

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

THE MATTERS RAISED IN THIS DOCUMENT WILL AFFECT YOUR SHAREHOLDING IN THE COMPANY. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY BEFORE THE GENERAL MEETING REFERRED TO BELOW IS CONVENED.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

## **Moko Social Media Limited**

**ABN 35 111 082 485**

### **Notice of General Meeting**

**and**

### **Related Documentation**

NOTICE OF A GENERAL MEETING TO BE HELD AT 10.00AM (AEST) ON 5 MAY 2014 IS INCLUDED WITH THESE DOCUMENTS

TO BE VALID, FORMS OF PROXY FOR USE AT THIS MEETING MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 10.00 A.M. (AEST) ON 3 MAY 2014

## TABLE OF CONTENTS

PART A: ABOUT THESE DOCUMENTS .....	1
PART B: LETTER FROM THE CHAIRMAN.....	2
PART C: NOTICE OF GENERAL MEETING .....	3
PART D: EXPLANATORY MEMORANDUM .....	7
PART E: TERMS AND CONDITIONS OF LISTED OPTIONS .....	18
PART F: TERMS AND CONDITIONS OF UNLISTED OPTIONS.....	20
PART G: TERMS AND CONDITIONS OF US OMNIBUS PLAN .....	23
PART H: GLOSSARY.....	42

### PART A: ABOUT THESE DOCUMENTS

Shareholders in **Moko Social Media Limited ABN 35 111 082 485 (Company)** are requested to consider and vote upon each of the Resolutions set out in the Notice.

You can vote by:

- attending and voting at the Meeting; or
- appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the Proxy Form **DIRECTLY** to the Company or its share registry in the manner set out on the Proxy Form. The Company or its share registry must receive your duly completed Proxy Form by no later than **10.00 a.m. (AEST) on Saturday 3 May 2014**.
- A glossary of the key terms used throughout this document is contained in **Part H** of this Document.

**Please read the whole of this Document carefully, determine how you wish to vote in respect of each Resolution and then cast your vote accordingly, either in person or by proxy.**

**If you do not understand any part of this Document, or are in any doubt as to the course of action you should follow, you should contact your financial or other professional adviser immediately.**

## PART B: LETTER FROM THE CHAIRMAN

Moko Social Media Limited  
ACN 111 082 485

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F: +61 2 9299 9629  
Suite 4 341 George Street  
Sydney, NSW, 2000, Australia

Website: [www.mokosocialmedia.com](http://www.mokosocialmedia.com)  
Email: [contact@moko.mobi](mailto:contact@moko.mobi)



28 March 2014

Dear Shareholder,

On behalf of the Board, I have pleasure in inviting you to a General Meeting of the shareholders of Moko Social Media Limited (**Company**).

The General Meeting will be held at the offices of BDO Australia at Level 11, 1 Margaret Street, Sydney NSW 2000 on 5 May 2014, commencing at 10.00 a.m. (AEST).

The formal Notice of General Meeting is attached (**Notice**), and is accompanied by an Explanatory Memorandum that seeks to:

- explain the reasons why the Board is, where appropriate, recommending the approval of the Resolutions by the MOKO shareholders; and
- provide greater detail about the consequences that are likely to occur if the Resolutions are approved by MOKO members.

Please read the Notice and Explanatory Memorandum carefully and in their entirety.

The Directors are of the opinion that the adoption of each of the Resolutions to be proposed at the General Meeting are in the best interests of the shareholders of the Company. However, where a Director has an interest in the outcome of a particular resolution, he has refrained from making a recommendation in respect of that resolution.

Accordingly, where applicable, the Directors recommend that Shareholders vote in favour of each of the Resolutions set out in the Notice.

**Your vote is important and we encourage you to either attend the Meeting in person or complete the Proxy Form accompanying the Notice and return it in accordance with the directions provided.**

If you are unable or unwilling to attend the Meeting, the Directors urge you to vote on all the Resolutions by completing and returning the accompanying Proxy Form directly to the Company in the manner set out in that Proxy Form. The Company must receive your duly completed Proxy Form by no later than 10.00 a.m. (AEST) on 3 May 2014.

Yours faithfully,

G McCann  
Chairman

## **PART C: NOTICE OF GENERAL MEETING**

**Moko Social Media Limited ABN 35 111 082 485**

**Notice is given** that a General Meeting of the members of **Moko Social Media Limited ABN 35 111 082 485 (Company)** will be held at the place, date and time set out in Section 1 below and for the purpose of considering and voting upon the Resolutions set out in Section 2 of this Part C.

### **1: TIME AND PLACE OF MEETING**

#### **Venue**

The General Meeting of members of the Company will be held at:

BDO Australia  
Level 11  
1 Margaret Street  
SYDNEY NSW 2000

#### **Time and date**

The Meeting will commence at **10.00 a.m. (AEST)** on **Monday 5 May 2014**.

#### **How to vote**

You may vote by attending the Meeting in person, or by appointing a proxy, attorney or authorised representative to vote on your behalf.

#### **Voting in person**

To vote in person, please attend the Meeting on the date, time and place set out above.

#### **Voting by proxy**

To vote by proxy, please complete and sign the Proxy Form enclosed with this Document as soon as possible and either send, deliver, courier or mail the duly completed Proxy Form:

- directly to the Company, attention Company Secretary at GPO Box 4325 Sydney, NSW 2001, Australia;
- by facsimile to Link Market Services Limited on facsimile number +61 (02) 1300 554 474;
- online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au); or
- deliver to Link Market Services Limited at 1A Homebush Bay Drive, Rhodes, NSW 2138, Australia,

so that it is received by no later than **10.00 a.m. (AEST)** on **Saturday 3 May 2014**.

Complete details on how to vote by proxy are set out on the back of your Proxy Form.

#### **Voting Entitlement for the Purpose of the Meeting**

For the purpose of determining a person's entitlement to vote at the Meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), a person will be recognised as a member and the holder of Shares if that person is registered as a holder of Shares at 7.00 p.m. (AEST) on 3 May 2014.

## Proxies

A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote on their behalf. If a member is entitled to cast two or more votes at the Meeting, the member may appoint two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the member's voting rights. A proxy need not be a member of the Company. Any instrument of proxy deposited or received by the Company in which the name of the appointee is not filled in will be deemed to be given in the favour of the chairman of the meeting to which it relates.

The Proxy Form must be lodged not less than forty eight (48) hours before the time appointed for the meeting or adjourned meeting i.e. by no later than **10.00 a.m. (AEST) on Saturday 3 May 2014** in one of the manners outlined in the Proxy Form that forms part of this Document. If the Proxy Form is signed under a power of attorney on behalf of a member, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the Proxy Form.

### Chairman as proxy

The Company encourages you to consider directing your proxy how to vote by marking the appropriate box on each of the proposed resolutions on the Proxy Form.

If you appoint the chairman of the Meeting as your proxy (or the chairman becomes your proxy by default) and you do not direct your proxy how to vote on the proposed Resolutions set out in this Notice, then you will be authorising the chairman of the Meeting to vote as he decides on the proposed Resolutions (even though each of Resolutions 3 and 6 are connected with the remuneration of a member of the Key Management Personnel). Unless duly directed otherwise, the chairman of the Meeting intends to vote, as your proxy, in favour of each of the proposed Resolutions (where permissible).

If you do not want the chairman of the Meeting to vote as your proxy in favour of any proposed Resolution, you need to direct your proxy to vote against, or to abstain from voting on, the relevant Resolution by marking the appropriate box on the proxy form.

If you appoint a member of Key Management Personnel (other than the Chairman of the Meeting) (or a Closely Related Party of such member of the Key Management Personnel) as your proxy, you should direct them how to vote on Resolutions 3 and 6 by marking the appropriate box on the proxy form. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 3 and 6.

## **2: RESOLUTIONS OF GENERAL MEETING**

### **Resolution 1 – Approval of Issue of Shares and Listed Options on repayment of loan under Funding Agreement with Hans de Back and Associates**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purpose of Part 2E of the Corporations Act, Listing Rule 10.11 and all other purposes, the issue of 2,500,000 Shares and 2,500,000 Listed Options in accordance with the provisions of the Funding Agreement with Hans de Back and his associates, as set out in the Notice of Meeting and on such other terms and conditions as are set out in Part E of the Explanatory Memorandum accompanying the Notice, be approved.”*

### **Resolution 2 – Approval of Issue of Unlisted Options to Hans de Back**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purpose of Part 2E of the Corporations Act, Listing Rule 10.11 and all other purposes, the issue of 400,000 Unlisted Options to Hans de Back on the terms as conditions as set out in the Notice of Meeting and on such other terms and conditions as are set out in Part F of the Explanatory Memorandum accompanying the Notice, be approved.”*

### **Resolution 3 – Approval of Issue of Unlisted Options to Mark Hauser**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purpose of Part 2E of the Corporations Act, Listing Rule 10.11 and all other purposes, the issue of 2,000,000 Unlisted Options to Mark Hauser on the terms as conditions as set out in the Notice of Meeting and on such other terms and conditions as are set out in Part F of the Explanatory Memorandum accompanying the Notice, be approved.”*

### **Resolution 4 – Ratification of prior issues of Securities**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and all other purposes, the Shareholders ratify and approve the issue of 40,902,764 Shares and 24,700,000 Listed Options at an exercise price of \$0.05 and that expire on 13 June 2015, and on such other terms and conditions as are set out in Part E of the Explanatory Memorandum accompanying the Notice.”*

### **Resolution 5 – Approval of US Initial Public Offering on NASDAQ**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders approve the Company issuing up to a maximum of 100,000,000 Shares in the form of American Depositary Shares in connection with the initial listing of the Company on the NASDAQ Global Market in the United States (**Public Offering**), and otherwise for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”*

### **Resolution 6 – Approval of US Omnibus Plan**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, the Shareholders approve the issue of Shares or Stock (as each such term is defined in the US Omnibus Plan) and other securities in the capital of the Company under the US Omnibus Plan, a copy of which is set out in Part G of the Explanatory Memorandum accompanying the Notice.”*


## **OTHER BUSINESS**

To transact any other business as may be brought before the Meeting.

### **Explanatory Memorandum**

Attached to and forming part of this Notice is the Explanatory Memorandum which provides Shareholders with background information and further details on the Resolutions to be considered at the Meeting, in accordance with the Listing Rules.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'A. Bursill', written in a cursive style.

**Andrew Bursill**  
Company Secretary  
Dated: 28 March 2014

## **PART D: EXPLANATORY MEMORANDUM**

### **1. Introduction**

This Explanatory Memorandum is included in and forms part of the Notice of Meeting. It contains an explanation of, and information about, the Resolutions to be considered at the Meeting. It is given to Shareholders to help them determine how to vote on the Resolutions set out in the Notice.

Shareholders should read this Explanatory Memorandum in full before deciding upon how to vote in respect of any Resolution, as the individual sections of this Document may not necessarily give a comprehensive review of the Resolutions proposed in the Notice.

If you are in doubt about what to do in relation to a Resolution, you should consult your financial or other professional advisor.

Unless expressly provided otherwise, each capitalised term used in this Explanatory Memorandum has the same meaning as is ascribed to it in the Glossary in Part H of this Document.

### **2. Action to be taken by Shareholders**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (**Proxy**) to vote at the Meeting in their place. All Shareholders are invited and encouraged to attend the Meeting, or if they are unable to attend in person, to complete, sign and return the Proxy form directly to the Company or the Share Registry, in accordance with the instructions thereon. Lodgement of the Proxy form will not preclude a Shareholder from attending and voting at the meeting in person.

### **3. Applicable Listing Rules and Corporations Act provisions**

#### **Listing Rule 7.1**

Listing Rule 7.1 requires that a listed company must obtain shareholder approval prior to the issue of Shares, or securities convertible into Shares (such as a convertible note), representing more than 15% of the issued capital of the Company in any 12 month period.

#### **Listing Rule 10.11**

Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a related party; or
- (b) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A "related party" for the purposes of the Corporations Act includes a director of a public company and accordingly Ian Rodwell, Gregory McCann, Peter Yates and Hans de Back are each a "related party" to the Company.

In accordance with Listing Rule 7.2, as Shareholder approval for Resolution 1 is being sought under Listing Rule 10.11, Listing Rule 7.2, Exception 14 provides that further Shareholder approval is not required to be obtained under Listing Rule 7.1.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. Exceptions to this general prohibition include where the company first obtains the



approval of its shareholder in general meeting, or the financial benefit being provided is on arm's length terms or better.

A "financial benefit" for the purposes of the Corporations Act includes issuing securities to a related party.

#### **4. Resolutions to be considered**

##### **Resolution 1 - Issue of Shares and Listed Options on repayment of loan under Funding Agreement with Hans de Back and Associates**

###### ***Background***

As announced on 2 May 2013, the Company entered into a funding agreement with Mr Hans de Back, a director of the Company, and his associates, pursuant to which those parties agreed that the Company would receive up to \$100,000, as an interest free, unsecured loan (**Director Loan**) to the Company.

The Director Loan was intended to be repaid by being offset against monies that would otherwise have been payable by Mr de Back pursuant to his proposed subscription for rights under the Company's rights issue announced on 1 May 2013 (**Rights Issue**). However Mr de Back was not eligible to participate in the Rights Issue because he was normally resident in a jurisdiction, the residents of which were not eligible to participate in the Rights Issue.

The Company now seeks Shareholder approval for the conversion of the indebtedness represented by the Director Loan into subscription monies otherwise payable for the issue of Shares and Listed Options on identical terms to those upon which Mr de Back would have otherwise been entitled to if he had participated in the Rights Issue (**Conversion**).

The satisfaction of the Director Loan, by means of the issue of Shares and Listed Options as contemplated in Resolution 1, will be conditional upon Shareholder approval of Resolution 1.

###### ***Compliance with Listing Rule 10.13***

Listing Rule 10.13 requires the following disclosure to be made:

- (a) the Shares and Listed Options will be issued to Mr de Back or his nominees;
- (b) the maximum number of Shares to be issued is 2,500,000 and the maximum number of Listed Options to be issued is 2,500,000;
- (c) the issue price of each Share to be issued is \$0.04, being under the same terms of the Rights Issue;
- (d) the 2,500,000 Listed Options to be issued to Mr de Back or his nominees will be issued for no additional cash consideration;
- (e) the Company proposes to issue the Shares and Listed Options pursuant to Resolution 1 as soon as reasonably practicable after Resolution 1 is approved by Shareholders, but in any case by no later than 1 month after the date of the date of passage of Resolution 1; and
- (f) no further funds will be raised from the Conversion or the issue of the Shares and Listed Options pursuant to Resolution 1.

The material terms and conditions of the Listed Options to be issued under Resolution 1 are contained in Part E of this Document.

###### ***Voting Exclusion Statement***

The Company will disregard any votes cast on Resolution 1 by:

- (a) Hans de Back, the person who is to receive securities that are the subject of Resolution 1; and
- (b) an associate of Hans de Back.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Listing Rule 7.2, as Shareholder approval for Resolution 1 is being sought under Listing Rule 10.11, Listing Rule 7.2, Exception 14 provides that further Shareholder approval is not required to be obtained under Listing Rule 7.1.

### ***Part 2E of the Corporations Act***

A “related party” for the purposes of the Corporations Act includes a director of a public company. Accordingly Hans de Back is a “related party” to the Company.

It should be noted that Mr de Back is being provided with a financial benefit by the issue of the Shares and Listed Options in accordance with Resolution 1, under Section 210 of the Corporations Act. However, that benefit is being provided on an arm’s length basis, with the Conversion of the Director Loan being on identical terms to that which would have applied if Mr de Back had been permitted to participate in the Rights Issue.

### ***Directors’ Recommendation and Reasons***

The Directors, with the exception of Hans de Back, who abstained from making a recommendation in relation to Resolution 1, recommend that Shareholders vote in favour of Resolution 1 as it allows the Company to preserve available cash by repaying the Director Loan through the issue of Shares and Listed Options and satisfies the previously announced commitment to allow Mr de Back to participate in a share and option placement by the Company on terms that are in all material terms, identical to the terms of the Rights Issue.

Subject to the noted exclusions, the Directors, with the exception of Hans de Back, intend to vote all their Shares in favour of Resolution 1.

## **Resolution 2 – Issue of Unlisted Options to Hans de Back**

### ***Background***

The Directors have resolved to issue the Unlisted Options that are the subject of Resolution 2 to Hans de Back or to an Associate of Mr de Back.

As announced to the ASX on 1 July 2013, the Company acquired a 51% controlling interest in the Sydney based e-commerce business, Deals I Love (**DIL**). MOKO acquired the 51% interest from the existing DIL shareholders including Hans de Back, for a total consideration of \$40,000. The Company subsequently agreed with Mr de Back that, in lieu of the payment of that consideration in cash, Mr de Back would be issued with 400,000 Unlisted Options, each with an exercise price of \$0.10 and an expiry date of 28 November 2015.

### ***Compliance with Listing Rule 10.13***

Listing Rule 10.13 requires the following disclosure to be made:

- (a) the Unlisted Options that are the subject of Resolution 2, will (if that resolution is passed in accordance with its terms), be issued to Hans de Back, a Director of the Company or to an Associate of Mr de Back;
- (b) the maximum number of the Unlisted Options that will be issued to Hans de Back or to an Associate of Mr de Back, will be 400,000;
- (c) the Unlisted Options that are the subject of Resolution 2, will (if that resolution is passed in accordance with its terms), be issued:
  - (i) within 1 month of the date upon which Resolution 2 is passed;
  - (ii) for no further cash consideration; and

- (d) The material terms and conditions for the Unlisted Options proposed to be issued under Resolution 2 are as follows:
- (i) subject to the terms and conditions below, each Unlisted Option will entitle the holder (**Holder**) to subscribe for one (1) Share at the exercise price of \$0.10 each;
  - (ii) they will vest immediately upon allotment;
  - (iii) all Unlisted Options will expire on 28 November 2015 (**Expiry Date**). Unlisted Options not exercised on or before the Expiry Date will automatically lapse;
  - (iv) if permitted by the Board, Unlisted Options may be issued to a nominee of Mr de Back that is acceptable to the Board;
  - (v) the Unlisted Options are not transferable except with the prior written consent of the Board; and
  - (vi) all other terms and conditions as are set out in Part F of this Explanatory Memorandum.

### ***Voting Exclusion Statement***

The Company will disregard any votes cast on Resolution 2 by:

- (a) Hans de Back, the person who is to receive securities that are the subject of Resolution 2; and
- (b) an associate of Hans de Back.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Listing Rule 7.2, as Shareholder approval for Resolution 2 is being sought under Listing Rule 10.11, Listing Rule 7.2, Exception 14 provides that further Shareholder approval is not required to be obtained under Listing Rule 7.1.

### ***Part 2E of the Corporations Act***

It is the view of the Directors that Shareholder approval of Resolution 2 is not required under Chapter 2E of the Corporations Act as the proposed issue of Unlisted Options that are the subject of Resolution 2 is consideration for the acquisition of the DIL business from Mr de Back, and was negotiated, and remain, on an arm's length basis.

### ***Directors' Recommendation and Reasons***

The Directors, with the exception of Hans de Back, who abstained from making a recommendation in relation to Resolution 2, recommend that Shareholders vote in favour of Resolution 2 as it allows the Company to preserve available cash by performing the obligations of the Company to Mr de Back referred to above, through the issue of Unlisted Options.

Subject to the noted exclusions, the Directors, with the exception of Hans de Back, intend to vote all their Shares in favour of Resolution 2.

### **Resolution 3 - Issue of Unlisted Options to Mark Hauser**

#### ***Background***

The Directors have resolved to issue the Unlisted Options that are the subject of Resolution 3 to Mark Hauser.

Mark Hauser is a Senior Managing Director of OFS Management, a private investment firm. He founded Tamarix Capital and oversees its debt and equity investment activities. Prior to that, Mr

Hauser was a Senior Managing Director at Sandell Asset Management, an international multi-strategy alternative asset manager, where he founded and was global head of the firm's private equity practice, as well as a member of its investment committee.

Prior to joining Sandell Asset Management, Mr Hauser was a Managing Director at FdG Associates, a New York-based middle-market private equity fund focused on investing in family owned businesses. Prior to that position, Mr Hauser was a managing director at Ocean Capital Corporation, a private international investment banking firm.

Mr Hauser has served as an officer and on the boards of directors of various private and public portfolio companies, both in the United States and other jurisdictions. He began his career as a corporate attorney, practicing in New York, Sydney and London. He holds a Bachelor of Economics Degree and a Bachelor of Law Degree from Sydney University and a Masters of Law Degree from the London School of Economics & Political Science.

The Options that are the subject of Resolution 3 are proposed to be issued to Mr Hauser as part of Mr Hauser's total remuneration package, where the Company seeks to conserve its cash reserves as best possible, whilst retaining the services of highly qualified and experienced personnel.

### ***Compliance with Listing Rule 10.13***

Listing Rule 10.13 requires the following disclosure to be made:

- (a) the Unlisted Options that are the subject of Resolution 3, will (if that resolution is passed in accordance with its terms), be issued to Mr Hauser, a Director of the Company or to an Associate of Mr Hauser;
- (b) the maximum number of the Unlisted Options that will be issued to Hauser or to an Associate of Mr Hauser, will be 2,000,000;
- (c) the Unlisted Options that are the subject of Resolution 3, will (if that Resolution is passed in accordance with its terms), be issued:
  - (i) within 1 month of the date upon which Resolution 3 is passed; and
  - (ii) for no cash consideration; and
- (d) the material terms and conditions for the Unlisted Options proposed to be issued under Resolution 3 are:
  - (i) subject to the terms and conditions below, each Unlisted Option will entitle the holder (**Holder**) to subscribe for one (1) Share at the exercise price of \$0.20 each;
  - (ii) they will vest immediately upon allotment;
  - (iii) all Unlisted Options will expire on 31 January 2016 (**Expiry Date**). Unlisted Options not exercised on or before the Expiry Date will automatically lapse;
  - (iv) if permitted by the Board, Unlisted Options may be issued to a nominee of Mr Hauser that is acceptable to the Board;
  - (v) the Unlisted Options are not transferable except with the prior written consent of the Board; and
  - (vi) all other terms and conditions as are set out in Part F of this Explanatory Memorandum.

### ***Voting Exclusion Statement***

The Company will disregard any votes cast on Resolution 3 by:

- (a) Mark Hauser, the person who is to receive securities that are the subject of Resolution 3; and

- (b) an associate of Mark Hauser.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Listing Rule 7.2, as Shareholder approval for Resolution 3 is being sought under Listing Rule 10.11, Listing Rule 7.2, Exception 14 provides that further Shareholder approval is not required to be obtained under Listing Rule 7.1.

**Part 2E of the Corporations Act**

It is the view of the Directors that Shareholder approval of Resolution 3 is not required under Chapter 2E of the Corporations Act as the proposed issue of Unlisted Options that are the subject of Resolution 3 is considered reasonable remuneration in the circumstances, and was negotiated, and remain, on an arm's length basis.

**Directors' Recommendation and Reasons**

The Directors, with the exception of Mark Hauser, who abstained from making a recommendation in relation to Resolution 3, recommend that Shareholders vote in favour of Resolution 3 for the reasons stated above.

Subject to the noted exclusions, the Directors, with the exception of Mark Hauser, intend to vote all their Shares in favour of Resolution 3.

**Resolution 4 – Ratification of prior issues of Securities**

**Background**

Shareholder approval of the prior issue of securities set out below in relation to this Resolution 4 (**Prior Issue**) is now sought pursuant to Listing Rule 7.4 in order to re-instate the Company's capacity to issue up to 15% of its ordinary issued capital, if required, within the next twelve (12) months without seeking further Shareholder approval.

**Compliance with Listing Rule 7.5**

Listing Rule 7.5 requires the following disclosure to be made:

- (a) the total number of securities issued under the Prior Issue was 40,902,764 Shares and 25,800,000 Options;
- (b) the table below lists the price at which the Shares referred to in paragraph (a) immediately above were issued and the names of the persons to whom those Shares were issued, each under the Prior Issue:

<b>Name</b>	<b>Number of Shares</b>	<b>Issue price per Share</b>	<b>Purpose</b>
Sophisticated investors	250,000	\$0.04	see paragraph (e) below
Howmark Mobile LLC	1,250,000	\$0.17	see paragraph (f) below
Sophisticated investors	37,462,816	\$0.11	see paragraph (e) below
Sophisticated investors	181,818	\$0.11	see paragraph (e) below
Sophisticated investors	1,250,000	\$0.04	see paragraph (e) below
Howmark Mobile LLC	508,130	\$0.123	see paragraph (f) below
<b>Total</b>	<b>40,902,764</b>		

- (c) the table below lists the price at which the Options referred to in paragraph (a) immediately above were issued and the names of the persons to whom those Options were issued, each under the Prior Issue:

<b>Name</b>	<b>Number of Options</b>	<b>Listed/Unlisted</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Purpose</b>
Zero Nominees Limited	3,000,000	Listed	\$0.05	13 June 2015	see paragraph (g) below
Parakeet Bay Pty Ltd	5,000,000	Listed	\$0.05	13 June 2015	see paragraph (g) below
Options to participants in underwritten placement	250,000	Listed	\$0.05	13 June 2015	see paragraph (h) below
Greatside Holdings Pty Ltd	7,000,000	Listed	\$0.05	13 June 2015	see paragraph (g) below
Triple C Consulting Pty Ltd	4,000,000	Unlisted	\$0.155	24 October 2015	see paragraph (g) below
Options to participants in underwritten placement	1,250,000	Listed	\$0.05	13 June 2015	see paragraph (h) below
Global Securities Services Corporation	200,000	Unlisted	\$0.10	31 December 2014	see paragraph (i) below
Mark Hauser	1,000,000	Unlisted	\$0.03	30 June 2015	see paragraph (i) below
Mark Hauser	1,000,000	Unlisted	\$0.04	30 June 2015	see paragraph (i) below
Mark Hauser	1,000,000	Unlisted	\$0.02	30 June 2015	see paragraph (i) below
Mark Hauser	1,000,000	Unlisted	\$0.11	30 June 2015	see paragraph (i) below
Paul Grueber	400,000	Unlisted	\$0.12	30 June 2014	see paragraph (k) below
Simon Burbidge	100,000	Unlisted	\$0.17	31 July 2016	see paragraph (k) below
Terry Mulkearns	100,000	Unlisted	\$0.17	31 July 2016	see paragraph (k) below
George Tucker	500,000	Unlisted	\$0.17	31 July 2016	see paragraph (k) below
<b>Total</b>	<b>25,800,000</b>				

(d) the abovementioned Option holders were not related parties of the Company at the time the Options were issued;

(e) the Shares were issued to sophisticated investors and professional investors pursuant to the Company's share placements;

- (f) the purpose of the issue was part consideration for the acquisition of the Howmark Mobile business;
- (g) the purpose of issue was payment in lieu of corporate advisory services provided to the Company;
- (h) the Options were issued to sophisticated investors and professional investors for no additional cash consideration pursuant to the Company's share placements;
- (i) the purpose of issue was payment in lieu of remuneration for advisory services provided to the Company since 2010;
- (j) the Shares issued rank equally with, and be on the same terms as, the existing Shares on issue;
- (k) the purpose of issue was remuneration for employees of the Company;
- (l) the terms and conditions of the Listed Options are contained in Part E of this Document; and
- (m) the terms and conditions of the Unlisted Options are contained in Part F of this Document.

### ***Voting Exclusion Statement***

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue of any of the securities that are the subject of Resolution 4, and any associate of any such person.

However, the Company will not disregard a vote on Resolution 4 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (b) the person chairing the Meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form, to vote as the proxy decides.

### ***Directors' Recommendation and Reasons***

The Directors, with the exception of Mark Hauser, who abstained from making a recommendation in relation to Resolution 4, recommend that Shareholders vote in favour of Resolution 4 as it allows the Company to ratify the issue of the Shares and Options referred to in paragraph (a) and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next twelve (12) months without seeking further Shareholder approval. Subject to the noted exclusions, the Directors, with the exception of Mark Hauser, intend to vote all their Shares in favour of Resolution 4.

## **Resolution 5 - US Initial Public Offering on NASDAQ**

### ***Background***

The Company may require additional capital to finance certain strategic opportunities and the Company's working capital requirements. Accordingly, the Company intends to raise additional funds by means of an initial public offering of Shares on NASDAQ, to be issued in the form of American Depositary Shares or ADSs (**Public Offering**). Resolution 5 seeks Shareholder approval under Listing Rule 7.1 and for all other purposes, for the issue of those Shares pursuant to the Public Offering.

The net proceeds from the Public Offering will be used for general corporate purposes, including the hiring of additional technology staff in Australia, sales and marketing associates in the United States and the purchase or lease of additional information technology infrastructure such as servers. The Company reserves a broad discretion in the way in which it will apply the net proceeds of the Public Offering. Pending their ultimate use, the Company intends to invest the net proceeds of the Public Offering primarily in investment grade, interest-bearing instruments.

Listing Rule 7.1 provides that subject to certain exceptions (which do not apply in the present circumstances) a listed company may not issue shares or options to subscribe for shares equal to

more than 15% of that company's issued share capital in any 12 months without obtaining shareholder approval. However, issues made with the prior approval of the shareholders in a general meeting are not subject to this restriction and will not be counted as part of the 15% limit.

The Company also wishes to make it clear that the capital raising of A\$12,500,000 that was the subject of the fourth resolution proposed at the Annual General Meeting of the Company on 26 November 2013, although approved by Shareholders at that meeting, did not take place, either in whole or in part. Furthermore, the period in which the approval for the conduct of that capital raising has since expired.

If Shareholders approve the proposed issue of Shares that is the subject of Resolution 5:

- (a) the Company will be permitted to issue the Shares that are the subject of Resolution 5; and
- (b) the Shares issued pursuant to Resolution 5 will not be counted towards the Company's 15% limit in respect of issues of equity securities in the following 12 month period.

### **Compliance with Listing Rule 7.3**

Listing Rule 7.3 requires the following disclosure to be made:

- (a) the Company is required to issue the Shares under the Public Offering at a minimum price that is at least eighty per cent. (80%) of the average market price for Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue of the Shares is made. As at the date of this Explanatory Memorandum, that minimum price is A\$0.226 per Share. To ensure that this minimum pricing requirement is able to be satisfied, it is likely that the Company will, immediately prior to the pricing of the Public Offering (see *footnote 1 below*), request that the ASX places all Shares in a trading halt (or, if required, suspension), that will last until the Company has issued the Shares, in the form of ADSs, under the terms of the Public Offering. It is expected that such period – during which there will be no public trading in the Shares or Listed Options - will be no longer than 4 business days.

Given that at the time of issuing the Notice and this Explanatory Memorandum, the Company will be unsure as to:

- (i) the number of Shares that will be subscribed for in the course of the Public Offering; and
- (ii) the final issue price that those Shares will be issued at under the Public Offering<sup>1</sup>,

the Company is unable to state in this Notice the exact number of Shares that the Company proposes to issue as a result of the Public Offering, assuming that Resolution 5 has been passed in accordance with its terms. However, the table immediately below sets out possible dilutionary scenarios arising from the issue of all or some of the maximum number of Shares under the Public Offering for which Shareholder approval is being sought under Resolution 5, based on assumed numbers of Shares issued and assumed range of issue prices for those Shares;

- (b) any Shares issued under the Public Offering will be issued:

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<sup>1</sup> The final issue price for the Shares to be issued under the Public Offering will be determined by the Company in consultation with the Underwriter for the Public Offering. In accordance with the typical procedures in public capital raisings made in North America:

- (a) neither the Company nor the Underwriter is willing to undertake a promotion of the Public Offering until and unless the Company has obtained the necessary Shareholder approval to issue all Shares that may be duly applied for under that offering; and
- (b) the issue price determination in respect of the Public Offering will only be able to be made after the conclusion of a roadshow presentation by the Company and the Underwriter, which is currently expected to occur no sooner than May 2014 and which will run for approximately 1 week.



- (i) within 4 business days of the closing date of the Public Offering;
  - (ii) on the one date i.e. not on a staggered basis; and
  - (iii) within 3 months of the date of passage of this Resolution 5;
- (c) it is intended that the Shares will be issued under the Public Offering to investors who are not related parties of the Company. The identity of the allottee/s has not yet been determined. The identity of the allottees will be determined by the Underwriter, acting in consultation with the Company;
- (d) all Shares issued under the Public Offering will rank equally with, and on the same terms as, the Company's then issued Shares; and
- (e) the funds received from the issue of Shares under the Public Offering will provide the Company additional working capital to support its expanding US based operations and further development of the Company's "Rec\*It" product.

If Resolution 5 is passed in accordance with its stated terms, three examples of the dilutionary effects on MOKO's current capital structure with the effective issue price per Share of \$0.20, \$0.225 and \$0.25, would be as follows:

	<b>US\$0.20 issue price per Share</b>	<b>US\$0.225 issue price per Share</b>	<b>US\$0.25 issue price per Share</b>
Shares issued	100,000,000	88,888,889	80,000,000
Funds raised	US\$20,000,000	US\$20,000,000	US \$20,000,000
Dilutionary effect post issue of Shares	16.03%	14.5%	13.25%

#### ***Voting Exclusion Statement***

The Company will disregard any votes cast on Resolution 5 by any person who may participate in the issue of any of the securities that are the subject of Resolution 5, and any associate of any such person.

However, the Company will not disregard a vote on Resolution 5 if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form; or
- (b) the person chairing the Meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form, to vote as the proxy decides.

#### ***Directors' Recommendation and Reasons***

The Board recommends Shareholders vote in favour of Resolution 5 as it will provide the Company with the additional working capital to support its expanding US based operations and further development of the company's "Rec\*It" product.

### **Resolution 6 - Approval of US Omnibus Plan**

#### ***Background***

In the course of the Company applying for listing on NASDAQ, and generally expanding its operations in North America, the Directors have resolved that it is in the best interests of the Company that it adopt and implement an equity incentive scheme to be known as the US Omnibus Plan. Under that plan, the Company will be entitled to issue to directors and employees of the Company and other authorised eligible participants, securities in the Company, upon their satisfaction of certain performance criteria.

If the Shareholders approve the issue of securities under the US Omnibus Plan by passing Resolution 6 in accordance with its stated terms and conditions, any securities so issued will not be included in any determination of the 15% limit to the issue of further securities by the Company under Listing Rule 7.1, without obtaining further Shareholder approval<sup>2</sup>.

***Compliance with Listing Rule 7.2, Exception 9***

Listing Rule 7.2, Exception 9 requires the following disclosure to be made:

- (a) a copy of the complete terms and conditions of the US Omnibus Plan are set out in Part G of this Explanatory Memorandum; and
- (b) no securities have been issued under the US Omnibus Plan.

***Voting Exclusion Statement***

The Company will disregard any votes cast on Resolution 6 by:

- (a) any Director; and
- (b) any associate of a Director.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

***Directors' Recommendation and Reasons***

The Directors have adopted and approved the 2014 US Omnibus Equity Incentive Plan. The 2014 US Omnibus Equity Incentive Plan is a comprehensive incentive compensation plan under which the Company is permitted to grant equity-based and other incentive awards to officers, employees and directors of, and consultants and advisers to, the Company. The purpose of the Plan is to assist the Company in attracting, motivating and retaining such persons with awards designed for the United States market and thereby enhance Shareholder value.

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<sup>2</sup> Such approval must have been given no earlier than 3 years prior to the proposed date of issue of securities under the US Omnibus Plan

## PART E: TERMS AND CONDITIONS OF LISTED OPTIONS

### 1. Entitlement

Each Listed Option entitles the holder to subscribe for one Share upon exercise of the Listed Option.

### 2. Exercise Price

The amount payable upon exercise of each Listed Option will be \$0.05 (**Exercise Price**).

### 3. Expiry Date

Each Listed Option will expire on 13 June 2015 at 5.00pm (EST). A Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### 4. Exercise Period

The Listed Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

### 5. Notice of Exercise

The Listed Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Listed Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Listed Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

### 6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Listed Option being exercised in cleared funds (**Exercise Date**).

### 7. Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (a) the Exercise Date; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information, but in any case no later than 20 Business Days after the Exercise Date, the Company will:
  - (i) issue the number of Shares required under these terms and conditions in respect of the number of Listed Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
  - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

If a notice delivered under Paragraph (g)(ii)(B) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**8. Shares issued on exercise**

Shares issued on exercise of the Listed Options rank equally with the then issued shares of the Company.

**9. Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Listed Options.

**10. Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Listed Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

**11. Participation in new issues**

There are no participation rights or entitlements inherent in the Listed Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Listed Options without exercising the Listed Options.

**12. Change in exercise price**

A Listed Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Listed Option can be exercised.

**13. Quoted**

The Company will apply for quotation of the Listed Options on ASX.

**14. Transferability**

The Listed Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## PART F: TERMS AND CONDITIONS OF UNLISTED OPTIONS

### 1. Entitlement

Each Option entitles the holder to subscribe for and be issued one fully paid ordinary share (“**Share**”) in Moko Social Media Limited (“**Company**”) upon exercise of each Option.

### 2. Exercise Period and Vesting Date

- (a) Subject to item 2(b) below, each Option is exercisable at any time after the later of the date of grant of the Option and the vesting date and before the Expiry Date.
- (b) Notwithstanding that the Expiry Date has not occurred, each Option that has not already vested as outlined above will expire on that date which is the earlier to occur of a Change of Control Event and the date the Option holder ceases to be employed, engaged as a consultant or appointed as a director of the Company because of:
  - (i) if the holder is a director the date the holder is disqualified from holding the office of director;
  - (ii) retirement;
  - (iii) voluntary cessation;
  - (iv) cessation of employment in accordance with the terms of the employment agreement; or
  - (v) by mutual agreement (unless the Board resolves otherwise),and thereafter no party has any claim against any other party arising under or in respect of the Options.
- (c) If there is a vesting date, the Options immediately vest if a Change in Control Event occurs in respect of the Shares of the Company.
- (d) For the purposes of clause 2(b) and 2(c) a “**Change in Control Event**” means:
  - (i) the occurrence of:
    - (A) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
    - (B) that takeover bid has become unconditional (except any condition in relation to the cancellation or exercise of the Options); or
  - (ii) the announcement by the Company that:
    - (A) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
      - (I) cancelled; or
      - (II) transferred to a third party; and
    - (B) the Court, by order, approves the proposed scheme of arrangement.

### **3. Notice of Exercise**

The Options may be exercised by notice in writing to the Company and payment of the Exercise Price for each Option being exercised. Any notice of exercise of a Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

### **4. Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then shares of the Company.

### **5. Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

### **6. Timing of issue of Shares**

Within 15 Business Days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (b) the date the Company ceases to be in possession of excluded information in respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Option being exercised by the Company,

the Company will:

- (c) issue the Shares pursuant to the exercise of the Options;
- (d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act or lodge a prospectus with ASIC that qualifies the Shares for resale under section 708A(11) of the Corporations Act; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

### **7. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

### **8. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Director had exercised the Option before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

**9. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price (as defined in the ASX Listing Rules) per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

**10. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders will, be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**11. Quotation of Options**

No application for quotation of the Options will be made by the Company.

**12. Quotation of Shares**

The Company will apply to ASX for, and will use its best endeavours to obtain, quotation of all Shares issued and allotted upon the exercise of an Option, but gives no assurance or undertaking that such quotation will be granted or maintained.

**13. Liquidation**

If the Company is liquidated, all unexercised Options will thereupon lapse and be of no further force or effect.

**14. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

**PART G: TERMS AND CONDITIONS OF US OMNIBUS  
PLAN**

**MOKO SOCIAL MEDIA LTD.  
2014 U.S. OMNIBUS EQUITY INCENTIVE PLAN**



**MOKO SOCIAL MEDIA LTD.  
2014 U.S. OMNIBUS EQUITY INCENTIVE PLAN**

**ARTICLE I  
PURPOSE**

The purpose of this MOKO Social Media Ltd. 2014 U.S. Omnibus Equity Incentive Plan (the “Plan”) is to benefit MOKO Social Media Ltd. (the “Company”) and its equity holders, by assisting the Company and its subsidiaries to attract, retain and provide incentives to key management employees, directors, and consultants of the Company and its Affiliates, and to align the interests of such service providers with those of the Company’s equity holders. Accordingly, the Plan provides for the granting of Options, Restricted Stock Awards, Restricted Stock Unit Awards, Stock Appreciation Rights, Performance Stock Awards, Performance Unit Awards, Unrestricted Stock Awards, Distribution Equivalent Rights or any combination of the foregoing on American Depositary Shares issued by the Company.

**ARTICLE II  
DEFINITIONS**

The following definitions shall be applicable throughout the Plan unless the context otherwise requires:

2.1 “Affiliate” shall mean any corporation which, with respect to the Company, is a “subsidiary corporation” within the meaning of Section 424(f) of the Code or other entity in which the Company has a controlling interest in such entity or another entity which is part of a chain of entities in which the Company or each entity has a controlling interest in another entity in the unbroken chain of entities ending with the applicable entity.

2.2 “ASX” shall mean the Australian Securities Exchange and any market operated by that exchange.

2.3 “Award” shall mean, individually or collectively, any Option, Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award, Performance Unit Award, Stock Appreciation Right, Distribution Equivalent Right or Unrestricted Stock Award.

2.4 “Award Agreement” shall mean a written agreement between the Company and the Holder with respect to an Award, setting forth the terms and conditions of the Award, as amended.

2.5 “Board” shall mean the Board of Directors of the Company.

2.6 “Base Value” shall have the meaning given to such term in Section 14.2.

2.7 “Cause” shall mean (i) if the Holder is a party to an employment or service agreement with the Company or an Affiliate which agreement defines “Cause” (or a similar term), “Cause” shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, “Cause” shall mean termination by the Company or an Affiliate of the employment (or other service relationship) of the Holder by reason of the Holder’s (A) intentional failure to perform reasonably assigned duties, (B) dishonesty or willful misconduct in the performance of the Holder’s duties owed to the Company or any Affiliate, (C) involvement in a transaction which is materially adverse to the Company or an Affiliate, (D) breach of fiduciary duty involving personal profit, (E) willful violation of any law, rule, regulation or court order (other than misdemeanor traffic violations and misdemeanors not involving misuse or misappropriation of money or property), (F) commission of an act of fraud or intentional misappropriation or conversion of any asset or opportunity of the Company or an Affiliate, or (G) material breach of any provision of the Plan or the Holder’s Award Agreement or any other written agreement between the Holder and the Company or an Affiliate, in each case as determined in good faith by the Board, the determination of which shall be final, conclusive and binding on all parties.

2.8 “Change of Control” shall mean: (i) for a Holder who is a party to an employment or consulting agreement with the Company or an Affiliate which agreement defines “Change of Control” (or a similar term), “Change of Control” shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, “Change of Control” shall mean the satisfaction of any one or more of the following conditions (and the “Change of Control” shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied):

(a) Any person (as such term is used in paragraphs 13(d) and 14(d)(2) of the Exchange Act, hereinafter in this definition, “Person”), other than the Company or an Affiliate or an employee benefit plan of the Company or an Affiliate, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities;

(b) The closing of a merger, consolidation or other business combination (a “Business Combination”) other than a Business Combination in which holders of the Shares immediately prior to the Business Combination have substantially the same proportionate ownership of the common stock or ordinary shares, as applicable, of the surviving corporation immediately after the Business Combination as immediately before;

(c) The closing of an agreement for the sale or disposition of all or substantially all (50% or more) of the Company’s assets to any entity that is not an Affiliate;

(d) The approval by the holders of shares of Shares of a plan of complete liquidation of the Company, other than a merger of the Company into any subsidiary or a liquidation as a result of which persons who were shareholders of the Company immediately prior to such liquidation have substantially the same proportionate ownership of shares of common stock or ordinary shares, as applicable, of the surviving corporation immediately after such liquidation as immediately before; or

(e) Within any twenty-four (24) month period, the Incumbent Directors shall cease to constitute at least a majority of the Board or the board of directors of any successor to the Company; provided, however, that any director elected to the Board, or nominated for election, by a majority of the Incumbent Directors then still in office, shall be deemed to be an Incumbent Director for purposes of this paragraph (e), but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, entity or “group” other than the Board (including, but not limited to, any such assumption that results from paragraphs (a), (b), (c), or (d) of this definition).

2.9 “Code” shall mean the United States of America Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to any section and any regulation under such section.

2.10 “Committee” shall mean a committee comprised of not less than three (3) members of the Board who are selected by the Board as provided in Section 4.1.

2.11 “Company” shall have the meaning given to such term in the introductory paragraph, including any successor thereto.

2.12 “Consultant” shall mean any non-Employee (individual or entity) advisor to the Company or an Affiliate who or which has contracted directly with the Company or an Affiliate to render bona fide consulting or advisory services thereto.

2.13 “Director” shall mean a member of the Board or a member of the board of directors of an Affiliate, in either case, who is not an Employee.

2.14 “Distribution Equivalent Right” shall mean an Award granted under Article XIII of the Plan which entitles the Holder to receive bookkeeping credits, cash payments and/or Share

distributions equal in amount to the distributions that would have been made to the Holder had the Holder held a specified number of Shares during the period the Holder held the Distribution Equivalent Right.

2.15 “Distribution Equivalent Right Award Agreement” shall mean a written agreement between the Company and a Holder with respect to a Distribution Equivalent Right Award.

2.16 “Effective Date” shall mean the date upon which this Plan is duly approved by shareholders of the Company in accordance with the provisions of the listing rules of the Australian Securities Exchange.

2.17 “Employee” shall mean any employee, including any officer, of the Company or an Affiliate.

2.18 “Exchange Act” shall mean the United States of America Securities Exchange Act of 1934, as amended.

2.19 “Fair Market Value” shall mean, as of any specified date, the closing sales price of the Shares for such date (or, in the event that the Shares are not traded on such date, on the immediately preceding trading date) on the Nasdaq Stock Market or a domestic or foreign national securities exchange (including London’s Alternative Investment Market) on which the Shares may be listed, as reported in The Wall Street Journal or The Financial Times. If the Shares are not listed on the Nasdaq Stock Market or on a national securities exchange, but are quoted on the OTC Bulletin Board or by the National Quotation Bureau, the Fair Market Value of the Shares shall be the mean of the highest bid and lowest asked prices per Share for such date. If the Shares are not quoted or listed as set forth above, Fair Market Value shall be determined by the Board in good faith by any fair and reasonable means (which means may be set forth with greater specificity in the applicable Award Agreement). The Fair Market Value of property other than Shares shall be determined by the Board in good faith by any fair and reasonable means consistent with the requirements of applicable law.

2.20 “Family Member” of an individual shall mean any child, stepchild, grandchild, parent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the Holder’s household (other than a tenant or employee of the Holder), a trust in which such persons have more than fifty percent (50%) of the beneficial interest, a foundation in which such persons (or the Holder) control the management of assets, and any other entity in which such persons (or the Holder) own more than fifty percent (50%) of the voting interests.

2.21 “Holder” shall mean an Employee, Director or Consultant who has been granted an Award or any such individual’s beneficiary, estate or representative, who has acquired such Award in accordance with the terms of the Plan, as applicable.

2.22 “Incumbent Director” shall mean, with respect to any period of time specified under the Plan for purposes of determining whether or not a Change of Control has occurred, the individuals who were members of the Board at the beginning of such period.

2.23 “Option” or “Stock Option” shall mean an Award granted under Article VII of the Plan of an option to purchase Shares and for purposes of United States income taxes shall be considered non-qualified, and as not coming within the definition of an incentive stock option under Section 422 of the Code.

2.24 “Option Agreement” shall mean a written agreement between the Company and a Holder with respect to an Option.

2.25 “Performance Criteria” shall mean the criteria selected by the Committee for purposes of establishing the Performance Goal(s) for a Holder for a Performance Period.

2.26 “Performance Goals” shall mean, for a Performance Period, the written goal or goals established by the Committee for the Performance Period based upon the Performance Criteria, which may be related to the performance of the Holder, the Company or an Affiliate.

2.27 “Performance Period” shall mean one or more periods of time, which may be of varying and overlapping durations, selected by the Committee, over which the attainment of the Performance Goals shall be measured for purposes of determining a Holder’s right to, and the payment of, a Qualified Performance-Based Award.

2.28 “Performance Stock Award” or “Performance Stock” shall mean an Award granted under Article XII of the Plan under which, upon the satisfaction of predetermined Performance Goals, Shares are paid to the Holder.

2.29 “Performance Stock Agreement” shall mean a written agreement between the Company and a Holder with respect to a Performance Stock Award.

2.30 “Performance Unit” shall mean a Unit awarded to a Holder pursuant to a Performance Unit Award.

2.31 “Performance Unit Award” shall mean an Award granted under Article XI of the Plan under which, upon the satisfaction of predetermined Performance Goals, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

2.32 “Performance Unit Agreement” shall mean a written agreement between the Company and a Holder with respect to a Performance Unit Award.

2.33 “Plan” shall mean this MOKO Social Media Ltd. 2014 U.S. Omnibus Equity Incentive Plan, as amended from time to time, together with each of the Award Agreements utilized hereunder.

2.34 “Qualified Performance-Based Award” shall mean an Award that is intended to qualify as “performance-based” compensation under Section 162(m) of the Code.

2.35 “Restricted Stock Award” and “Restricted Stock” shall mean an Award granted under Article VIII of the Plan of Shares, the transferability of which by the Holder is subject to Restrictions.

2.36 “Restricted Stock Agreement” shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

2.37 “Restricted Stock Unit Award” and “RSUs” shall refer to an Award granted under Article X of the Plan under which, upon the satisfaction of predetermined individual service-related vesting requirements, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

2.38 “Restricted Stock Unit Agreement” shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

2.39 “Restriction Period” shall mean the period of time for which Shares subject to a Restricted Stock Award shall be subject to Restrictions, as set forth in the applicable Restricted Stock Agreement.

2.40 “Restrictions” shall mean the forfeiture, transfer and/or other restrictions applicable to Shares awarded to an Employee, Director or Consultant under the Plan pursuant to a Restricted Stock Award and set forth in a Restricted Stock Agreement.

2.41 “Rule 16b-3” shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, as such may be amended from time to time, and any successor rule, regulation or statute fulfilling the same or a substantially similar function.

2.42 “Shares” or “Stock” shall mean the American Depositary Shares of the Company listed on the NASDAQ Global Market, each such American Depositary Share representing that number of fully paid ordinary shares of the Company, as officially quoted on the ASX, that is determined from time to time and in accordance with the terms of a depositary agreement between the Company and The Bank of New York, under which the administration of those American Depositary Shares is conducted.

2.43 “Stock Appreciation Right” or “SAR” shall mean an Award granted under Article XIV of the Plan of a right, granted alone or in connection with a related Option, to receive a payment equal to the increase in value of a specified number of Shares between the date of Award and the date of exercise.

2.44 “Stock Appreciation Right Agreement” shall mean a written agreement between the Company and a Holder with respect to a Stock Appreciation Right.

2.45 “Tandem Stock Appreciation Right” shall mean a Stock Appreciation Right granted in connection with a related Option, the exercise of some or all of which results in termination of the entitlement to purchase some or all of the Shares under the related Option, all as set forth in Article XIV.

2.46 “Termination of Service” shall mean a termination of a Holder’s employment with, or status as a Director or Consultant of, the Company or an Affiliate, as applicable, for any reason, including, without limitation, Total and Permanent Disability or death, except as provided in Section 6.4. In the event Termination of Service shall constitute a payment event with respect to any Award subject to Code Section 409A, Termination of Service shall only be deemed to occur upon a “separation from service” as such term is defined under Code Section 409A and applicable authorities.

2.47 “Total and Permanent Disability” of an individual shall mean the inability of such individual to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, within the meaning of Section 22(e)(3) of the Code.

2.48 “Unit” shall mean a bookkeeping unit, which represents such monetary amount as shall be designated by the Committee in each Performance Unit Agreement, or represents one Share for purposes of each Restricted Stock Unit Award.

2.49 “Unrestricted Stock Award” shall mean an Award granted under Article IX of the Plan of Shares which are not subject to Restrictions.

2.50 “Unrestricted Stock Agreement” shall mean a written agreement between the Company and a Holder with respect to an Unrestricted Stock Award.

### ARTICLE III EFFECTIVE DATE OF PLAN

3.1 The Plan shall be effective as of the Effective Date, provided that the Plan is approved by the shareholders of the Company within twelve (12) months of such date. Awards may be granted or awarded prior to such shareholder approval, provided that such Awards shall not be exercisable, shall not vest and the restrictions thereon shall not lapse prior to the time when the Plan is approved by the shareholders, and provided further that if such approval has not been obtained at the end of said twelve-month period, all Awards previously granted or awarded under the Plan shall thereupon be canceled and become null and void. In addition, each individual Award to a Director shall be subject to such additional shareholder approvals as may be required or advisable under applicable Australian laws, regulations and listing rules of the ASX.

3.2 Neither the issue nor making of an Award, nor the offer to issue or make an Award, is permitted to be made or effected in Australia.

### ARTICLE IV ADMINISTRATION

4.1 Composition of Committee. The Plan shall be administered by the Committee, which shall be appointed by the Board. If necessary, in the Board’s discretion, to comply with Rule 16b-3 under the Exchange Act and Section 162(m) of the Code, the Committee shall consist solely of three



(3) or more Directors who are each (i) “outside directors” within the meaning of Section 162(m) of the Code (“Outside Directors”), (ii) “non-employee directors” within the meaning of Rule 16b-3 (“Non-Employee Directors”) and (iii) “independent” for purposes of any applicable listing requirements; provided, however, that the Board or the Committee may delegate to a committee of one or more members of the Board who are not (x) Outside Directors, the authority to grant Awards to eligible persons who are not (A) then “covered employees” within the meaning of Section 162(m) of the Code and are not expected to be “covered employees” at the time of recognition of income resulting from such Award, or (B) persons with respect to whom the Company wishes to comply with the requirements of Section 162(m) of the Code, and/or (y) Non-Employee Directors, the authority to grant Awards to eligible persons who are not then subject to the requirements of Section 16 of the Exchange Act. If a member of the Committee shall be eligible to receive an Award under the Plan, such Committee member shall have no authority hereunder with respect to his or her own Award.

4.2 Powers. Subject to the provisions of the Plan, the Committee shall have the sole authority, in its discretion, to make all determinations under the Plan, including but not limited to determining which Employees, Directors or Consultants shall receive an Award, the time or times when an Award shall be made (the date of grant of an Award shall be the date on which the Award is awarded by the Committee), what type of Award shall be granted, the term of an Award, the date or dates on which an Award vests (including acceleration of vesting), the form of any payment to be made pursuant to an Award, the terms and conditions of an Award (including the forfeiture of the Award (and/or any financial gain) if the Holder of the Award violates any applicable restrictive covenant thereof), the Restrictions under a Restricted Stock Award and the number of Shares which may be issued under an Award, Performance Goals applicable to any Award and certification of the achievement of such goals, and the waiver of any Restrictions or Performance Goals, subject to compliance with applicable laws, all as may be applicable. In making such determinations the Committee may take into account the nature of the services rendered by the respective Employees, Directors and Consultants, their present and potential contribution to the Company’s (or the Affiliate’s) success and such other factors as the Committee in its discretion may deem relevant. Notwithstanding the forgoing, each individual Award to a Director shall be subject to such additional shareholder approvals as may be required under Article III and as may be required under any applicable Australian laws, regulations or ASX listing rules.

4.3 Additional Powers. The Committee shall have such additional powers as are delegated to it under the other provisions of the Plan. Subject to the express provisions of the Plan, the Committee is authorized to construe the Plan and the respective Award Agreements executed hereunder, to prescribe such rules and regulations relating to the Plan as it may deem advisable to carry out the intent of the Plan, to determine the terms, restrictions and provisions of each Award and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in any Award Agreement in the manner and to the extent the Committee shall deem necessary, appropriate or expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Article IV shall be conclusive and binding on the Company and all Holders.

4.4 Committee Action. Subject to compliance with all applicable laws, action by the Committee shall require the consent of a majority of the members of the Committee, expressed either orally at a meeting of the Committee or in writing in the absence of a meeting. No member of the Committee shall have any liability for any good faith action, inaction or determination in connection with the Plan.

## ARTICLE V SHARES SUBJECT TO PLAN AND LIMITATIONS THEREON

5.1 Authorized Shares and Award Limits. The Committee may from time to time grant Awards to one or more Employees, Directors and/or Consultants determined by it to be eligible for participation in the Plan in accordance with the provisions of Article VI. Subject to Article XV, the aggregate number of Shares that may be issued under the Plan shall not exceed that number of Shares that represent, at the time of their proposed issue, more than 50,000,000 fully paid ordinary shares of the Company, as officially quoted on the ASX. Shares shall be deemed to have been issued under the Plan solely to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses, expires, is canceled, is terminated unexercised or ceases to be

exercisable for any reason, or the rights of its Holder terminate, any Shares subject to such Award shall again be available for the grant of a new Award. Notwithstanding any provision in the Plan to the contrary, the maximum number of Shares that may be subject to Awards of Options under Article VII and/or Stock Appreciation Rights under Article XIV, and that are permitted to be granted in respect of that calendar year under the provisions of this Plan to any one person, shall not exceed that number of Shares that represent, at the time of their proposed issue, more than 15,000,000 fully paid ordinary shares of the Company, as officially quoted on the ASX (subject to adjustment in the same manner as provided in Article XV with respect to Shares subject to Awards then outstanding). The limitation set forth in the preceding sentence shall be applied in a manner which shall permit compensation generated in connection with the exercise of Options or Stock Appreciation Rights to constitute "performance-based" compensation for purposes of Section 162(m) of the Code, including, but not limited to, counting against such maximum number of Shares, to the extent required under Section 162(m) of the Code, any Shares subject to Options or Stock Appreciation Rights that are canceled or re-priced.

5.2 Shares Offered. The Shares to be offered pursuant to the grant of an Award may be authorized but unissued Shares, Shares purchased on the open market or Shares previously issued and outstanding and reacquired by the Company.

## ARTICLE VI ELIGIBILITY AND TERMINATION OF SERVICE

6.1 Eligibility. Awards made under the Plan may be granted solely to individuals or entities who, at the time of grant, are Employees, Directors or Consultants. An Award may be granted on more than one occasion to the same Employee, Director or Consultant, and, subject to the limitations set forth in the Plan, such Award may include, an Option, a Restricted Stock Award, a Restricted Stock Unit Award, an Unrestricted Stock Award, a Distribution Equivalent Right Award, a Performance Stock Award, a Performance Unit Award, a Stock Appreciation Right, a Tandem Stock Appreciation Right, or any combination thereof.

6.2 Termination of Service. Except to the extent inconsistent with the terms of the applicable Award Agreement and/or the provisions of Section 6.3 or 6.4, the following terms and conditions shall apply with respect to a Holder's Termination of Service with the Company or an Affiliate, as applicable:

(i) The Holder's rights, if any, to exercise any then exercisable Options and/or Stock Appreciation Rights shall terminate:

(A) If such termination is for a reason other than the Holder's Total and Permanent Disability or death, ninety (90) days after the date of such Termination of Service;

(B) If such termination is on account of the Holder's Total and Permanent Disability, one (1) year after the date of such Termination of Service; or

(C) If such termination is on account of the Holder's death, one (1) year after the date of the Holder's death.

Upon such applicable date the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in or with respect to any such Options and Stock Appreciation Rights.

(ii) In the event of a Holder's Termination of Service for any reason prior to the actual or deemed satisfaction and/or lapse of the Restrictions, vesting requirements, terms and conditions applicable to a Restricted Stock Award and/or Restricted Stock Unit Award, such Restricted Stock and/or RSUs shall immediately be canceled, and the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in and with respect to any such Restricted Stock and/or RSUs. Notwithstanding the immediately preceding sentence, the Committee, in its sole discretion, may determine, prior to or within thirty (30) days after

the date of such Termination of Service that all or a portion of any such Holder's Restricted Stock and/or RSUs shall not be so canceled and forfeited.

6.3 Special Termination Rule. Except to the extent inconsistent with the terms of the applicable Award Agreement, and notwithstanding anything to the contrary contained in this Article VI, if a Holder's employment with, or status as a Director of, the Company or an Affiliate shall terminate, and if, within ninety (90) days of such termination, such Holder shall become a Consultant, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to the extent determined by the Committee in its sole discretion, as if such Holder had been a Consultant for the entire period during which such Award or portion thereof had been outstanding. Should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her employment or Director status had terminated until such time as his or her Consultant status shall terminate, in which case his or her Award, as it may have been reduced in connection with the Holder's becoming a Consultant, shall be treated pursuant to the provisions of Section 6.2. Should a Holder's status as a Consultant terminate, and if, within ninety (90) days of such termination, such Holder shall become an Employee or a Director, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to the extent determined by the Committee in its sole discretion, as if such Holder had been an Employee or a Director, as applicable, for the entire period during which such Award or portion thereof had been outstanding, and, should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her Consultant status had terminated until such time as his or her employment with the Company or an Affiliate, or his or her Director status, as applicable, shall terminate, in which case his or her Award shall be treated pursuant to the provisions of Section 6.2.

6.4 Termination for Cause. Notwithstanding anything in this Article VI or elsewhere in the Plan to the contrary, and unless a Holder's Award Agreement specifically provides otherwise, in the event of a Holder's Termination for Cause, all of such Holder's then outstanding Awards shall expire immediately and be forfeited in their entirety upon such termination.

## ARTICLE VII OPTIONS

7.1 Option Period. The term of each Option shall be as specified in the Option Agreement; provided, however, no Option shall be exercisable after the expiration of ten (10) years from the date of its grant.

7.2 Limitations on Exercise of Option

. An Option shall be exercisable in whole or in such installments and at such times as specified in the Option Agreement.

7.3 Option Agreement. Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the provisions of the Plan as the Committee from time to time shall approve. An Option Agreement may provide for the payment of the Option price, in whole or in part, by the delivery of a number of Shares (plus cash if necessary) that have been owned by the Holder for at least six (6) months and having a Fair Market Value equal to such Option price, or such other forms or methods as the Committee may determine from time to time, in each case, subject to such rules and regulations as may be adopted by the Committee. Each Option Agreement shall, solely to the extent inconsistent with the provisions of Sections 6.2, 6.3, and 6.4, as applicable, specify the effect of Termination of Service on the exercisability of the Option. Moreover, without limiting the generality of the foregoing, an Option Agreement may provide for a "cashless exercise" of the Option (subject to any applicable shareholder approval requirements under Australian law), in whole or in part, by (a) establishing procedures whereby the Holder, by a properly-executed written notice, directs (i) an immediate market sale or margin loan as to all or a part of Shares to which he is entitled to receive upon exercise of the Option, pursuant to an extension of credit by the Company to the Holder of the Option price, (ii) the delivery of the Shares from the Company directly to a brokerage firm and (iii) the delivery of the Option price from sale or margin loan proceeds from the brokerage firm directly to the Company, or (b) reducing the number of Shares to be issued upon exercise of the Option by the number of such Shares having an aggregate Fair Market Value equal to



the Option price (or portion thereof to be so paid) as of the date of the Option's exercise. An Option Agreement may also include provisions relating to: (i) subject to the provisions hereof, accelerated vesting of Options, including but not limited to, upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements and requiring additional "gross-up" payments to Holders to meet any excise taxes or other additional income tax liability imposed as a result of a payment made upon a Change of Control resulting from the operation of the Plan or of such Option Agreement) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Option Agreements need not be identical.

7.4 Option Price and Payment. The price at which an Share may be purchased upon exercise of an Option shall be determined by the Committee; provided, however, that such Option price (i) shall not be less than the Fair Market Value of an Share on the date such Option is granted, and (ii) shall be subject to adjustment as provided in Article XV. The Option or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company. The Option price for the Option or portion thereof shall be paid in full in the manner prescribed by the Committee as set forth in the Plan and the applicable Option Agreement, which manner, with the consent of the Committee, may include the withholding of Shares otherwise issuable in connection with the exercise of the Option. Separate share certificates shall be issued by the Company for those Shares acquired pursuant to the exercise of an Option.

7.5 Shareholder Rights and Privileges. The Holder of an Option shall not be entitled to the privileges and rights of a shareholder of the Company unless and until Shares as have been purchased under the Option and certificates have been registered in the Holder's name.

7.6 Options and Rights in Substitution for Stock or Stock Options Granted by Other Corporations. Options may be granted under the Plan from time to time in substitution for stock options held by individuals employed by entities who become Employees, Directors or Consultants as a result of a merger or consolidation of the employing entity with the Company or any Affiliate, or the acquisition by the Company or an Affiliate of the assets of the employing entity, or the acquisition by the Company or an Affiliate of stock or shares of the employing entity with the result that such employing entity becomes an Affiliate.

7.7 Prohibition Against Re-Pricing. Except to the extent (i) approved in advance by holders of a majority of the shares of the Company entitled to vote generally in the election of directors, and otherwise effected in accordance with the applicable ASX listing rules, or (ii) as a result of any Change of Control or any adjustment as provided in Article XV, the Committee shall not have the power or authority to reduce, whether through amendment or otherwise, the exercise price under any outstanding Option or Stock Appreciation Right, or to grant any new Award or make any payment of cash in substitution for or upon the cancellation of Options and/or Stock Appreciation Rights previously granted.

## ARTICLE VIII RESTRICTED STOCK AWARDS

8.1 Award. A Restricted Stock Award shall constitute an Award of Shares to the Holder as of the date of the Award which Shares are subject to a "substantial risk of forfeiture" as defined under Section 83 of the Code during the specified Restriction Period. At the time a Restricted Stock Award is made, the Committee shall establish the Restriction Period applicable to such Award. Each Restricted Stock Award may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Restricted Stock Award shall not be changed except as permitted by Section 8.2.

8.2 Terms and Conditions. At the time any Award is made under this Article VIII, the Company and the Holder shall enter into a Restricted Stock Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. Shares awarded pursuant to a Restricted Stock Award shall be represented by a share certificate registered in the name of the Holder of such Restricted Stock Award. If provided for under the Restricted Stock Agreement, the Holder shall have the right to vote Shares subject thereto and to

enjoy all other shareholder rights, including the entitlement to receive dividends on the Shares during the Restriction Period, except that (i) the Holder shall not be entitled to delivery of the share certificate until the Restriction Period shall have expired, (ii) the Company shall retain custody of the share certificate during the Restriction Period (with a share power endorsed by the Holder in blank), (iii) the Holder may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the Shares during the Restriction Period and (iv) a breach of the terms and conditions established by the Committee pursuant to the Restricted Stock Agreement shall cause a forfeiture of the Restricted Stock Award. At the time of such Restricted Stock Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the Restriction Period. Such additional terms, conditions or restrictions shall, to the extent inconsistent with the provisions of Sections 6.2, 6.3 and 6.4, as applicable, be set forth in a Restricted Stock Agreement made in conjunction with the Award. Such Restricted Stock Agreement may also include provisions relating to: (i) subject to the provisions hereof, accelerated vesting of Awards, including but not limited to accelerated vesting upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements and requiring additional "gross-up" payments to Holders to meet any excise taxes or other additional income tax liability imposed as a result of a payment made in connection with a Change of Control resulting from the operation of the Plan or of such Restricted Stock Agreement) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Restricted Stock Agreements need not be identical. All Shares delivered to a Holder as part of a Restricted Stock Award shall be delivered and reported by the Company or the Affiliate, as applicable, to the Holder at the time of vesting.

8.3 Payment for Restricted Stock. The Committee shall determine the amount and form of any payment from a Holder for Shares received pursuant to a Restricted Stock Award, if any, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Shares received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

## ARTICLE IX UNRESTRICTED STOCK AWARDS

9.1 Award. Shares may be awarded (or sold) to Employees, Directors or Consultants under the Plan which are not subject to Restrictions of any kind, in consideration for past services rendered thereby to the Company or an Affiliate or for other valid consideration.

9.2 Terms and Conditions. At the time any Award is made under this Article IX, the Company and the Holder shall enter into an Unrestricted Stock Agreement setting forth each of the matters contemplated hereby and such other matters as the Committee may determine to be appropriate.

9.3 Payment for Unrestricted Stock. The Committee shall determine the amount and form of any payment from a Holder for Shares received pursuant to an Unrestricted Stock Award, if any, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Shares received pursuant to an Unrestricted Stock Award, except to the extent otherwise required by law.

## ARTICLE X RESTRICTED STOCK UNIT AWARDS

10.1 Award. A Restricted Stock Unit Award shall constitute a promise to grant Shares (or cash equal to the Fair Market Value of Shares) to the Holder at the end of a specified Restriction Period. At the time a Restricted Stock Unit Award is made, the Committee shall establish the Restriction Period applicable to such Award. Each Restricted Stock Unit Award may have a different Restriction Period, in the discretion of the Committee. A Restricted Stock Unit shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares prior to the time the Holder shall receive a distribution of Shares pursuant to Section 10.3.

10.2 Terms and Conditions. At the time any Award is made under this Article X, the Company and the Holder shall enter into a Restricted Stock Unit Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Restricted Stock Unit Agreement shall set forth the individual service-based vesting requirement which the Holder would be required to satisfy before the Holder would become entitled to distribution pursuant to Section 10.3 and the number of Units awarded to the Holder. Such conditions shall be sufficient to constitute a “substantial risk of forfeiture” as such term is defined under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Unit Awards in the Restricted Stock Unit Agreement, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the applicable vesting period. The terms and conditions of the respective Restricted Stock Unit Agreements need not be identical.

10.3 Distributions of Shares. The Holder of a Restricted Stock Unit shall be entitled to receive a cash payment equal to the Fair Market Value of an Share, or one Share, as determined in the sole discretion of the Committee and as set forth in the Restricted Stock Unit Agreement, for each Restricted Stock Unit subject to such Restricted Stock Unit Award, if the Holder satisfies the applicable vesting requirement. Such distribution shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the calendar year in which the Restricted Stock Unit first becomes vested (i.e., no longer subject to a “substantial risk of forfeiture”).

## ARTICLE XI PERFORMANCE UNIT AWARDS

11.1 Award. A Performance Unit Award shall constitute an Award under which, upon the satisfaction of predetermined individual and/or Company (and/or Affiliate) Performance Goals based on selected Performance Criteria, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder. At the time a Performance Unit Award is made, the Committee shall establish the Performance Period and applicable Performance Goals. Each Performance Unit Award may have different Performance Goals, in the discretion of the Committee. A Performance Unit Award shall not constitute an equity interest in the Company and shall not entitle the Participant to voting rights, dividends or any other rights associated with ownership of Shares.

11.2 Terms and Conditions. At the time any Award is made under this Article XI, the Company and the Holder shall enter into a Performance Unit Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Performance Unit Agreement the Performance Period, Performance Criteria and Performance Goals which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to payment pursuant to Section 11.3, the number of Units awarded to the Holder and the dollar value or formula assigned to each such Unit. Such payment shall be subject to a “substantial risk of forfeiture” under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Unit Awards, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the applicable performance period. The terms and conditions of the respective Performance Unit Agreements need not be identical.

11.3 Payments. The Holder of a Performance Unit shall be entitled to receive a cash payment equal to the dollar value assigned to such Unit under the applicable Performance Unit Agreement if the Holder and/or the Company satisfy (or partially satisfy, if applicable under the applicable Performance Unit Agreement) the Performance Goals set forth in such Performance Unit Agreement. If necessary to satisfy the requirements of Code Section 162(m), if applicable, the achievement of such Performance Goals shall be certified in writing by the Committee prior to any payment. All payments shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company’s fiscal year to which such performance goals and objectives relate.

## ARTICLE XII PERFORMANCE STOCK AWARDS

12.1 Award. A Performance Stock Award shall constitute a promise to grant Shares (or cash equal to the Fair Market Value of Shares) to the Holder at the end of a specified Performance Period subject to achievement of specified Performance Goals. At the time a Performance Stock Award is made, the Committee shall establish the Performance Period and applicable Performance Goals based on selected Performance Criteria. Each Performance Stock Award may have different Performance Goals, in the discretion of the Committee. A Performance Stock Award shall not constitute an equity interest in the Company and shall not entitle the Participant to voting rights, dividends or any other rights associated with ownership of Shares unless and until the Holder shall receive a distribution of Shares pursuant to Section 11.3.

12.2 Terms and Conditions. At the time any Award is made under this Article XII, the Company and the Holder shall enter into a Performance Stock Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Performance Stock Agreement the Performance Period, selected Performance Criteria and Performance Goals which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to the receipt of Shares pursuant to such Holder's Performance Stock Award and the number of Shares subject to such Performance Stock Award. Such distribution shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code. If such Performance Goals are achieved, the distribution of Shares, or the payment of cash in accordance with Section 12.3, shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year to which such goals and objectives relate. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Stock Awards, including, but not limited to, rules pertaining to the effect of the Holder's Termination of Service prior to the expiration of the applicable performance period. The terms and conditions of the respective Performance Stock Agreements need not be identical.

12.3 Distributions of Shares. The Holder of a Performance Stock Award shall be entitled to receive a cash payment equal to the Fair Market Value of an Share, or one Share, as determined in the sole discretion of the Committee, for each Performance Stock Award subject to such Performance Stock Agreement, if the Holder satisfies the applicable vesting requirement. If necessary to satisfy the requirements of Code Section 162(m), if applicable, the achievement of such Performance Goals shall be certified in writing by the Committee prior to any payment. Such payment shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year to which such performance goals and objectives relate.

## ARTICLE XIII DISTRIBUTION EQUIVALENT RIGHTS

13.1 Award. A Distribution Equivalent Right shall entitle the Holder to receive bookkeeping credits, cash payments and/or Share distributions equal in amount to the distributions that would have been made to the Holder had the Holder held a specified number of Shares during the specified period of the Award.

13.2 Terms and Conditions. At the time any Award is made under this Article XIII, the Company and the Holder shall enter into a Distribution Equivalent Rights Award Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Distribution Equivalent Rights Award Agreement the terms and conditions, if any, including whether the Holder is to receive credits currently in cash, is to have such credits reinvested (at Fair Market Value determined as of the date of reinvestment) in additional Shares or is to be entitled to choose among such alternatives. Such receipt shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code and, if such Award becomes vested, the distribution of such cash or Shares shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year in which the Holder's interest in the Award vests. Distribution Equivalent Rights Awards may be settled in cash or in Shares, as set forth in the applicable Distribution Equivalent Rights Award

Agreement. A Distribution Equivalent Rights Award may, but need not be, awarded in tandem with another Award (other than an Option or a SAR), whereby, if so awarded, such Distribution Equivalent Rights Award shall expire, terminate or be forfeited by the Holder, as applicable, under the same conditions as under such other Award.

13.3 Interest Equivalents. The Distribution Equivalent Rights Award Agreement for a Distribution Equivalent Rights Award may provide for the crediting of interest on a Distribution Rights Award to be settled in cash at a future date (but in no event later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year in which such interest is credited and vested), at a rate set forth in the applicable Distribution Equivalent Rights Award Agreement, on the amount of cash payable thereunder.

## ARTICLE XIV STOCK APPRECIATION RIGHTS

14.1 Award. A Stock Appreciation Right shall constitute a right, granted alone or in connection with a related Option, to receive a payment equal to the increase in value of a specified number of Shares between the date of Award and the date of exercise.

14.2 Terms and Conditions. At the time any Award is made under this Article XIV, the Company and the Holder shall enter into a Stock Appreciation Right Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Stock Appreciation Right Agreement the terms and conditions of the Stock Appreciation Right, including (i) the base value (the "Base Value") for the Stock Appreciation Right, which shall be not less than the Fair Market Value of an Share on the date of grant of the Stock Appreciation Right, (ii) the number of Shares subject to the Stock Appreciation Right, (iii) the period during which the Stock Appreciation Right may be exercised; provided, however, that no Stock Appreciation Right shall be exercisable after the expiration of ten (10) years from the date of its grant, and (iv) any other special rules and/or requirements which the Committee imposes upon the Stock Appreciation Right. Upon the exercise of some or all of the portion of a Stock Appreciation Right, the Holder shall receive a payment from the Company, in cash or in the form of Shares having an equivalent Fair Market Value or in a combination of both, as determined in the sole discretion of the Committee, equal to the product of:

- (a) The excess of (i) the Fair Market Value of an Share on the date of exercise, over (ii) the Base Value, multiplied by,
- (b) The number of Shares with respect to which the Stock Appreciation Right is exercised.

14.3 Tandem Stock Appreciation Rights. If the Committee grants a Stock Appreciation Right which is intended to be a Tandem Stock Appreciation Right, the Tandem Stock Appreciation Right shall be granted at the same time as the related Option, and the following special rules shall apply:

- (a) The Base Value shall be equal to or greater than the per Share exercise price under the related Option;
- (b) The Tandem Stock Appreciation Right may be exercised for all or part of the Shares which are subject to the related Option, but solely upon the surrender by the Holder of the Holder's right to exercise the equivalent portion of the related Option (and when an Share is purchased under the related Option, an equivalent portion of the related Tandem Stock Appreciation Right shall be cancelled);
- (c) The Tandem Stock Appreciation Right shall expire no later than the date of the expiration of the related Option;
- (d) The value of the payment with respect to the Tandem Stock Appreciation Right may be no more than one hundred percent (100%) of the difference between the per Share



exercise price under the related Option and the Fair Market Value of the Shares subject to the related Option at the time the Tandem Stock Appreciation Right is exercised, multiplied by the number of the Shares with respect to which the Tandem Stock Appreciation Right is exercised; and

(e) The Tandem Stock Appreciation Right may be exercised solely when the Fair Market Value of the Shares subject to the related Option exceeds the per Share exercise price under the related Option.

## ARTICLE XV RECAPITALIZATION OR REORGANIZATION

15.1 Adjustments to Shares. The shares with respect to which Awards may be granted under the Plan are Shares as presently constituted; provided, however, that if, and whenever, prior to the expiration, or distribution to the Holder of Shares underlying an Award or cash distribution under an Award, theretofore granted, the Company shall effect a subdivision or consolidation of the Shares or the payment of an Share dividend on Shares without receipt of sufficient consideration by, and acceptable to, the Company, the number of Shares with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding Shares, shall be proportionately increased, and the purchase price per Share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding Shares, shall be proportionately reduced, and the purchase price per Share shall be proportionately increased.

15.2 Recapitalization. If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise or satisfaction, as applicable, of a previously granted Award, the Holder shall be entitled to receive (or entitled to purchase, if applicable) under such Award, in lieu of the number of Shares then covered by such Award, the number and class of shares and securities to which the Holder would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Holder had been the holder of record of the number of Shares then covered by such Award.

15.3 Other Events. In the event of changes to the outstanding Shares by reason of an extraordinary cash dividend, reorganization, merger, consolidation, combination, split-up, spin-off, exchange or other relevant change in capitalization occurring after the date of the grant of any Award and not otherwise provided for under this Article XV, any outstanding Awards and any Award Agreements evidencing such Awards shall be adjusted by the Committee in its discretion in such manner as the Committee shall deem equitable or appropriate taking into consideration the applicable accounting and tax consequences, as to the number and price of Shares or other consideration subject to such Awards. In the event of any adjustment pursuant to Sections 15.1, 15.2 or this Section 15.3, the aggregate number of Shares available under the Plan pursuant to Section 5.1 (and the Code Section 162(m) limit set forth therein) may be appropriately adjusted by the Committee, the determination of which shall be conclusive. In addition, the Committee may make provision for a cash payment to a Participant or a person who has an outstanding Award. The number of Shares subject to any Award shall be rounded to the nearest whole number.

15.4 Powers Not Affected. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or of the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change of the Company's capital structure or business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Shares or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

15.5 No Adjustment for Certain Awards. Except as hereinabove expressly provided, the issuance by the Company of shares of any class or securities convertible into shares of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect previously granted Awards, and no adjustment by reason thereof shall be made with respect to the number of Shares subject to Awards theretofore granted or the purchase price per Share, if applicable.

## ARTICLE XVI AMENDMENT AND TERMINATION OF PLAN

16.1 The Plan shall continue in effect, unless sooner terminated pursuant to this Article XVI, until the tenth (10<sup>th</sup>) anniversary of the date on which it is adopted by the Board (except as to Awards outstanding on that date). The Board in its discretion may terminate the Plan at any time with respect to any shares for which Awards have not theretofore been granted; provided, however, that the Plan's termination shall not materially and adversely impair the rights of a Holder with respect to any Award theretofore granted without the consent of the Holder. The Board shall have the right to alter or amend the Plan or any part hereof from time to time; provided, however, that without the approval by a majority of the votes cast at a meeting of shareholders at which a quorum representing a majority of the shares of the Company entitled to vote generally in the election of directors is present in person or by proxy, no amendment or modification of the Plan may (i) materially increase the benefits accruing to Holders, (ii) except as otherwise expressly provided in Article XV, materially increase the number of Shares subject to the Plan or the individual Award Agreements specified in Article V, (iii) materially modify the requirements for participation in the Plan, or (iv) amend, modify or suspend Section 7.7 (re-pricing prohibitions) or this Article XVI. In addition, no change in any Award theretofore granted may be made which would materially and adversely impair the rights of a Holder with respect to such Award without the consent of the Holder (unless such change is required in order to cause the benefits under the Plan to qualify as "performance-based" compensation within the meaning of Section 162(m) of the Code or to exempt the Plan or any Award from Section 409A of the Code).

## ARTICLE XVII MISCELLANEOUS

17.1 No Right to Award. Neither the adoption of the Plan by the Company nor any action of the Board or the Committee shall be deemed to give an Employee, Director or Consultant any right to an Award except as may be evidenced by an Award Agreement duly executed on behalf of the Company, and then solely to the extent and on the terms and conditions expressly set forth therein.

17.2 No Rights Conferred. Nothing contained in the Plan shall (i) confer upon any Employee any right with respect to continuation of employment with the Company or any Affiliate, (ii) interfere in any way with any right of the Company or any Affiliate to terminate the employment of an Employee at any time, (iii) confer upon any Director any right with respect to continuation of such Director's membership on the Board, (iv) interfere in any way with any right of the Company or an Affiliate to terminate a Director's membership on the Board at any time, (v) confer upon any Consultant any right with respect to continuation of his or her consulting engagement with the Company or any Affiliate, or (vi) interfere in any way with any right of the Company or an Affiliate to terminate a Consultant's consulting engagement with the Company or an Affiliate at any time.

17.3 Other Laws; No Fractional Shares; Withholding. The Company shall not be obligated by virtue of any provision of the Plan to recognize the exercise of any Award or to otherwise sell or issue Shares in violation of any laws, rules or regulations, and any postponement of the exercise or settlement of any Award under this provision shall not extend the term of such Award. Neither the Company nor its directors or officers shall have any obligation or liability to a Holder with respect to any Award (or Shares issuable thereunder) (i) that shall lapse because of such postponement, or (ii) for any failure to comply with the requirements of any applicable law, rules or regulations, including but not limited to any failure to comply with the requirements of Section 409A of this Code. No fractional Shares shall be delivered, nor shall any cash in lieu of fractional Shares be paid. The Company shall have the right to deduct in cash (whether under this Plan or otherwise) in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations. In the case of any Award satisfied in the form of Shares, no Shares shall be issued unless and until arrangements satisfactory to the Company shall have been made to satisfy any tax withholding obligations applicable with respect to such Award. Subject to such terms and conditions as the Committee may impose, the Company shall have the right to retain, or the Committee may, subject to such terms and conditions as it may establish from time to time, permit Holders to elect to tender, Shares (including Shares issuable in respect of an Award) to satisfy, in whole or in part, the amount required to be withheld.

17.4 No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any corporate action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Employee, Director, Consultant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

17.5 Restrictions on Transfer. No Award under the Plan or any Award Agreement and no rights or interests herein or therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Holder except (i) by will or by the laws of descent and distribution, or (ii) by gift to any Family Member of the Holder, subject to compliance with applicable laws. An Award may be exercisable during the lifetime of the Holder only by such Holder or by the Holder's guardian or legal representative unless it has been transferred by gift to a Family Member of the Holder, in which case it shall be exercisable solely by such transferee. Notwithstanding any such transfer, the Holder shall continue to be subject to the withholding requirements provided for under Section 17.3 hereof.

17.6 Beneficiary Designations. Each Holder may, from time to time, name a beneficiary or beneficiaries (who may be contingent or successive beneficiaries) for purposes of receiving any amount which is payable in connection with an Award under the Plan upon or subsequent to the Holder's death. Each such beneficiary designation shall serve to revoke all prior beneficiary designations, be in a form prescribed by the Company and be effective solely when filed by the Holder in writing with the Company during the Holder's lifetime. In the absence of any such written beneficiary designation, for purposes of the Plan, a Holder's beneficiary shall be the Holder's estate.

17.7 Rule 16b-3. It is intended that the Plan and any Award made to a person subject to Section 16 of the Exchange Act shall meet all of the requirements of Rule 16b-3. If any provision of the Plan or of any such Award would disqualify the Plan or such Award under, or would otherwise not comply with the requirements of, Rule 16b-3, such provision or Award shall be construed or deemed to have been amended as necessary to conform to the requirements of Rule 16b-3.

17.8 Section 162(m). The following conditions shall apply if it is intended that the requirements of Section 162(m) of the Code be satisfied such that Awards under the Plan which are made to Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall constitute "performance-based" compensation within the meaning of Section 162(m) of the Code: Any Performance Goal(s) applicable to Qualified Performance-Based Awards shall be objective, shall be established not later than ninety (90) days after the beginning of any applicable Performance Period (or at such other date as may be required or permitted for "performance-based" compensation under Section 162(m) of the Code) and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the Performance Goal or Goals be substantially uncertain (as defined in the regulations under Section 162(m) of the Code) at the time established. The Performance Criteria to be utilized under the Plan to establish Performance Goals shall consist of objective tests based on one or more of the following: earnings or earnings per share, cash flow or cash flow per share, operating cash flow or operating cash flow per share revenue growth, product revenue growth, financial return ratios (such as return on equity, return on investment and/or return on assets), share price performance, shareholder return, equity and/or value, operating income, operating margins, earnings before interest, taxes, depreciation and amortization, earnings, pre- or post-tax income, economic value added (or an equivalent metric), profit returns and margins, credit quality, sales growth, market share, working capital levels, comparisons with various share market indices, year-end cash, debt reduction, assets under management, operating efficiencies, strategic partnerships or transactions (including co-development, co-marketing, profit sharing, joint venture or other similar arrangements), and/or financing and other capital raising transaction. Performance criteria may be established on a Company-wide basis or with respect to one or more Company business units or divisions or subsidiaries; and either in absolute terms, relative to the performance of one or more similarly situated companies, or relative to the performance of an index covering a peer group of companies. When establishing Performance Goals for the applicable Performance Period, the Committee may exclude any or all "extraordinary items" as determined under U.S. generally accepted accounting principles including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other unusual or non-recurring items, and the cumulative effects of accounting changes, and as identified in the Company's



financial statements, notes to the Company's financial statements or management's discussion and analysis of financial condition and results of operations contained in the Company's most recent annual report filed with the U.S. Securities and Exchange Commission pursuant to the Exchange Act. Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall be eligible to receive payment under a Qualified Performance-Based Award which is subject to achievement of a Performance Goal or Goals only if the applicable Performance Goal or Goals are achieved within the applicable Performance Period, as determined by the Committee. If any provision of the Plan would disqualify the Plan or would not otherwise permit the Plan to comply with Section 162(m) of the Code as so intended, such provision shall be construed or deemed amended to conform to the requirements or provisions of Section 162(m) of the Code. The Committee may postpone the exercising of Awards, the issuance or delivery of Shares under any Award or any action permitted under the Plan to prevent the Company or any subsidiary from being denied a federal income tax deduction, provided that such deferral satisfies the requirements of Section 409A of the Code. For purposes of the requirements of Treasury Regulation Section 1.162-27(e)(4)(i), the maximum aggregate amount that may be paid in cash during any calendar year to any one person (measured from the date of any payment) with respect to one or more Awards payable in cash shall be one million dollars (US\$1,000,000).

17.9 Section 409A. Notwithstanding any other provision of the Plan, the Committee shall have no authority to issue an Award under the Plan with terms and/or conditions which would cause such Award to constitute non-qualified "deferred compensation" under Section 409A of the Code unless such Award shall be structured to be exempt from or comply with all requirements of Code Section 409A. The Plan and all Award Agreements are intended to comply with the requirements of Section 409A of the Code (or to be exempt therefrom) and shall be so interpreted and construed and no amount shall be paid or distributed from the Plan unless and until such payment complies with all requirements of Code Section 409A. It is the intent of the Company that the provisions of this Agreement and all other plans and programs sponsored by the Company be interpreted to comply in all respects with Code Section 409A, however, the Company shall have no liability to the Holder, or any successor or beneficiary thereof, in the event taxes, penalties or excise taxes may ultimately be determined to be applicable to any payment or benefit received by the Holder or any successor or beneficiary thereof.

17.10 Indemnification. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred thereby in connection with or resulting from any claim, action, suit, or proceeding to which such person may be made a party or may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid thereby in settlement thereof, with the Company's approval, or paid thereby in satisfaction of any judgment in any such action, suit, or proceeding against such person; provided, however, that such person shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-laws, by contract, as a matter of law, or otherwise.

17.11 Other Benefit Plans. No Award, payment or amount received hereunder shall be taken into account in computing an Employee's salary or compensation for the purposes of determining any benefits under any pension, retirement, life insurance or other benefit plan of the Company or any Affiliate, unless such other plan specifically provides for the inclusion of such Award, payment or amount received. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees, in cash or property, in a manner which is not expressly authorized under the Plan.

17.12 Limits of Liability. Any liability of the Company with respect to an Award shall be based solely upon the contractual obligations created under the Plan and the Award Agreement. None of the Company, any member of the Board nor any member of the Committee shall have any liability to any party for any action taken or not taken, in good faith, in connection with or under the Plan.

17.13 Governing Law. Except as otherwise provided herein, the Plan shall be construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

17.14 Severability of Provisions. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of the Plan, and the Plan shall be construed and enforced as if such invalid or unenforceable provision had not been included in the Plan.

17.15 No Funding. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to ensure the payment of any Award. Prior to receipt of Shares or cash distribution pursuant to the terms of an Award, such Award shall represent an unfunded unsecured contractual obligation of the Company and the Holder shall have no greater claim to the Shares underlying such Award or any other assets of the Company or Affiliate than any other unsecured general creditor.

17.16 Headings. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

## PART H: GLOSSARY

### DEFINED TERMS

<b>AEST</b>	Australian Eastern Standard time Sydney, New South Wales
<b>American Depositary Shares or ADSs</b>	a security for corporations incorporated outside the United States to list their ordinary equity on an American stock exchange, such as the New York Stock Exchange or NASDAQ. ADSs are US-dollar denominated and each share represents one or more underlying shares in the securities of the applicable foreign corporation
<b>ASIC</b>	Australian Securities & Investment Commission
<b>ASX</b>	ASX Limited ACN 008 624 691 or the securities exchange market operated by it, as the context requires
<b>Board</b>	the board of Directors, as constituted from time to time
<b>Company</b>	Moko Social Media Limited ABN 35 111 082 485
<b>Constitution</b>	the constitution of the Company, as amended from time to time
<b>Corporations Act</b>	the Corporations Act 2001 (Commonwealth)
<b>Director</b>	a director of the Company
<b>Document</b>	each of the Notice, Explanatory Memorandum and the Proxy Form and all other documents, that each constitute part of this booklet and that accompany each other when sent to each Shareholder
<b>Explanatory Memorandum</b>	the explanatory memorandum that accompanies and forms part of the Documents
<b>Listed Option</b>	an Option that is quoted on the ASX under ticker MKBOA and that is issued under terms and conditions that include an exercise price, an expiry date and such other terms and conditions as are set out in this Explanatory Memorandum, including Part E thereof
<b>Listing Rules</b>	the rules and procedures issued and enforced by the ASX, as amended from time to time, including all guidance notes and appendices thereto
<b>Meeting</b>	the Extraordinary General Meeting referred to in the Notice
<b>NASDAQ</b>	National Association of Securities Dealers Automated Quotations, an American securities exchange that is commonly referred to as NASDAQ
<b>Notice or Notice of Meeting</b>	the Notice of Extraordinary General Meeting, including in this Document
<b>Option</b>	an option to acquire a Share
<b>Proxy Form</b>	the proxy form attached to this Document
<b>Public Offering</b>	the issue of Shares, in the form of ADSs, in the course of the initial public offering by the Company on NASDAQ, and as contemplated

	in Resolution 5 and as otherwise described in this Explanatory Memorandum
<b>Relevant interest</b>	has the meaning given to that term in section 608 and section 609 of the Corporations Act
<b>Resolution</b>	a resolution set out in the Notice
<b>Share</b>	a fully paid ordinary share in the Company
<b>Shareholder</b>	a registered holder of Shares
<b>Share Registry</b>	Link Market Services Limited
<b>Underwriter</b>	the underwriter to the Public Offering
<b>Unlisted Options</b>	an Option that is not officially quoted by ASX and that is issued under terms and conditions that include an exercise price, expiry date and such other terms and conditions as are set out in this Explanatory Memorandum, including Part F thereof
<b>US Omnibus Plan</b>	an employee incentive plan, titled the 2014 US Omnibus Equity Incentive Plan, the terms and conditions of which are set out in Part G of this Explanatory Memorandum
<b>US\$</b>	a United States dollar

## INTERPRETATION

In this Document, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a gender includes any gender;
- (c) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (d) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (e) headings are included for convenience only and do not affect interpretation;
- (f) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (g) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (h) the terms “included”, “including” and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (i) a reference to a statute or statutory provision includes but is not limited to:
  - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
  - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
  - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (j) reference to “\$”, “A\$”, “Australian Dollars” or “dollars” is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia;
- (k) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.