

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



Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION

This announcement is made pursuant to Rule 14A.36 of the Listing Rules.

Reference is made to the announcement of the Company dated 15 February 2012 in relation to the continuing connected transactions under the Agreement entered into between Shell Internet and Tencent Shenzhen.

Taking into account the estimated increase in the recent monthly search volume created from Shell Internet's websites and softwares, the Directors consider the original annual cap under the Agreement will be insufficient and will revise the annual cap for the service period from 1 January 2012 to 31 December 2012 to RMB50 million.

Pursuant to Listing Rules, if the Company proposes to revise the annual cap for a continuing connected transaction, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

Tencent Shenzhen is a subsidiary of Tencent which is a substantial shareholder of the Company. Tencent Shenzhen is therefore a connected person of the Company and the revision of annual cap constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the revised annual cap under the Agreement on an annual basis exceed 0.1% but are below 5% (other than profit ratio), the revision to the annual cap is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement of the Listing Rules.

Reference is made to the announcement of the Company dated 15 February 2012 in relation to the continuing connected transactions under the Agreement entered into between Shell Internet and Tencent Shenzhen.

On 15 February 2012, the Agreement was entered into between Shell Internet and Tencent Shenzhen, pursuant to which Shell Internet incorporated Tencent Shenzhen's search engine on Shell Internet's websites or softwares so that Shell Internet's users can utilize Tencent Shenzhen's internet search services.

The term of the Agreement is for one year from 1 January 2012 to 31 December 2012.

The aggregate service fees derived from the search volume from 1 January 2012 to 30 June 2012 amounted to approximately RMB17.76 million and is within the annual cap of RMB18 million under the Agreement. The Directors confirm that the annual cap for the Agreement for the year ending 31 December 2012 has not been exceeded up to the date of this announcement.

REVISION OF THE ANNUAL CAP UNDER THE AGREEMENT

Taking into account the estimated increase in the recent monthly search volume created from Shell Internet's websites and softwares, the Directors consider the original annual cap under the Agreement will exceed. Based on the historical transaction, the Directors expect that the service fees derived from the search volume for the year ending 31 December 2012 will be approximately RMB50 million and will exceed the annual cap of RMB18 million under the Agreement for the year ending 31 December 2012.

After considering the information now available, the Directors will revise the annual cap under the Agreement for the year ending 31 December 2012 to RMB50 million.

Save for the revision to the annual cap for the year ending 31 December 2012, all other terms and conditions of the Agreement remain unchanged.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the Listing Rules, if the Company proposes to revise the annual cap for a continuing connected transaction, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

Tencent Shenzhen is a subsidiary of Tencent which is a substantial shareholder of the Company. Tencent Shenzhen is therefore a connected person of the Company and the revision of annual cap constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) for the revised annual cap are less than 5%, the revision of annual cap is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

Mr. Lau Chi Ping is the director of both the Company and Tencent. Therefore, Mr. Lau Chi Ping has abstained from voting on the board resolution approving the revision of annual cap.

GENERAL INFORMATION

The Group is a leading internet based software developer, distributor and service provider and principally engaged in research, development and distribution of online games, entertainment and applications software in the PRC and offers a wide range of innovative entertainment, internet security and application software in the PRC and the Asia region.

Tencent and its subsidiaries are principally engaged in the provision of internet and mobile value-added services and online advertising services to users in the PRC.

The Directors, including the independent non-executive Directors, consider that the revision of annual cap is in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

DEFINITION

“Agreement”	Agreement entered into between Tencent Shenzhen and Shell Internet dated 15 February 2012 with service period from 1 January 2012 to 31 December 2012
“Board”	the board of Directors
“Company”	Kingsoft Corporation Limited, an exempted limited liability company incorporated in the British Virgin Islands on 20 March 1998 and discontinued in the British Virgin Islands and continued into the Cayman Islands on 15 November 2005, with its Shares listed on the Stock Exchange (stock code: 3888)
“connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and companies which are indirectly controlled by the Company through the structure contracts
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement only, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawfully currency of the PRC
“Share(s)”	share(s) in the capital of the Company

“Shareholder(s)”	registered holder(s) of the Shares
“Shell Internet”	貝殼網際（北京）安全技術有限公司 (Shell Internet (Beijing) Security Technology Company Limited), a subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 0700)
“Tencent Shenzhen”	深圳市騰訊計算機系統有限公司 (Shenzhen Tencent Computer System Company Limited), a subsidiary of Tencent

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

PRC, 18 July 2012

As at the date of this announcement, the Executive Directors are Messrs. HongJiang ZHANG and Tao ZOU; the Non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Chi Ping LAU; the Independent Non-Executive Directors are Messrs. To Thomas HUI, Guangming George LU and Chuan WANG.