) such date of early termination as determined by the Board.

After the expiry of the Term, no further Options or Awards may be granted but the provisions of the 2024 Share Scheme shall remain in full force and effect in all other respects in respect of Options and Awards granted prior thereto but not yet exercised or vested at the time of expiry, which shall continue to be exercisable, and able to be vested, after the expiry of the Term in accordance with their terms of grants.

On the Business Day following the settlement, lapse, forfeiture or cancellation (as the case may be) of the last outstanding Award made under the 2024 Share Scheme, the Trustee shall sell all the Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse, forfeiture or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale and the funds of the Trust (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust Deed) to the Company or at its direction.

Costs:

The Company shall bear the costs of establishing and administering the 2024 Share Scheme, including, for the avoidance of doubt, expenses incurred in the purchase of Shares by the Trustee and stamp duty and normal registration fees (i.e. not being fee chargeable by the share registrar for any express service of registration) in respect of the transfer of Shares to the Award Holder on the relevant Vesting Date or the issue of the Option Shares. The Company shall not be liable for any tax or expenses of such other nature payable on the part of any Grantee or the Trustee in respect of any sale, purchase, vesting, issue or transfer of Shares and the Related Income.

Stock code: 688111

Stock abbreviation: Kingsoft Office

Beijing Kingsoft Office Software, Inc.
北京金山辦公軟件股份有限公司
2024 Restricted Share Incentive Scheme
(Draft)

WARNING: The contents of this Incentive Scheme and the documents referred to in it have not been reviewed by any regulatory authority in Hong Kong or elsewhere. You are advised to exercise caution in relation to the offer of the Restricted Shares under this Incentive Scheme. If you are in any doubt about any of the contents of this Incentive Scheme, you should obtain independent professional advice.

Beijing Kingsoft Office Software, Inc.
April 2024

DISCLAIMER

The board of directors and all directors of the Company guarantee that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and accept responsibilities for the truthfulness, accuracy and completeness of its contents in accordance with law.

All Incentive Participants of the Company undertake that, where false representations or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with the conditions of grant or Vesting arrangements, the Incentive Participants concerned shall return to the Company all interests gained through the Incentive Scheme calculated from the date when it is confirmed that the relevant information disclosure documents of the Company contain false representations, misleading statements or material omissions.

SPECIAL NOTICE

- I. The Incentive Scheme is formulated in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), the Management Measures for Share Incentive Scheme Adopted by Listed Companies (《上市公司股權激勵管理辦法》), the Guidelines for Self-discipline Supervision of Companies Listed on the STAR Market No. 4 — Disclosure of Information on Share Incentives (《科創板上市公司自律監管指南第4號 — 股權激勵信息披露》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) and other relevant laws, regulations and regulatory documents, as well as the Articles of Association of Beijing Kingsoft Office Software, Inc. (《北京金山辦公軟件股份有限公司章程》).
- II. The incentive instruments adopted in this Incentive Scheme are Restricted Shares (Type II Restricted Shares). The source of the shares is the ordinary A shares of the Company to be issued to the Incentive Participants by Beijing Kingsoft Office Software, Inc. (hereinafter referred to as the “**Company**” or the “**Listed Company**”) upon Vesting or the ordinary A shares of the Company to be repurchased by the Company on the secondary market.

Incentive Participants that meet the conditions for the grant under the Incentive Scheme, upon satisfaction of the Vesting Conditions, shall receive in tranches the ordinary A shares newly issued by the Company at the Grant Price or the ordinary A shares purchased by the Company on the secondary market. Such shares will be registered or transferred by way of non-trading at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Prior to Vesting, the Restricted Shares granted to the Incentive Participants do not carry any rights of the shareholders of the Company, and such Restricted Shares shall not be transferred or used to guarantee or repay debts.

- III. A maximum of 1,000,000 Restricted Shares may be granted to the Incentive Participants under the Incentive Scheme, representing approximately 0.22% of the total share capital of the Company of 461,817,245 shares as at the date of the announcement of the draft Incentive Scheme, among which, 801,000 Restricted Shares will be granted under the First Grant, which accounts for approximately 0.17% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme and no less than 80.00% of the total Restricted Shares available under the Incentive Scheme; 199,000 Restricted Shares will be granted under the Reserved Grant, which accounts for approximately 0.04% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme and no more than 20.00% of the total Restricted Shares available under the Incentive Scheme.

The Company's 2021 Restricted Share Incentive Scheme (Draft) was considered and approved at the 2020 Annual General Meeting of the Company, the Company's 2022 Restricted Share Incentive Scheme (Draft) was considered and approved at the 2021 Annual General Meeting of the Company, and the Company's 2023 Restricted Share Incentive Scheme (Draft) was considered and approved at the 2022 Annual General Meeting of the Company, which are still under implementation. As at the date of the announcement of the draft Incentive Scheme, the maximum number of Restricted Shares granted and to be granted under all effective share schemes (including the Incentive Scheme) of the Company shall not exceed 10.00% of the total share capital of the Company as at the date on which the Incentive Scheme is submitted for approval at the general meeting of the Company and Kingsoft. The maximum number of Restricted Shares granted and to be granted to any one of the Incentive Participants under all effective share schemes (including the Incentive Scheme) of the Company shall not exceed 1.00% of the total share capital of the Company as at the date on which the Incentive Scheme is submitted for approval at the general meeting of the Company and Kingsoft.

- IV. The Grant Price of the Restricted Shares under the Scheme shall not be less than RMB146.74 per share. Subject to the control of the share-based payment expenses by the Company, the board of directors of the Company would be authorized to finalize the Grant Price based on the closing price of the Company's shares as at the Grant Date, provided that the Grant Price shall not be less than RMB146.74 per share.

In the event of any capitalisation issue, bonus issue, sub-division or consolidation of shares, rights issue or distribution of dividends of the Company during the period from the date of the announcement of the draft Incentive Scheme to the completion of the Vesting of Restricted Shares by the Incentive Participants, the Grant Price and number of Restricted Shares to be granted/vested shall be adjusted in accordance with the relevant rules of the Incentive Scheme accordingly.

- V. The total number of Incentive Participants proposed for the First Grant under the Incentive Scheme is 158, including certain core management personnel and technical backbones of the Company (including subsidiaries) who are in office as at the date of the announcement of the Scheme.

The Incentive Participants for the Reserved Grant refer to the Incentive Participants who are not determined when the Incentive Scheme is approved at the general meeting of the Company and Kingsoft but have been included in the Incentive Scheme during the Validity Period of the Incentive Scheme and who shall be determined by the board of directors of the Company within 12 months since the date on which the Incentive Scheme is considered and approved at the general meeting of the Company and Kingsoft. The reserved interest shall lapse where the Incentive Participants for the Reserved Grant are not determined after 12 months from the aforesaid date. The Incentive Participants of the Reserved Grant shall be determined with reference to the standard of the First Grant.

- VI. The Validity Period of the Incentive Scheme commences from the date of the First Grant of the Restricted Shares until the date on which all Restricted Shares granted to the Incentive Participants have vested or lapsed and canceled by the Company. The Validity Period shall not exceed 60 months. The Restricted Shares granted to the Incentive Participants shall be vested in tranches as per the agreed proportions, and it is a prerequisite for each Vesting to meet the corresponding Vesting Conditions.

VII. None of the following circumstances under which the implementation of the share incentive shall not be conducted as stipulated in Article 7 of the Management Measures for Share Incentive Scheme Adopted by Listed Companies (《上市公司股權激勵管理辦法》) has occurred to the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
4. laws and regulations stipulate that share incentives shall not be implemented;
5. other circumstances as determined by the CSRC.

VIII. The Incentive Participants under the Incentive Scheme exclude the Company's independent directors, supervisors, shareholders individually or jointly holding 5% or more of the shares of the Listed Company, de facto controller of the Listed Company and their spouses, parents and children. Incentive Participants have satisfied the provisions of Article 8 of the Management Measures for Share Incentive Scheme Adopted by Listed Companies, and are not subject to any following circumstances where a person is prohibited from being an Incentive Participant:

1. being identified as an inappropriate candidate by the SSE within the most recent 12 months;
2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
3. being subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;
4. being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
5. being prohibited from participation in share schemes of listed companies by laws and regulations;
6. other circumstances as determined by the CSRC.

IX. The Company undertakes that it shall not provide loans and any other forms of financial assistance to the Incentive Participants for acquiring the Restricted Shares under the Incentive Scheme, including provision of guarantee for their loans.

- X. The Incentive Scheme shall be formulated by the Remuneration and Appraisal Committee and submitted to the board of directors of the Company for consideration and approval, and shall be implemented after being considered and approved at the general meeting of the Company and Kingsoft.
- XI. Within 60 days from the date on which the Incentive Scheme is considered and approved at the general meeting of the Company and Kingsoft (whichever is later), the Company shall convene a board meeting to make grants to the Incentive Participants under the First Grant in accordance with the relevant requirements, and complete announcement and other relevant procedures. If the Company fails to complete the above work within the 60-day period, it shall timely disclose the reasons for the failure and terminate the implementation of the Incentive Scheme, and the Restricted Shares that have not been granted shall lapse and be canceled by the Company. According to the requirements of the Management Measures for Share Incentive Scheme Adopted by Listed Companies, the period during which a listed company may not make grants is not counted within the 60 days.
- XII. The implementation of the Incentive Scheme will not result in the shareholding distribution not meeting the listing requirements.
- XIII. In the event of any discrepancies between this special notice and the main text, the main text shall prevail.

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CHAPTER I DEFINITIONS

Unless otherwise specified, capitalised terms shall have the same meanings as those hereinafter defined:

Kingsoft Office, the Company, our Company, the Listed Company	Beijing Kingsoft Office Software, Inc.
The Incentive Scheme, the Scheme	the 2024 Restricted Share Incentive Scheme of Beijing Kingsoft Office Software, Inc.
Restricted Shares, Type II Restricted Shares	the Shares of the Company to be obtained in tranches and registered by the Incentive Participants who meet the conditions for grant under the Incentive Scheme after meeting the corresponding Vesting Conditions
Incentive Participants	in accordance with the provisions of the Incentive Scheme, the core management personnel and technical backbones of the Company (including its subsidiaries) to receive the Restricted Shares
Grant Date	the date on which the Company grants the Restricted Shares to the Incentive Participants
Grant Price	the price of each Restricted Share granted to the Incentive Participants
Validity Period	the period commencing on the date of the First Grant and ending on the date on which all Restricted Shares granted to the Incentive Participants have been vested or lapsed and canceled by the Company
Vesting	the act of registering the Restricted Shares by the Listed Company to the account of an Incentive Participant after the Vesting Conditions having been satisfied by the Incentive Participant
Vesting Conditions	the Vesting Conditions as stipulated under the Incentive Scheme which must be satisfied by an Incentive Participant in order to obtain the incentive shares
Vesting Date	the date on which the registration of the granted Restricted Shares is completed after the Vesting Conditions having been satisfied by an Incentive Participant, which must be a trading day
Kingsoft	Kingsoft Corporation Limited
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China

Management Measures	the Management Measures for Share Incentive Scheme Adopted by Listed Companies (《上市公司股權激勵管理辦法》)
STAR Market Listing Rules	the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Guidelines for Self-discipline	the Guidelines for Self-discipline Supervision of Companies Listed on the STAR Market No. 4 — Disclosure of Information on Share Incentives (《科創板上市公司自律監管指南第4號 — 股權激勵信息披露》)
Articles of Association	Articles of Association of Beijing Kingsoft Office Software, Inc.
CSRC	the China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Stock exchange	the stock exchange where the shares of the Company is listed
RMB, RMB0'000	RMB, RMB0'000

Note 1: Unless otherwise stated, the financial data and financial indicators referenced herein shall mean the financial data on a consolidated basis and financial indicators calculated based on such financial data.

Note 2: Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

CHAPTER II PURPOSE AND PRINCIPLE OF THE INCENTIVE SCHEME

I. Purpose of the Incentive Scheme

To further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding personnel, fully mobilise the enthusiasm of the Company's core teams, effectively bond the interests of shareholders, the Company and core teams together, enable all parties to jointly contribute to the long-term development of the Company, and under the premise of fully safeguarding the interests of shareholders, the Incentive Scheme is formulated following the principle of incentives equivalent to constraints in accordance with the relevant laws, regulations and regulatory documents including the Company Law, the Securities Law, the Management Measures, the STAR Market Listing Rules, the Hong Kong Listing Rules and the Guidelines for Self-discipline and the relevant provisions of the Articles of Association.

II. Summary of other incentive schemes and long-term incentive mechanism

As of the date of the announcement of the Incentive Scheme, the Company is implementing the 2021 Restricted Share Incentive Scheme, the 2022 Restricted Share Incentive Scheme and the 2023 Restricted Share Incentive Scheme. The Incentive Scheme, the 2021 Restricted Share Incentive Scheme, the 2022 Restricted Share Incentive Scheme and the 2023 Restricted Share Incentive Scheme, which are currently being implemented, are independent of, and not connected with each other.

The 2021 Restricted Share Incentive Scheme was considered at the 14th Meeting of the Second Session of the Board of Directors convened on 12 May 2021, and was considered and approved at the 2020 Annual General Meeting convened on 2 June 2021, and became effective. On 2 June 2021, the Company convened the 15th Meeting of the Second Session of the Board of Directors and the 13th Meeting of the Second Session of the Supervisory Committee, and agreed that the Company would grant 700,000 Type II restricted shares to 223 incentive participants at the grant price of RMB45.86 per share under the first grant. On 28 December 2021, the Company convened the 21st Meeting of the Second Session of the Board of Directors and the 18th Meeting of the Second Session of the Supervisory Committee, and agreed to adjust the first grant price (including the reserved grant) of the 2021 restricted shares from RMB45.86 per share to RMB45.26 per share and grant part of the reserved Type II restricted shares of 138,300 to 13 incentive participants at the grant price of RMB45.26 per share. On 10 June 2022, the Company convened the 2nd Meeting of the Third Session of the Board of Directors and the 2nd Meeting of the Third Session of the Supervisory Committee, and agreed to adjust the first grant price (including the reserved grant) of the 2021 restricted shares from RMB45.26 per share to RMB44.56 per share. On 15 July 2022, the share registration procedures of the first vesting period for the 2021 Restricted Share Incentive Scheme under the first grant were completed, and the number of vested shares was 221,529. On 1 February 2023, the share registration procedures of the first vesting period for the 2021 Restricted Share Incentive Scheme under the reserved grant were completed, and the number of vested shares was 43,461. On 6 June 2023, the Company convened the 10th Meeting of the Third Session of the Board of Directors and the 9th Meeting of the Third Session of the Supervisory Committee, and agreed to adjust the first grant price (including the reserved grant) of 2021 restricted shares from RMB44.56 per share to RMB43.8304 per share. On 28 July 2023, the share registration procedures of the second vesting period for the 2021 Restricted Share Incentive Scheme under the first grant were completed, and the number of vested shares was 205,062. On 4 March 2024, the share registration procedures of the second vesting period of the reserved grant for the 2021 Restricted Share Incentive Scheme were completed, and the number of vested shares was 31,350.

The 2022 Restricted Share Incentive Scheme was considered at the 22nd Meeting of the Second Session of the Board of Directors convened on 23 March 2022, and was considered and approved at the 2021 Annual General Meeting convened on 28 April 2022, and became effective. On 28 April 2022, the Company convened the 1st Meeting of the Third Session of the Board of Directors and the 1st Meeting of the Third Session of the Supervisory Committee, and agreed that the Company would grant 800,000 Type II restricted shares to 125 incentive participants at the grant price of RMB45.86 per share under the first grant. On 28 December 2022, the Company convened the 7th Meeting of the Third Session of the Board of Directors and the 6th Meeting of the Third Session of the Supervisory Committee, and agreed to adjust the first grant price (including the reserved grant) of the 2022 restricted shares from RMB45.86 per share to RMB45.16 per share and grant 200,000 reserved Type II restricted shares to 27 incentive participants at the grant price of RMB45.16 per share. On 24 May 2023, the share registration procedures of the first vesting period of the first class of incentive participants for the 2022 Restricted Share Incentive Scheme under the first grant were completed, and the number of vested shares was 250,470. On 25 October 2023, the Company convened the 12th Meeting of the Third Session of the Board of Directors and the 11th Meeting of the Third Session of the Supervisory Committee, and agreed to adjust the first grant price (including the reserved grant) of the 2022 restricted shares from RMB45.16 per share to RMB44.43 per share. On 27 November 2023, the share registration procedures of the first vesting period of the second class of incentive participants for the 2022 Restricted Share Incentive Scheme under the first grant were completed, and the number of vested shares was 2,805. On 4 March 2024, the share registration procedures of the first vesting period of the reserved grant for the 2022 Restricted Share Incentive Scheme were completed, and the number of vested shares was 62,568.

The 2023 Restricted Share Incentive Scheme was considered at the 9th Meeting of the Third Session of the Board of Directors convened on 19 April 2023, and was considered and approved at the annual general meeting of shareholders convened by Kingsoft Corporation Limited on 24 May 2023, and the 2022 Annual General Meeting of shareholders of the Company convened on 6 June 2023. On 6 June 2023, the Company convened the 10th Meeting of the Third Session of the Board of Directors, 9th Meeting of the Third Session of the Supervisory Committee, and agreed that the Company would make the first grant of 800,400 Type II restricted shares to 157 incentive participants at a grant price of RMB150.00 per share. On 28 December 2023, the Company convened the 14th Meeting of the Third Session of the Board of Directors and the 13th Meeting of the Third Session of the Supervisory Committee and agreed to adjust the price of the first grant price (including the reserved grant) of the 2023 restricted shares from RMB150.00 per share to RMB149.27 per share and to grant 199,600 Type II restricted shares reserved to 21 incentive participants at a grant price of RMB149.27 per share. As of the date of the announcement of the draft Incentive Scheme, the 2023 Restricted Share Incentive Scheme has not yet vested.

CHAPTER III ADMINISTRATIVE BODIES OF THE INCENTIVE SCHEME

- I. The general meeting, as the body vested with the supreme authority of the Company, is responsible for consideration and approval of the implementation, change and termination of the Incentive Scheme. The general meeting may authorise the board of directors of the Company to deal with certain matters related to the Incentive Scheme to the extent of its authority.
- II. The board of directors of the Company shall act as the executive and administrative body for the Incentive Scheme and be responsible for the implementation of the Incentive Scheme. The Remuneration and Appraisal Committee (the “**Remuneration Committee**”) under the board of directors of the Company is responsible for drafting and revising the Incentive Scheme and submitting the same to the board of directors of the Company for consideration. Upon consideration and approval of the Incentive Scheme, the board of directors of the Company will submit the Incentive Scheme to the general meeting of the Company and Kingsoft. The board of directors of the Company may handle other matters related to the Incentive Scheme within its scope of authority as delegated by the general meeting of the Company and Kingsoft.
- III. The Supervisory Committee and the independent directors are the supervisory body of the Incentive Scheme and shall express their opinions on whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The Supervisory Committee shall supervise whether the implementation of the Incentive Scheme complies with the relevant laws, regulations, regulatory documents and the rules of the stock exchange and shall be responsible for reviewing the list of Incentive Participants. The independent directors will solicit proxy voting rights from all shareholders in respect of the Incentive Scheme, and are responsible for granting Restricted Shares to the Company’s directors, chief executive officers or substantial shareholders or their respective associates in advance.
- IV. If the Company changes the Incentive Scheme prior to the consideration and approval at the general meeting of the Company and Kingsoft, the amended Incentive Scheme is subject to review and approval by the Remuneration Committee and the Board of Directors. The independent directors and the Supervisory Committee shall express independent opinions on whether the amended scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole.
- V. Prior to making grants to the Incentive Participants by the Company, the independent directors and the Supervisory Committee shall express clear opinions on the conditions for the Incentive Participants to be granted under the Incentive Scheme. If there is any difference between the interest granted by the Company to the Incentive Participants and the arrangements under the Incentive Scheme, the independent directors and the Supervisory Committee (when there are changes to the Incentive Participants) shall simultaneously issue clear opinions.
- VI. Prior to the Vesting of the Restricted Shares granted to the Incentive Participants, the independent directors and the Supervisory Committee shall issue clear opinions as to whether the Vesting Conditions of the Incentive Participants as set out in the Incentive Scheme have been fulfilled.

CHAPTER IV BASIS FOR DETERMINATION AND SCOPE OF THE INCENTIVE PARTICIPANTS

I. Basis for determination of the Incentive Participants

1. *Legal basis for determining the Incentive Participants*

The Incentive Participants of the Incentive Scheme are determined after taking into account the actual circumstances of the Company and in accordance with the relevant laws, regulations, regulatory documents including the Company Law, the Securities Law, the Management Measures, the STAR Market Listing Rules, the Guidelines for Self-discipline and the Hong Kong Listing Rules, as well as the relevant provisions of the Articles of Association.

2. *Functional basis for determining the Incentive Participants*

The Incentive Participants under the Incentive Scheme are the Company's (including its subsidiaries) core management personnel, technical backbones which are in office as at the date of the announcement of the Incentive Scheme. The list of the Incentive Participants eligible for the Incentive Scheme shall be prepared by the Remuneration Committee of the Company and verified and determined by the Supervisory Committee of the Company. The Incentive Participants exclude the Company's independent directors, supervisors, shareholders individually or jointly holding 5% or more of the shares of the Listed Company, de facto controller of the Listed Company and their spouses, parents and children.

II. Scope of the Incentive Participants

1. The total number of Incentive Participants for the First Grant under the Incentive Scheme is 158, accounting for 3.47% of the total number of employees of the Company, including:
 - (1) core management personnel;
 - (2) technical backbones.

All Incentive Participants must have an employment or labour relationship with the Company or its subsidiaries at the time of granting the Restricted Shares by the Company and within the appraisal period under the Incentive Scheme. If the circumstances of the Incentive Participants change before the actual grant of the Restricted Shares by the board of directors of the Company, the board of directors of the Company may make appropriate adjustments to the actual Incentive Participants.

2. The Incentive Participants of the Incentive Scheme may include certain foreign employees and employees from Hong Kong, Macau and Taiwan region. The reason for the Company to include them in the Incentive Scheme is that: there is high reliance for high-tech talents in the software industry in which the Company operates. Foreign employees and employees from Hong Kong, Macau and Taiwan region that are intended to be included in the Incentive Scheme play a pivotal role in areas such as research and development, technology and management, which are the Company's core high-tech talents, and belong to the Company's key incentive scope. The implementation of share incentives can stabilize existing talents and attract new outstanding talents. The inclusion of foreign employees in the Incentive Scheme will contribute to the Company's long-term development.

Foreign employees and employees from Hong Kong, Macau and Taiwan region under the Incentive Scheme are listed below:

Name	*-hui YANG	Nationality	Hong Kong, the PRC
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3. The Incentive Participants for the Reserved Grant refer to the Incentive Participants who are not determined when the Incentive Scheme is approved at the general meeting of the Company and Kingsoft but have been included in the Incentive Scheme during the Validity Period of the Incentive Scheme and who shall be determined by the board of directors of the Company within 12 months since the date on which the Incentive Scheme is considered and approved at the general meeting of the Company and Kingsoft. The reserved interest shall lapse where the Incentive Participants for the Reserved Grant are not determined after 12 months from the aforesaid date. The Incentive Participants of the Reserved Grant shall be determined with reference to the standard of the First Grant.

III. Verification of the Incentive Participants

1. After the Incentive Scheme has been reviewed and approved by the board of directors of the Company, the Company shall publish the names and positions of the Incentive Participants for not less than 10 days within the Company.
2. The Supervisory Committee will review the list of Incentive Participants, fully listen to the public opinions, and disclose the explanation of the Supervisory Committee on the review and publication of the list of Incentive Participants 5 days before the Incentive Scheme is considered at the general meeting of the Company and Kingsoft (whichever is earlier). The list of Incentive Participants adjusted by the board of directors of the Company shall also be verified by the Supervisory Committee.

CHAPTER V INCENTIVE METHOD, SOURCE, NUMBER AND ALLOCATION OF RESTRICTED SHARES

I. Incentive method and source of shares under the Incentive Scheme

The incentive instruments adopted in the Incentive Scheme are Type II Restricted Shares, the source of shares is the ordinary A shares to be issued by the Company to the Incentive Participants or the ordinary A shares of the Company to be repurchased by the Company on the secondary market.

II. Number of Restricted Shares to be granted

A maximum of 1,000,000 Restricted Shares may be granted to the Incentive Participants under the Incentive Scheme, representing approximately 0.22% of the total share capital of the Company of 461,817,245 shares as at the date of the announcement of the draft Incentive Scheme, among which, 801,000 Restricted Shares will be granted under the First Grant, which accounts for no less than 80.00% of the total Restricted Shares available under the Incentive Scheme and approximately 0.17% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme; 199,000 Restricted Shares will be granted under the Reserved Grant which accounts for no more than 20.00% of the total Restricted Shares available under the Incentive Scheme and approximately 0.04% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme.

The 2021 Restricted Share Incentive Scheme of the Company which was considered and approved at the 2020 annual general meeting of the Company, the 2022 Restricted Share Incentive Scheme of the Company which was considered and approved at the 2021 annual general meeting of the Company, and the 2023 Restricted Share Incentive Scheme of the Company which was considered and approved at the 2022 annual general meeting of the Company are still under implementation. As at the date of announcement of the draft Incentive Scheme, the maximum number of Restricted Shares granted and to be granted under all effective share schemes (including the Incentive Scheme) of the Company shall not exceed 10.00% of the total share capital of the Company as at the date on which the Incentive Scheme is submitted for approval at the general meeting of the Company and Kingsoft. The maximum number of Restricted Shares granted and to be granted to any one of the Incentive Participants under all effective share schemes (including the Incentive Scheme) of the Company shall not exceed 1.00% of the total share capital of the Company as at the date on which the Incentive Scheme is submitted for approval at the general meeting of the Company and Kingsoft.

In the event of any capitalization issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period from the date of announcement of the draft Incentive Scheme to the completion of Vesting of Restricted Shares by the Incentive Participants, the price of the Restricted Shares and the number of Restricted Shares to be granted/vested shall be adjusted accordingly.

III. Allocation of the Restricted Shares to the Incentive Participants

Name	Nationality	Position	Number of Restricted Shares to be granted	Percentage of the total number of Restricted Shares to be granted under the Incentive Scheme	Percentage to the total share capital of the Company as at the date of announcement of the Incentive Scheme
I. Directors, senior management personnel, core technical personnel	/	/	/	/	/
II. Core management personnel, technical backbones (158 persons in total)			801,000	80.10%	0.17%
III. Reserved grant			<u>199,000</u>	<u>19.90%</u>	<u>0.04%</u>
Total			<u>1,000,000</u>	<u>100%</u>	<u>0.22%</u>

Note 1: As at the date of the announcement of the draft Incentive Scheme, the number of underlying shares of the Company granted to any one of the above Incentive Participants through all effective share schemes of the Company (including the Incentive Scheme) does not exceed 1% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme. As at the date of the announcement of the draft Incentive Scheme, the total number of underlying shares involved in all effective share schemes (including the Incentive Scheme) of the Company shall not exceed 10% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme. If an Incentive Participant voluntarily renounces the grant for personal reasons, the board of directors of the Company shall adjust the number of grant accordingly and the Incentive Participant may reduce the number of Restricted Shares subscribed due to insufficient funds when subscribing for Restricted Shares.

Note 2: The Incentive Participants under the Scheme exclude independent directors, supervisors, shareholders individually or jointly holding 5% or more of the shares of the Listed Company, de facto controller of the Listed Company, and their respective spouses, parents and children.

Note 3: The aggregate number of issued shares and shares to be issued for the interests granted to any one Incentive Participant in the Incentive Scheme in the past 12 months shall not exceed 0.1% of the relevant class of issued share capital of the Company at the time of the announcement of the draft Incentive Scheme.

CHAPTER VI VALIDITY PERIOD, GRANT DATE, VESTING ARRANGEMENT AND BLACK-OUT PERIOD OF INCENTIVE SCHEME

I. Validity Period of the Incentive Scheme

The Validity Period of the Incentive Scheme commences from the date of the First Grant of the Restricted Shares until the date on which all Restricted Shares granted to the Incentive Participants have been vested or lapsed and canceled by the Company. The Validity Period shall not exceed 60 months.

II. Grant Date of the Incentive Scheme

The Grant Date shall be determined by the board of directors of the Company after the Incentive Scheme is considered and approved at the general meeting of the Company and Kingsoft. The Company shall, within 60 days after the approval at the general meeting of the Company and Kingsoft (whichever is later), convene a Board meeting to make grants to the Incentive Participants under the First Grant in accordance with the relevant requirements, and complete the announcement(s) and other relevant procedures. If the Company fails to complete the above work within the 60-day period, it shall disclose the reasons for such failure and terminate the implementation of the Scheme, and the Restricted Shares that have not been granted shall lapse and be canceled by the Company. The period during which a listed company shall not make grant is not counted within the 60 days.

The Reserved Grant shall be made within 12 months after the Incentive Scheme is considered and approved at the general meeting of the Company and Kingsoft. If the Incentive Participants are not determined for more than 12 months, the Reserved Grant shall lapse.

The Grant Date must be a trading day and no grants shall be made during the following periods:

- (I) The Company shall not grant the relevant interests after inside information has come to its knowledge until (and including) the trading day after the announcement of the relevant information. In particular, no such interest shall be granted within one month immediately before the earliest of:
 - 1. the date of the board meeting for approving any annual, half-year, quarterly or any other interim results of the Company; and
 - 2. the deadline by which the Company is required to announce its annual, half-year results, or the deadline for announcing quarterly or any other interim results under the STAR Market Listing Rules. The relevant restrictions end on the date of the announcement of the results. No interest may be granted for the period during which the announcement of the results is delayed.
- (II) Other periods as prescribed by the stock exchange.

III. Vesting arrangements of the Incentive Scheme

- 1. The Restricted Shares granted under the Incentive Scheme may be vested in tranches as per the agreed proportions upon the Incentive Participants satisfying the corresponding Vesting Conditions. The Vesting Date must be a trading day, and the period during which Vesting is not permitted under the listing rules of the stock exchange is not included.

The Restricted Shares granted to the Incentive Participants shall not be vested in the following periods:

- 1) Within thirty days prior to the announcement of the annual reports and of the semi-annual reports, or in the event of postponement in publishing the periodic reports for special reasons, thirty days prior to the original announcement date and ending on one day prior to the announcement date;
- 2) Ten days prior to the release of the Company's quarterly reports, results forecast or preliminary report;
- 3) From the date of a major event which may have a material impact on the trading price of the Company's securities and derivatives or during the process of decision making until the date of legal disclosure of the same;
- 4) Other periods stipulated by the stock exchange.

If the relevant regulations of the stock exchange regarding the Vesting period change during the Validity Period of the Incentive Scheme, the Vesting Date shall comply with the relevant laws, regulations and regulatory documents after the amendment. The Vesting period and Vesting arrangement of Restricted Shares to be granted under the Incentive Scheme shall not be less than 12 months. The specific Vesting period and Vesting arrangement of Restricted Shares to be granted under the First Grant of the Incentive Scheme is as follows:

Vesting arrangement	Time of Vesting	Percentage of the number of vesting interests to the total number of granted interests
First Vesting Period of the Restricted Shares under the First Grant	From the first trading day after the expiry of 12 months following the date of the First Grant until the last trading day within the 24 months following the date of the First Grant	33%
Second Vesting Period of the Restricted Shares under the First Grant	From the first trading day after the expiry of 24 months following the date of the First Grant until the last trading day within the 36 months following the date of the First Grant	33%
Third Vesting Period of the Restricted Shares under the First Grant	From the first trading day after the expiry of 36 months following the date of the First Grant until the last trading day within the 48 months following the date of the First Grant	34%

If the Restricted Shares under the Reserved Grant of the Incentive Scheme is granted in 2024, the Vesting period and Vesting arrangement of the Reserved Grant are shown as follows:

Vesting arrangement	Time of Vesting	Percentage of the number of vesting interests to the total number of granted interests
First Vesting Period of the Restricted Shares under the Reserved Grant	From the first trading day after the expiry of 12 months following the date of the Reserved Grant until the last trading day within the 24 months following the date of the Reserved Grant	33%
Second Vesting Period of the Restricted Shares under the Reserved Grant	From the first trading day after the expiry of 24 months following the date of the Reserved Grant until the last trading day within the 36 months following the date of the Reserved Grant	33%
Third Vesting Period of the Restricted Shares under the Reserved Grant	From the first trading day after the expiry of 36 months following the date of the Reserved Grant until the last trading day within the 48 months following the date of the Reserved Grant	34%

If the Restricted Shares under the Reserved Grant of the Incentive Scheme is granted in 2025, the Vesting period and Vesting arrangement of the Reserved Grant are shown as follows:

Vesting arrangement	Time of Vesting	Percentage of the number of vesting interests to the total number of granted interests
First Vesting Period of the Restricted Shares under the Reserved Grant	From the first trading day after the expiry of 12 months following the date of the Reserved Grant until the last trading day within the 24 months following the date of the Reserved Grant	50%
Second Vesting Period of the Restricted Shares under the Reserved Grant	From the first trading day after the expiry of 24 months following the date of the Reserved Grant until the last trading day within the 36 months following the date of the Reserved Grant	50%

Restricted Shares that do not vest within the above-mentioned agreed period or that cannot be applied for Vesting for that period due to failure to meet the Vesting Conditions shall not be vested and shall lapse and be canceled by the Company.

Prior to the Vesting, the Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred or used to guarantee or repay debts. For the Restricted Shares granted to the Incentive Participants but not yet vested, shares increased due to capitalisation issue, bonus issue, etc. are also subject to the Vesting Conditions, and shall not be transferred or used to guarantee or repay debts. Where the Restricted Shares are not allowed to be vested at that time, shares obtained for the aforementioned reasons shall also not be vested.

IV. Black-out period under the Incentive Scheme

The black-out period refers to the period during which the Restricted Shares granted to the Incentive Participants are restricted to be sold after Vesting. There is no black-out period for the Restricted Share granted under the Incentive Scheme after they are vested. For the Incentive Participants who are directors and senior management of the Company, the black-out provisions shall be implemented in accordance with the Company Law, the Securities Law, the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (《上市公司股東、董監高減持股份的若干規定》), and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (《上海證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) and other relevant laws, regulations and regulatory documents and the Articles of Association, including but not limited to:

1. Where the Incentive Participant is a director and a member of the senior management of the Company, the number of shares which may be transferred each year during his/her term of office shall not exceed 25% of the total number of shares held by him/her in the Company. No shares of the Company held by him/her may be transferred within six months after his/her termination of office.
2. For Incentive Participants who are directors and members of the senior management of the Company, if they have sold the Company's shares held by them or their spouse, parents or children within 6 months after purchasing such shares, or if they have purchased the shares within 6 months after selling their shares, the gains obtained therefrom shall be attributed to the Company and the board of directors of the Company shall forfeit the gains.
3. During the Validity Period of the Incentive Scheme, if the relevant requirements under the relevant laws, regulations, regulatory documents including the Company Law, the Securities Law, the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies, and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies as well as the Articles of Association regarding the transfer of shares held by the directors and members of the senior management of the Company are changed, the transfer of the shares of the Company held by the Incentive Participants under this section shall comply with the requirements as amended at the time of transfer.

CHAPTER VII GRANT PRICE OF THE RESTRICTED SHARES AND THE BASIS FOR DETERMINATION THEREOF

I. Grant Price of the Restricted Shares

The Grant Price of the Restricted Shares under the Incentive Scheme shall not be less than RMB146.74 per share. Subject to the control of the share-based payment expenses by the Company, the board of directors of the Company would be authorized to finalize the Grant Price based on the closing price of the Company's shares as at the Grant Date, provided that the Grant Price shall not be less than RMB146.74 per share.

II. Basis for determining the Grant Price of the Restricted Shares

1. Pricing Methodology

An independent pricing method is adopted for determining the Grant Price of the Restricted Shares under the Incentive Scheme and shall not be less than RMB146.74 per share.

The average trading price on one trading day preceding the date of announcement of the draft Incentive Scheme is RMB282.28 per share, and the Grant Price represents 51.98% of the average trading price on one preceding trading day;

The average trading price on the 20 trading days preceding the date of announcement of the draft Incentive Scheme is RMB293.48 per share, and the Grant Price represents 50.00% of the average trading price on the 20 preceding trading days;

The average trading price on the 60 trading days preceding the date of announcement of the draft Incentive Scheme is RMB272.00 per share, and the Grant Price represents 53.95% of the average trading price on the 60 preceding trading days;

The average trading price on the 120 trading days preceding the date of announcement of the draft Incentive Scheme is RMB283.59 per share, and the Grant Price represents 51.74% of the average trading price of the Company on the 120 preceding trading days.

2. Basis for price determination

An independent pricing methodology is adopted for determining the Grant Price of the Restricted Shares, the Grant Price and pricing methodology. The Company has arrived at the Grant Price and pricing methodology upon taking into account factors including the prevailing market price per share of the Company, the roles and responsibilities of the Incentive Participants, the effectiveness of the Incentive Scheme and the impact of the share payment costs of the Company, with the fundamental aim of promoting the development of the Company, and safeguarding the rights and interests of shareholders, furthering stabilizing and motivating the core team with the principle of balance between incentives and restraints, providing an incentive and restraint mechanism and guaranteeing availability of talents for the long-term and stable development of the Company, and reflect the actual incentive needs of the Company.

The internal mechanism of the share incentive determines that the implementation of the incentive scheme will have a positive impact on the Company's ability to continue as a going concern and shareholders' rights and interests. The Company has set challenging performance targets, the fulfillment of which requires initiative and creativity of core employees. The Grant Price and pricing methodology is in line with the performance targets under the Incentive Scheme.

In addition, talents are the most important core competitiveness for software companies. The Company attaches great importance on establishing talent teams, and fully ensuring the effectiveness of share incentives is an important way to stabilize core talents. The Incentive Participants are high-quality science and technology talents and senior management talents, and long-term and effective incentive policies are required to attract and retain talents. Moreover, the implementation of share incentives is an effective supplement to the existing remuneration of employees, and the future gains of the Incentive Participants depends on the Company's future performance.

In summary, on the basis of complying with relevant laws and regulations and regulatory documents, the Grant Price of the Restricted Shares under the Incentive Scheme shall not be less than RMB146.74 per share. The implementation of the Incentive Scheme will further stabilize its workforce and achieve the in-depth binding of the interests between employees and shareholders. The independent financial adviser with securities qualifications engaged by the Company will issue its opinions on the feasibility of the Scheme, the rationale of the relevant pricing basis and pricing methodology, whether it is conducive to the sustainable development of the Company, and whether it harms the interests of shareholders. For details, please refer to the Independent Financial Adviser's Report of Shanghai Realize Enterprise Consulting Services (Group) Co., Ltd. on the 2024 Restricted Share Incentive Scheme (Draft) of Beijing Kingsoft Office Software, Inc. (《上海榮正企業諮詢服務(集團)股份有限公司關於北京金山辦公軟件股份有限公司2024年限制性股票激勵計劃(草案)之獨立財務顧問報告》) published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

III. Basis for determining the Grant Price of the Restricted Shares under the Reserved Grant

The Grant Price of the Restricted Shares under the Reserved Grant shall be the same as the Grant Price of the Restricted Shares under the First Grant and shall not be less than RMB146.74 per share. Prior to granting the Restricted Shares under the Reserved Grant, the Company shall convene a board meeting to consider and approve the relevant proposals and disclose the grant details. The board of directors of the Company would be authorized to finalize the Grant Price based on the closing price of the Company's Shares as at the Grant Date for the Reserved Grant, provided that the Grant Price shall not be less than RMB146.74 per share.

CHAPTER VIII GRANT AND VESTING CONDITIONS OF THE RESTRICTED SHARES

I. Conditions for grant of the Restricted Shares

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following granting conditions; or conversely, if any of the following granting conditions has not been satisfied, no Restricted Shares shall be granted to the Incentive Participants.

(I) None of the following has occurred on the part of the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
4. laws and regulations stipulate that share incentives shall not be implemented;
5. other circumstances as determined by the CSRC.

(II) None of the following has occurred on the part of the Incentive Participants:

1. being identified as an inappropriate candidate by the SSE within the most recent 12 months;
2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
3. being subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;
4. being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
5. being prohibited from participation in share schemes of listed companies by laws and regulations;
6. other circumstances as determined by the CSRC.

II. Conditions for Vesting of the Restricted Shares

Restricted Shares granted to the Incentive Participants need to satisfy all of the following Vesting Conditions before they are vested in tranches:

- (I) None of the following has occurred on the part of the Company:
1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
 4. laws and regulations stipulate that share incentives shall not be implemented;
 5. other circumstances as determined by the CSRC.
- (II) None of the following has occurred on the part of the Incentive Participants:
1. being identified as an inappropriate candidate by the SSE within the most recent 12 months;
 2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;
 3. subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the last 12 months;
 4. being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;
 5. being prohibited from participation in share schemes of listed companies by laws and regulations;
 6. other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified in the above subparagraph (I) arises, the Restricted Shares that have been granted but have not yet been vested to all of the Incentive Participants under the Incentive Scheme shall not be vested and shall lapse and be canceled by the Company. In the event that the Incentive Participants are responsible for circumstances under which the Company shall not implement share incentives, or the Restricted Shares shall not be granted to an Incentive Participant as specified in the above subparagraph (II), the Restricted Shares that have been granted but have not yet been vested to such Incentive Participant shall not be vested and shall lapse and be canceled by the Company.

(III) Incentive Participants satisfying the requirements on length of employment in each Vesting period

Before each tranche of Restricted Shares granted to the Incentive Participants is vested, the length of employment of the Incentive Participant must be more than 12 months in the Company (including subsidiaries).

(IV) Performance assessment requirements at the Company level

- The assessment year of the First Grant of the Restricted Shares under the Incentive Scheme is for the three accounting years from 2024 to 2026, and shall be assessed once in each accounting year. The specific assessment targets are as follows:

Vesting Period	Assessment year	Based on the performance in 2023, the growth rate of revenue (A)		Based on the revenue from institution subscription and services business in 2023, the growth rate of revenue from institution subscription and services business (B)	
		Target value (Am)	Trigger value (An)	Target value (Bm)	Trigger value (Bn)
First Vesting Period	2024	The growth rate of revenue in 2024 is not less than 10.00%	The growth rate of revenue in 2024 is not less than 8.00%	The growth rate of revenue from institution subscription and services business in 2024 is not less than 15.00%	The growth rate of revenue from institution subscription and services business in 2024 is not less than 10.00%
Second Vesting Period	2025	The cumulative growth rate of revenue for two years of 2024 and 2025 is not less than 128.80%	The cumulative growth rate of revenue for two years of 2024 and 2025 is not less than 122.48%	The cumulative growth rate of revenue from institution subscription and services business for two years of 2024 and 2025 is not less than 147.25%	The cumulative growth rate of revenue from institution subscription and services business for two years of 2024 and 2025 is not less than 131.00%
Third Vesting Period	2026	The cumulative growth rate of revenue for three years of 2024, 2025 and 2026 is not less than 257.10%	The cumulative growth rate of revenue for three years of 2024, 2025 and 2026 is not less than 243.83%	The cumulative growth rate of revenue from institution subscription and services business for three years of 2024, 2025 and 2026 is not less than 299.34%	The cumulative growth rate of revenue from institution subscription and services business for three years of 2024, 2025 and 2026 is not less than 264.10%

Assessment indicators	Performance completion level	Vesting ratio at the Company level (X1)	Assessment indicators	Performance completion level	Vesting ratio at the Company level (X2)
Growth rate of revenue (A)	$A \geq A_m$	$X1 = 100\%$	Growth rate of revenue from institution subscription and services business (B)	$B \geq B_m$	$X2 = 100\%$
	$A_n \leq A < A_m$	$X1 = 90\%$		$B_n \leq B < B_m$	$X2 = 90\%$
	$A < A_n$	$X1 = 0$		$B < B_n$	$X2 = 0$
	Vesting ratio at the Company level = Max (X1, X2)				

Note: The above revenue refers to the audited revenue of the Listed Company (same below).

- If the Restricted Shares of the Reserved Grant under the Incentive Scheme are granted in 2024, the assessment year of the Restricted Shares of the Reserved Grant and the assessment arrangements in each assessment year are the same as those for the First Grant.

If the Restricted Shares of the Reserved Grant under the Incentive Scheme are granted in 2025, the assessment year of the Reserved Grant of the Restricted Shares is for the two accounting years from 2025 to 2026, and shall be assessed once in each accounting year. The specific assessment targets are as follow:

Vesting Period	Assessment year	Based on the revenue from institution subscription and services business in 2023, the growth rate of revenue from institution subscription and services business (B)			
		Based on the performance in 2023, the growth rate of revenue (A)		Target value (Bm)	Trigger value (Bn)
		Target value (Am)	Target value (An)		
First Vesting Period	2025	The cumulative growth rate of revenue for two years of 2024 and 2025 is not less than 128.80%	The cumulative growth rate of revenue for two years of 2024 and 2025 is not less than 122.48%	The cumulative growth rate of revenue from institution subscription and services business for two years of 2024 and 2025 is not less than 147.25%	The cumulative growth rate of revenue from institution subscription and services business for two years of 2024 and 2025 is not less than 131.00%
Second Vesting Period	2026	The cumulative growth rate of revenue for three years of 2024, 2025 and 2026 is not less than 257.10%	The cumulative growth rate of revenue for three years of 2024, 2025 and 2026 is not less than 243.83%	The cumulative growth rate of revenue from institution subscription and services business for three years of 2024, 2025 and 2026 is not less than 299.34%	The cumulative growth rate of revenue from institution subscription and services business for three years of 2024, 2025 and 2026 is not less than 264.10%

Assessment indicators	Performance completion level	Vesting ratio at the Company level (X1)	Assessment indicators	Performance completion level	Vesting ratio at the Company level (X2)
Growth rate of revenue (A)	$A \geq A_m$	$X1 = 100\%$	Growth rate of revenue from institution subscription and services business (B)	$B \geq B_m$	$X2 = 100\%$
	$A_n \leq A < A_m$	$X1 = 90\%$		$B_n \leq B < B_m$	$X2 = 90\%$
	$A < A_n$	$X1 = 0$		$B < B_n$	$X2 = 0$
	Vesting ratio at the Company level = Max (X1, X2)				

The Company measures the above Vesting ratio according to the performance completion level corresponding to two indicators. If the Company fails to meet the above performance assessment targets, all Restricted Shares under the Incentive Scheme of assessment year shall not be vested to the Incentive Participants, and shall lapse and be canceled by the Company.

(V) Performance assessment requirements at the Incentive Participant's individual level

The Company conducts individual performance assessment on the Incentive Participants during the assessment year and determines the number of shares actually vested based on their assessment results. The performance assessment results of the Incentive Participants are divided into two levels, namely "Attained" and "Not attained", and the actual number of shares to be vested to the Incentive Participants will be determined according to the proportion of Vesting at the individual level corresponding to the following assessment rating table:

Assessment results	Attained	Not attained
Vesting ratio	100%	0

The number of Restricted Shares actually vested to the Incentive Participants in the current year = the number of Restricted Shares planned to be vested to the Incentive Participants in the current year \times Company-level Vesting ratio \times Individual-level Vesting ratio.

If the Restricted Shares vested to the Incentive Participants for a Vesting period cannot be vested due to assessment reasons, the Restricted Shares shall lapse and be canceled by the Company and shall not be deferred to the following years.

The assessment contents under the Incentive Scheme are implemented in accordance with the Assessment Management Measures of 2024 Restricted Share Incentive Scheme by Beijing Kingsoft Office Software, Inc..

III. Explanation on the scientificity and reasonableness of the assessment indicators

The assessment indicators of the Incentive Scheme have been established in accordance with the basic requirements of the relevant laws, regulations and the Articles of Association. The assessment indicators are divided into two levels, namely performance assessment at Company level and performance assessment at individual level.

The revenue and revenue from institution subscription and services business are selected as the performance assessment indicators at Company level, which are the core financial indicators and revenue composition indicators of the Company. The Company is a leading provider of the office software and services in the PRC, principally engaged in design, research and development and sales and marketing of the office software products and services of WPS Office. The revenue is our principal operating results and a crucial guarantee for the Company to generate profit. The revenue is also an important indicator for measuring the operating conditions and market share of the enterprise and predicting the trend of business expansion and measuring the growth of the enterprise. The growth rate of revenue reflects the Company's development capability and the enhancement of industry competitiveness. The subscription-based business model can greatly improve customer stickiness, revenue certainty, and provide continuous and stable cash flow. Using revenue from institution subscription and services business as performance assessment indicator at Company level requires the Company to continuously improve the penetration of WPS Office at all levels of users through measures such as improving the product system, improving service experience, and broadening ecological channels, and actively promote the transformation of domestic institutional customers from the traditional independent end office to cloud and collaborative office. According to the characteristics and circumstances of the industry, the Company has set the aforementioned revenue and revenue from institution subscription and services business indicators for the Incentive Scheme after reasonable prediction and taking into account the incentive effect of the Scheme.

There are overlapping assessment years between this Incentive Scheme and the 2023 Restricted Share Incentive Scheme being implemented by the Company. In respect of the overlapping assessment year, the corresponding performance indicators of this Incentive Scheme may be lower than the performance indicators of the previous period, mainly because the achievement of the Company's future earnings will be affected by a number of factors such as the macro-economy, the market environment, the industrial policy, the competition in the industry and so on, and as the overall scale of the Company's operation is further enlarged, it will put forward higher requirements on the Company in respect of its strategic planning, organization and structure, internal control, operation and management. Moreover, there are certain uncertainties in the domestic and international macro-environmental factors, which may adversely affect the Company's operation. In recent years, the international political and economic situation has become increasingly complex, and with the intensification of international trade frictions, the above external factors may lead to restrictions on the products and services provided by the Company to its overseas user customers. If the overlapping assessment year of the Incentive Scheme still follows the previous performance assessment indicators, it will be difficult to achieve the expected incentive effect, which is also contrary to the original intention of equity incentives, thus affecting the motivation of employees and the Company's long-term sound development. In order to cope with the uncertainty of the external environment, enhance the effectiveness of equity incentives and stabilize the core team, the Company has comprehensively considered various factors such as the domestic and international macroeconomic environment, the Company's operating conditions, historical performance, industry development trends, the market competition pattern and the Company's strategic planning, etc., and set the performance appraisal targets of the Incentive Scheme by taking into account the incentives and constraints on the employees while ensuring the realizability of the appraisal targets and company-level performance appraisal targets. The purpose of this action is to stimulate the enthusiasm of employees, enhance the core competitiveness of the Company, and ensure the smooth realization of the Company's future development strategy and business objectives.

In addition to performance assessment at the Company level, the Company has also set up a strict performance assessment system for individuals, which can make a relatively accurate and comprehensive evaluation of the work performance of the Incentive Participants. The Company will determine whether the Incentive Participants meet the Vesting Conditions based on their performance assessment results for the previous year.

In summary, the assessment system of the Incentive Scheme of the Company is all-round, comprehensive and practicable, and the assessment indicators are scientific and reasonable, which are binding on the Incentive Participants and can serve the assessment purpose of the Incentive Scheme.

CHAPTER IX PROCEDURES OF IMPLEMENTATION OF THE RESTRICTED SHARE INCENTIVE SCHEME

I. Procedures for the implementation of the Restricted Share Incentive Scheme

- (I) The Remuneration Committee of the board of directors of the Company is responsible for fixing the draft and summary of the Incentive Scheme.
- (II) The board of directors of the Company shall resolve on the Incentive Scheme in accordance with the laws. When the board of directors of the Company considers the Incentive Scheme, the directors who are the Incentive Participants or directors who are related thereto shall abstain from voting. The board of directors of the Company shall submit the Incentive Scheme to the general meeting of the Company and Kingsoft for consideration after considering and approving the Incentive Scheme and performing the public announcement and announcement procedures, and propose to the general meeting of the Company and Kingsoft to authorise and implement the Grant and Vesting (registration) of the Restricted Shares.
- (III) The independent directors and the Supervisory Committee shall express their opinions on whether the Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The Company will engage an independent financial adviser with securities qualifications to give its professional opinion on the feasibility of the Incentive Scheme, whether the Incentive Scheme is conducive to the sustainable development of the Company, and whether it harms the interests of the Company, and the impact on the interests of shareholders. The law firm shall issue a legal opinion on the Incentive Scheme.
- (IV) The Company shall carry out self-examination on the trading of shares of the Company by insiders within 6 months prior to the announcement of the Incentive Scheme.
- (V) The Incentive Scheme shall be subject to the consideration and approval at the general meeting of the Company and Kingsoft. Before convening the general meeting of the Company and Kingsoft, the Company shall publish the names and positions of the Incentive Participants internally through the Company's website or other channels for a period of not less than 10 days. The Supervisory Committee shall review the list of the Incentive Participants and fully listen to the public opinions. The Company shall disclose the explanation of the Supervisory Committee on the review opinions and announcements on the list of the Incentive Participants 5 days before the Incentive Scheme is considered at the general meeting of the Company and Kingsoft (whichever is earlier).
- (VI) When the Company's general meeting is voting by ballot on the Restricted Share Incentive Scheme, the independent directors shall solicit proxy voting rights from all shareholders in respect of the Restricted Share Incentive Scheme.
- (VII) The general meeting of the Company and Kingsoft shall vote by ballot on the Incentive Scheme, and shall be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting of the Company and half of the voting rights held by the shareholders present at the general meeting of Kingsoft. The voting of other shareholders other than the directors, supervisors, senior management of the Company and shareholders individually or collectively holding more than 5% of the shares of the Company shall be separately counted and disclosed.

When the Incentive Scheme is considered at the general meeting of the Company and Kingsoft, shareholders who are Incentive Participants or shareholders who are related to the Incentive Participants or their associates shall abstain from voting thereon in accordance with relevant laws and regulations.

- (VIII) The Company shall grant the Restricted Shares to the Incentive Participants within the prescribed period upon approval of the Incentive Scheme at the general meeting of the Company and Kingsoft and the fulfilment of grant conditions stipulated under the Incentive Scheme. The board of directors of the Company shall be responsible for the grant and Vesting of the Restricted Shares in accordance with the mandate granted at the general meeting of the Company and Kingsoft.

II. Procedures for granting the Restricted Shares

- (I) Upon consideration and approval of the Incentive Scheme at the general meeting of the Company and Kingsoft and the Remuneration Committee and the Board of Directors have passed the resolution on granting interests to the Incentive Participants, the Company shall sign an “Agreement on the Grant of Restricted Shares” with the Incentive Participants in order to set out their respective rights and obligations.
- (II) The board of directors of the Company shall consider and announce whether the conditions of a grant to an Incentive Participant as set out in the Incentive Scheme have been satisfied before the Company makes a grant to such Incentive Participant. The Reserved Grant of Restricted Shares shall be determined, considered and approved by the board of directors of the Company. The independent directors and the Supervisory Committee shall simultaneously express clear opinions. The law firm shall issue legal opinions on whether the conditions for the granting of interests to the Incentive Participants are fulfilled or not.
- (III) The Supervisory Committee of the Company shall verify the Grant Date of the Restricted Shares and the list of Incentive Participants and issue opinions thereon.
- (IV) Where there is any discrepancy between the grant of interests by the Company to the Incentive Participants and the arrangement of the Incentive Scheme, the independent directors, the Supervisory Committee (when the Incentive Participants change) and the law firm shall simultaneously express clear opinions.
- (V) The Company shall grant Restricted Shares to Incentive Participants and make an announcement within 60 days after the Incentive Scheme is considered and approved at the general meeting and Kingsoft (whichever is later). In the event the Company fails to make grants within such 60 days, the Incentive Scheme shall be terminated, and the board of directors of the Company shall disclose the reason for such failure in a timely manner and announce the termination of the Incentive Scheme, and shall be prohibited from approving a share scheme again within three months commencing from the date of the announcement. According to the Management Measures, the period during which a listed company may not make grants shall not counted within the 60 days.
- (VI) Prior to the Vesting Date, the Incentive Participants must pay the relevant subscription price for the Restricted Shares to the Company as directed. If the Incentive Participants fail to pay the subscription price within the timeframe specified by the Company, the Restricted Shares shall immediately lapse and be canceled by the Company and shall have no further force or effect.

Incentive Participants eligible for Reserved Grant shall be determined within 12 months after the Incentive Scheme is considered and approved at the general meeting of the Company and Kingsoft. If Incentive Participants are not confirmed within such 12 months, the Reserved Grant will lapse.

III. Procedures for the Vesting of the Restricted Shares

- (I) Before the Vesting of the Restricted Shares, the Remuneration Committee and the Board of Directors shall consider whether the Vesting Conditions of the Incentive Participants as set out in the Incentive Scheme have been fulfilled, and the independent directors and the Supervisory Committee shall simultaneously issue clear opinions, and the law firm shall issue legal opinions on whether the Vesting Conditions for the exercise of the Incentive Participants have been fulfilled. For the Incentive Participants who have fulfilled the Vesting Conditions, the Company shall handle the Vesting in a unified manner, and for the Incentive Participants who have not fulfilled the Vesting Conditions, the Restricted Shares in the relevant tranche shall not be vested and shall lapse and be canceled by the Company. The Company shall disclose the announcement of the resolutions of the board of directors of the Company in a timely manner after the Vesting of the Incentive Participants, and announce the opinions of the independent directors, the Supervisory Committee and the law firm and the relevant implementation thereof.
- (II) Before handling the Vesting of the Restricted Shares in a unified manner, the Company shall apply to the SSE. The Company shall apply to the securities depository and clearing institution for the registration and settlement matters after confirmation by the SSE.
- (III) The Incentive Participants may transfer the vested Restricted Shares, but the transfer of shares held by directors and senior management of the Company shall comply with the relevant laws, regulations and regulatory documents.

IV. Procedures for amendments to the Incentive Scheme

- (I) In the event that the Company intends to amend the Incentive Scheme before it is considered and approved at the general meeting of the Company and Kingsoft, the amended Incentive Scheme shall be considered and approved by the Remuneration Committee and the Board of Directors.
- (II) In the event that the Company intends to amend the Incentive Scheme after it is considered and approved at the general meeting of the Company and Kingsoft, after considered and approved by the Remuneration Committee and the Board of Directors, the amended Incentive Scheme shall be considered and determined at the general meeting of the Company and Kingsoft and such amendment shall not result in the following:
 - 1. accelerating the Vesting;
 - 2. reducing the Grant Price (except for circumstances where the Grant Price is lowered due to capitalisation issue, bonus issue, rights issue and other reasons).

- (III) The independent directors and the Supervisory Committee of the Company shall express their independent opinions on whether the amended scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The law firm shall issue professional opinions on whether the amended scheme complies with the provisions of the Management Measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and its shareholders as a whole.
- (IV) The amended Incentive Scheme shall always comply with the relevant requirements under Chapter 17 of the Hong Kong Listing Rules.
- (V) Any change in the authority of the board of directors of the Company to amend the Incentive Scheme must be approved by the general meeting of the Company and Kingsoft.

V. Procedures for termination of the Incentive Scheme

- (I) If the Company intends to terminate the implementation of the Incentive Scheme before it is considered at the general meeting of the Company and Kingsoft, such termination shall be considered and approved by the board of directors of the Company.
- (II) If the Company intends to terminate the implementation of the Incentive Scheme after it is considered and approved at the general meeting of the Company and Kingsoft, such termination shall be considered and approved at general meeting of the Company and Kingsoft.
- (III) The law firm shall issue professional opinions on whether the Company's termination of the Incentive Scheme complies with the provisions of the measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and its shareholders as a whole.

CHAPTER X ADJUSTMENT METHOD AND PROCEDURES OF THE RESTRICTED SHARE INCENTIVE SCHEME**I. Adjustment method of the number of Restricted Shares granted and the number vested**

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company in the period from the date of announcement on the Incentive Scheme to the completion of Vesting and registration of Restricted Shares by the Incentive Participants, the number of Restricted Shares granted/vested shall be adjusted accordingly. The adjustment method is as follows:

1. *Capitalisation issue, bonus issue and sub-division of share capital*

$$Q = Q_0 \times (1+n)$$

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue or subdivision of shares (i.e., the number of shares increased per share upon capitalisation issue, bonus issue or sub-division of shares); Q represents the adjusted number of Restricted Shares granted/vested.

2. *Rights issue*

$$Q = Q_0 \times P_1 \times (1+n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Restricted Shares granted/vested.

3. *Share consolidation*

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of Restricted Shares granted/vested before the adjustment; n represents the ratio of consolidation of shares (i.e., one share shall be consolidated into n shares); Q represents the adjusted number of Restricted Shares granted/vested.

4. *Addition issue*

Under the circumstance of additional issue of new shares, no adjustment will be made on the number of Restricted Shares granted/vested.

II. Adjustment method of the Grant Price of the Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division, rights issue, share consolidation or dividend distribution of the Company in the period from the date of announcement of the Incentive Scheme to the completion of Vesting and registration of Restricted Shares by the Incentive Participants, an adjustment to the Grant Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

1. *Capitalisation issue, bonus issue and sub-division of share capital*

$$P = P_0 \div (1+n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of share capital to each share; P represents the adjusted Grant Price.

2. *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1+n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant Price.

3. *Share consolidation*

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of share consolidation; P represents the adjusted Grant Price.

4. *Dividend distribution*

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the adjusted Grant Price. P shall be greater than 1 after the dividend distribution.

5. *Addition issue*

Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant Price of the Restricted Shares.

III. Adjustment procedures of the Restricted Share Incentive Scheme

In the event of the above circumstances, the board of directors of the Company shall consider and approve the resolution on the adjustment of the number of Restricted Shares to be granted/vested and the Grant Price (if the number and price of Restricted Shares to be granted/vested needs to be adjusted for matters other than the above circumstances, such resolution shall be submitted to the general meeting of the Company and Kingsoft for consideration, except for the board of directors of the Company consideration of the relevant resolution). The Company shall engage a law firm to issue professional opinions to the board of directors of the Company on whether the above adjustments are in compliance with the Management Measures, the Articles of Association and the Incentive Scheme. After the adjustment proposal is considered and approved by the board of directors of the Company, the Company shall timely disclose the announcement of the resolutions of the board of directors of the Company and the legal opinion.

CHAPTER XI ACCOUNTING TREATMENT ON THE RESTRICTED SHARES

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 — Share-based Payments (《企業會計準則第11號 — 股份支付》) and the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (《企業會計準則第22號 — 金融工具確認和計量》), the Company shall, on each balance sheet date during the period from the Grant Date to the Vesting Date, revise the number of Restricted Shares expected to be vested according to the latest information such as the change in the number of persons entitled to be vested and the completion of performance indicators, and recognise the services obtained in the current period in relevant costs or expenses and capital reserve according to the fair value of the Restricted Shares on the Grant Date.

I. Fair value of the Restricted Shares and the determination method

With reference to the “Application of Share-based Payment Standards — Grant of Restricted Shares 《股份支付準則應用案例(— 授予限制性股票)》” issued by the Accounting Department of the Ministry of Finance of the People’s Republic of China, the measurement of the share-based payment expenses for Type II Restricted Shares is based on share options. In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 — Share-based Payments (《企業會計準則第11號 — 股份支付》) and the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments (《企業會計準則第22號 — 金融工具確認和計量》), the Company selected the Black-Scholes model to calculate the fair value of the Type II Restricted Shares. Specific measure parameters are as follows:

1. Underlying share price: RMB285.75/share (assuming the closing price on the date of the First Grant);
2. Validity Period: 12 months, 24 months and 36 months (the period from the Grant Date of the Restricted Shares to the date of Vesting of each tranche);
3. Historical volatility: 51.6261%, 56.2077%, and 55.6039% (adopting the historical volatility of the Company for the past 12 months, 24 months and 36 months);
4. Risk-free interest rate: 1.6833%, 1.8411%, and 1.9774% (using the 1-year, 2-year and 3-year yield rate of treasury bonds disclosed on ChinaBond.com.cn, respectively).

II. Estimated impact on operating performance in each period due to implementation of the Restricted Shares

The fair value of the Restricted Shares on the Grant Date will be determined by the Company in accordance with the requirements of accounting standards, and the share-based payments under the Incentive Scheme will be further determined accordingly, which will be amortised according to the Vesting ratio during the implementation of the Incentive Scheme. The costs of incentive arising from the Incentive Scheme will be charged to the recurring profit and loss.

According to the requirements of the PRC Accounting Standards, assuming the Company makes the grant of the Restricted Shares at the end of May 2024, the impact of the Restricted Shares under the First Grant of the Incentive Scheme on the accounting costs for each period is as follows:

Expected total costs to be amortised under the First Grant	2024	2025	2026	2027
<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>
12,738.49	4,387.89	5,272.58	2,431.93	646.09

Note 1: The above calculation results do not represent the final accounting costs. The actual accounting costs are related to the Grant Date, the Grant Price and the number of Restricted Shares vested. If an Incentive Participant resigns before Vesting, or fails to meet the corresponding standards of the performance assessment of the Company or personal performance assessment, the actual number of shares vested will be reduced accordingly and thus lower the share payment. Besides, the possible dilutive effects are brought to the attention of shareholders.

Note 2: The final result of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

The above calculation does not include the Reserved Grant of Restricted Shares, and additional share payment fees will be incurred when the reserved shares are granted.

According to the preliminary evaluation by the Company based on the information available, the amortisation of expenses of the Restricted Shares will have an impact on the net profit each year within the Validity Period. But at the same time, the implementation of the Restricted Share Incentive Scheme will further enhance the cohesion of employees and team stability, and effectively motivate core employees, thereby improving operating efficiency and bringing higher operating performance and intrinsic value to the Company.

CHAPTER XII RIGHTS AND OBLIGATIONS OF THE COMPANY/ THE INCENTIVE PARTICIPANTS

I. Rights and obligations of the Company

- (I) The Company shall have the right to construe and execute the Incentive Scheme and shall appraise the performance of Incentive Participants based on the requirements under the Incentive Scheme. If an Incentive Participant fails to fulfil the Vesting Conditions required under the Incentive Scheme, the Restricted Shares that have been granted to Incentive Participants but not yet registered shall not be vested and shall lapse and be canceled by the Company.
- (II) The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Incentive Participants to obtain relevant Restricted Shares according to the Incentive Scheme.
- (III) The Company shall make timely, true, accurate and complete disclosure of information disclosure documents related to the Incentive Scheme in accordance with relevant laws, regulations and regulatory documents, and ensure that there are no false records, misleading statements or material omissions, and timely fulfil the relevant reporting obligations of the Incentive Scheme.
- (IV) The Company shall proactively procure the Vesting of Restricted Shares for Incentive Participants who have satisfied with the Vesting Conditions pursuant to the Incentive Scheme and the relevant requirements of the CSRC, the SSE and China Securities Depository and Clearing Corporation Limited Shanghai Branch. The Company shall not be held liable for losses incurred by the Incentive Participants who fail to complete the Vesting of their Restricted Shares due to reasons caused by the CSRC, the SSE and China Securities Depository and Clearing Corporation Limited.
- (V) If the Incentive Participants violate the laws and professional ethics, leak confidential information of the Company, and are negligent or gross misconduct in performance of duties which may cause serious damage to the interests or reputation of the Company, upon being reviewed by the Remuneration Committee of the board of directors and reported to the board of directors of the Company for approval, the Restricted Shares that have been granted to Incentive Participants but not yet vested shall not be vested and shall lapse and be canceled by the Company. At the same time, in the event of serious circumstances, the Company may also recover the losses suffered by the Company in accordance with relevant laws and regulations.
- (VI) In accordance with the relevant provisions of the national tax laws and regulations, the Company shall withhold and pay the individual income tax and other taxes payable by the Incentive Participants for participation in the Incentive Scheme.
- (VII) The Company's determination of the Incentive Participants under the Incentive Scheme does not mean to ensure that the Incentive Participants enjoy the right to continue to serve the Company, and does not constitute the Company's commitment to the term of employment of employees. The Company's employment and employment management of employees are still implemented in accordance with the employment contract or labour contract signed between the Company and the Incentive Participants.
- (VIII) Other relevant rights and obligations as stipulated by laws, administrative regulations and regulatory documents.

II. Rights and obligations of the Incentive Participants

- (I) Incentive Participants shall, based on the requirement of the position, perform their responsibilities diligently in compliance with professional ethic and strive to contribute to the development of the Company.
- (II) The source of funding of Incentive Participants shall derive from their own funds.
- (III) The Restricted Shares granted to the Incentive Participants shall not be transferred or used to guarantee or repay debts.
- (IV) Restricted Shares granted to the Incentive Participants according to the requirements of the Incentive Scheme are not entitled to voting power before Vesting and registration, and they are not entitled to participate in the distribution of share bonuses and dividends. The Restricted Shares upon Vesting shall comply with the Articles of Association of the Company, and shall be entitled to equal voting right, dividend right, transfer right, liquidation related rights, and other rights in all respects pro rata.
- (V) The gains acquired by the Incentive Participants as a result of the Incentive Scheme shall be subject to individual income tax and other taxes and fees according to tax laws and regulations of the PRC.
- (VI) Incentive Participants undertake that where false statements or misleading representations in or material omissions from the information disclosure documents of the Company result in noncompliance with condition of grant or Vesting arrangements, Incentive Participants concerned shall return to the Company all interests gained through the Incentive Scheme calculated from the date when it's confirmed that the relevant information disclosure documents of the Company contain false statements or misleading representations or material omissions.
- (VII) Upon consideration and approval of the Incentive Scheme at the general meeting of the Company and Kingsoft, and passing the resolution of granting interest to the Incentive Participants at the board meeting, the Company shall sign an "Agreement on Grant of Restricted Shares" with the Incentive Participants in order to set out their respective rights and obligations as well as other matters.
- (VIII) Other relevant rights and obligations under the laws, regulations and the Incentive Scheme.

This Incentive Scheme (and other documents relating to this Incentive Scheme) does not constitute an offer or invitation to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Securities and Futures Ordinance. Shares offered in relation to this Incentive Scheme (and any such documents) 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 Ordinance (Cap. 622) or which do not constitute an offer to the public within the meaning of that Ordinance.

No person may issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to shares offered in relation to this Incentive Scheme, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong.

CHAPTER XIII HANDLING UNUSUAL CHANGES TO THE COMPANY/ THE INCENTIVE PARTICIPANTS

I. Handling unusual changes to the Company

- (I) In the event that any of the circumstances below occurs in respect of the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Incentive Participants but not yet vested shall not be vested:
1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;
 3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public undertakings;
 4. laws and regulations stipulate that share incentives shall not be implemented;
 5. other circumstances where the Incentive Scheme should be terminated as determined by the CSRC.
- (II) The Incentive Scheme shall remain unchanged if any of the following events occurs to the Company:
1. a change of control of the Company without reorganisation of major assets;
 2. a merger or division of the Company, where the Company continues to exist.
- (III) If any of the following events occurs to the Company, the general meeting of the Company and Kingsoft shall decide whether to amend or adjust the Scheme:
1. a change of control of the Company involving reorganisation of major assets;
 2. a merger or division of the Company, where Company no longer exists.
- (IV) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with conditions for the grant or Vesting of Restricted Shares, the Restricted Shares granted to Incentive Participants but not yet vested shall not be vested and shall lapse and be canceled by the Company. In respect of the Restricted Shares already vested, the Incentive Participants concerned shall return to the Company all interests gained. The board of directors of the Company shall recover the income of Incentive Participants in accordance with the provisions of the preceding paragraph. The Incentive Participants who bear no responsibility for the aforesaid matters and who incur losses as a result of the return of interests may seek compensation from the Company or responsible parties.

II. Change in personal particulars of the Incentive Participants

- (I) If an Incentive Participant's position(s) has been changed but he/she still works in the Company or subsidiaries of the Company, the Vesting of Restricted Shares granted to him/her shall be carried out in full accordance with the procedures stipulated in the Incentive Scheme prior to the change of his/her position(s); however, if the Incentive Participant's position(s) has changed due to his/her incompetence to his/her position, violation of laws, violation of professional ethics, leakage of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company or subsidiaries of the Company terminate his/her labour relationship with the Incentive Participant due to the above reasons, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall lapse and canceled by the Company. In respect of the Restricted Shares already vested, the Incentive Participants concerned shall return to the Company all interests granted.
- (II) Where an Incentive Participant resigns, including circumstances of voluntary resignation, resignation due to layoffs of the Company, contract expired and no longer renewed, dismissal by the Company due to personal fault, negotiated termination of labour contract or employment agreement, Restricted Shares that have been granted to the Incentive Participant but not yet vested since the date of resignation shall not be vested and shall lapse and canceled by the Company. The Incentive Participant shall pay the Company the individual income tax involved in the vested Restricted Shares before resignation.

The Company has the right to recover the losses incurred from an Incentive Participant in accordance with the provisions of relevant laws, depending on the seriousness of the circumstances when he/she conducts personal faults including but not limited to:

Violation of the employment contract, confidentiality agreement, non-competition agreement or any other similar agreements signed with the Company or its affiliates; violation of the laws of the country of residence, resulting in criminal offenses or other bad conditions that affect the performance of the job.

- (III) If an Incentive Participant retires normally (including re-employment to the Company after retirement or continue to provide labour services for the Company in other forms) in accordance with national laws and regulations and the Company's requirements, abiding by the confidentiality obligation and have no behaviour that harms the Company's interests, the Restricted Shares granted to him/her shall remain valid and shall be vested in accordance with the procedures stipulated in the Incentive Scheme. In case of the occurrence of the circumstances mentioned in this paragraph, if the Incentive Participant does not have an individual performance assessment, his/her individual performance assessment conditions will no longer be included in the Vesting Conditions; if there is an individual performance assessment, his/her individual performance assessment will still be one of the Vesting Conditions for Restricted Shares.
- (IV) The resignation of an Incentive Participant due to his/her incapacity shall be dealt with in the following two circumstances:
1. When an Incentive Participant resigns due to incapacity in performing his/her duties, the Vesting of Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the incapacity. The board of directors of the Company may determine that his/her personal performance assessment

conditions shall not be included in the Vesting Conditions, while other Vesting Conditions remains effective. The Incentive Participants shall pay to the Company the individual income tax in relation to the Restricted Shares that have been vested before they leave the Company.

2. When an Incentive Participant leaves the Company due to incapacity not resulting from performance of duties, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall lapse and canceled by the Company. Prior to the resignation of the Incentive Participants, the Incentive Participants shall pay to the Company the individual income tax involved in the Restricted Shares that have been vested.
- (V) The death of an Incentive Participant shall be dealt with in the following two circumstances:
1. If an Incentive Participant dies in the course of performing his/her duties, the Restricted Shares granted to him/her shall be inherited by his/her designated successor or legal successor and shall be vested in accordance with the procedures stipulated in the Scheme prior to the death of the Incentive Participant. The board of directors of the Company may determine that his/her personal performance assessment conditions shall no longer be included in the Vesting Conditions. The successor shall pay to the Company the individual income tax in respect of the Restricted Shares vested before the inheritance, and shall pay the individual income tax in respect of the Restricted Shares vested for the current period in advance of each Vesting thereafter.
 2. If an Incentive Participant dies other than due to his/her duty, the Restricted Shares that have been granted to the Incentive Participant but have not yet been vested shall not be vested and shall lapse and be canceled by the Company on the date of occurrence of such event. The Company is entitled to request the successors to pay the individual income tax in respect of the Restricted Shares that have been vested before the inheritance.
- (VI) If the Company cancels the Restricted Shares granted to the Incentive Participants, and grant new Restricted Shares to the same Incentive Participants, the Company shall only use the remaining Restricted Shares as specified under clause 2 of Chapter V of this Incentive Scheme.
- (VII) Other unspecified circumstances not stipulated in this Incentive Scheme shall be determined by the board of directors of the Company and its treatment method shall be determined.

III. Settlement mechanism for relevant disputes between the Company and Incentive Participants

The disputes between the Company and the Incentive Participants arising from the execution of the Incentive Scheme and/or the “Agreement on the Grant of Restricted Shares” signed by the parties or in relation to the Incentive Scheme and/or the “Agreement on the Grant of Restricted Shares” shall be solved through negotiation and communication by both parties, or mediation by the Remuneration Committee of the board of directors of the Company. If relevant disputes are not solved through the above-mentioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people’s court with jurisdiction in the place where the Company is located.

CHAPTER XIV SUPPLEMENTARY PROVISIONS

- I. The Incentive Scheme shall become effective upon consideration and approval at the general meeting of the Company and Kingsoft.
- II. The Incentive Scheme shall be interpreted by the board of directors of the Company.
- III. If the provisions of the Incentive Scheme conflict with relevant national laws, regulations, administrative rules and regulatory documents, it shall be implemented or adjusted in accordance with the relevant national laws, regulations, administrative rules and regulatory documents. If there is no provision stipulated in the Incentive Scheme, it shall be implemented or adjusted in accordance with the relevant national laws, regulations, administrative rules and regulatory documents.

The Board of Beijing Kingsoft Office Software, Inc.
23 April 2024

NOTICE OF ANNUAL GENERAL MEETING



Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Kingsoft Corporation Limited (the “**Company**”) will be held at Kingsoft Software Park, No. 329 Qiandaohuan Road, Tangjiawan Town, Zhuhai, Guangdong, the PRC on 23 May 2024 at 10:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

- 1 To receive and consider the audited consolidated financial statements, the report of the directors and the independent auditors’ report for the year ended 31 December 2023;
- 2 To declare a final dividend of HK\$0.14 per share for the year ended 31 December 2023;
- 3 To re-elect directors and authorize the board of directors of the Company to fix the directors’ remuneration:
 - 3.1 To re-elect Mr. Tao ZOU as the executive director of the Company;
 - 3.2 To re-elect Mr. Pak Kwan KAU as the non-executive director of the Company;
 - 3.3 To re-elect Mr. Leiwen YAO as the non-executive director of the Company;
 - 3.4 To authorise the board of directors of the Company to fix the directors’ remuneration;
- 4 To re-appoint Ernst & Young as the auditors of the Company and to authorize the board of directors of the Company to fix the auditors’ remuneration;
- 5 To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of US\$0.0005 each in the capital of the Company (including any sale or transfer of treasury shares (which shall have the meaning ascribed to it under the Listing Rules coming into effect on 11 June 2024) out of treasury) (“**Shares**”) or securities convertible into Shares and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such power be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such power during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company as at the date of this resolution carrying a right to subscribe for or purchase Shares or otherwise convertible into Shares; or (iii) the exercise of the subscription rights under the share option schemes of the Company; or (iv) any scrip dividend scheme or similar arrangement for the grant or issue of Shares or rights to acquire Shares of the Company (excluding any treasury shares), shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the articles of association of the Company and any applicable laws; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

- 6 To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares to be repurchased pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company (excluding any treasury shares) in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the articles of association of the Company and any applicable laws; and
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.”

- 7 To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“THAT subject to the passing of ordinary resolutions numbered 5 and 6 above, the general mandate granted to the Directors pursuant to ordinary resolution numbered 5 be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted and issued or agreed to be allotted and issued (including any sale or transfer of treasury shares out of treasury) by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 6, provided that such extended amount shall not exceed 10% of the aggregate nominal value of share capital of the Company in issue (excluding any treasury shares) as at the date of passing of the said resolution.”

NOTICE OF ANNUAL GENERAL MEETING

- 8 To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of and permission to deal in the new Shares which may be issued by the Company in respect of all options and awards to be granted under the 2024 Share Scheme (as defined in the circular of the Company dated 30 April 2024), the rules of which are contained in the document produced to the meeting and for the purposes of identification signed by the Chairman thereof, the 2024 Share Scheme be and is hereby approved and adopted, and the Directors (or any committee thereof) be and are hereby authorised (i) to grant options and awards under the 2024 Share Scheme, (ii) to administer the 2024 Share Scheme in accordance with its terms, (iii) to allot and issue Shares underlying the options and awards, with maximum number of new Shares which may be issued upon exercise of all options and vesting of all awards under the 2024 Share Scheme shall not exceed 10% of the total number of Shares in issue on the date of passing of this resolution (the “**Scheme Mandate Limit**”), (iv) to modify and/or amend the rules of the 2024 Share Scheme from time to time provided that such modification and/or amendment is effected in accordance with the rules of the 2024 Share Scheme relating to the modification and/or amendment and is in compliance with Chapter 17 of the Listing Rules, and (v) to do all such acts and to enter into all such transactions, arrangements and agreements as the Directors (or any committee thereof) may in their absolute discretion deem necessary or expedient in order to give full effect to the 2024 Share Scheme.”

- 9 To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

“**THAT** conditional upon the passing of ordinary resolution numbered 8 above, the Service Provider Sublimit (as defined in the circular of the Company dated 30 April 2024) of 1% of the total number of Shares in issue on the date of passing of this resolution be and is hereby approved and adopted.”

- 10 To consider and, if thought fit, pass with or without amendments the share incentive scheme to be adopted by Beijing Kingsoft Office Software, Inc. (the “**BKOS 2024 Share Incentive Scheme**”) as set out in the circular of the Company date 30 April 2024 and the proposed authorization to the board of directors of Beijing Kingsoft Office Software, Inc. to handle matters pertaining to the BKOS 2024 Share Incentive Scheme.

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

Hong Kong, 30 April 2024

Principal place of business in Hong Kong:
Suite 3208, 32/F, Tower 5
The Gateway, Harbour City
Tsim Sha Tsui, Kowloon
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy needs not be a member of the Company but must attend the meeting in person to represent you. If more than one proxy is so appointed, the appointment shall specify the number of shares of the Company in respect of which each such proxy is so appointed.
- (b) To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be).
- (c) The register of members will be closed from Friday, 17 May 2024 to Thursday, 23 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 16 May 2024.
- (d) The register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 June 2024.
- (e) An explanatory statement containing further details regarding resolution 6 above will be sent to shareholders.
- (f) With regard to resolution 3 in this notice, details of the retiring Directors, namely Mr. Tao ZOU, Mr. Pak Kwan KAU and Mr. Leiwen YAO proposed be re-elected as Directors are set out in Appendix II to the circular to the shareholders of the Company dated 30 April 2024.
- (g) Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
- (h) Unless otherwise specified, capitalised terms used herein shall have the same meaning ascribed to them in the circular of the Company dated 30 April 2024.

As at the date of this notice, the executive Director is Mr. Tao ZOU; the non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Leiwen YAO; the independent non-executive Directors are Messrs. Shun Tak WONG, Zuotao CHEN and Ms. Wenjie WU.