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Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

INSIDE INFORMATION ANNOUNCEMENT ACQUISITION OF THE COMPANY'S SHARES BY XIAOMI FROM TENCENT

This announcement is made by Kingsoft Corporation Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

The Company has been informed that Xiaomi Corporation (“**Xiaomi**”), an associate of Mr. Lei Jun, through its wholly-owned subsidiary entered into a share purchase agreement (the “**Share Purchase Agreement**”) with TCH Saffron Limited, a wholly-owned subsidiary of Tencent Holdings Limited (“**Tencent**”) on 16 January 2015. Tencent is a substantial shareholder of the Company, holding approximately 12.58% of the Company’s total issued share capital as at the date of the announcement.

Pursuant to the Share Purchase Agreement, Xiaomi agreed to acquire from Tencent 35,298,057 issued ordinary shares of the Company (the “**Acquired Shares**”), representing approximately 2.98% of the Company’s total issued share capital as at the date of this announcement, at the purchase price of HK\$14.93 per share (the “**Acquisition**”). The aggregate consideration of the Acquisition amounted to approximately HK\$527 million. The Acquisition is expected to be completed by 30 January 2015.

On the assumption that no shares of the Company will be issued from the date of the announcement to the completion date of the Acquisition, upon completion of the Acquisition, (i) Xiaomi will hold approximately 2.98% of the Company’s total issued share capital; and (ii) Tencent will hold approximately 9.60% of the Company’s total issued share capital. As Xiaomi is a controlled corporation of Mr. Lei Jun, the voting rights of Mr. Lei Jun, the chairman and largest shareholder of the Company, will increase to approximately 29.9% assuming that all the shares recently repurchased by the Company under the repurchase mandate granted by the shareholders at the 2013 annual general meeting are cancelled.

The Company believes that the Acquisition fully reflects Xiaomi's strong confidence in the business and potential development of the Group. Partnering with Xiaomi, both as a business partner and strategic investor of the Company, would greatly benefit the Company and help promote the Company's businesses. Having great confidence in the business of the Group, Tencent will continue to be an important shareholder and business partner for both the Company and its subsidiary Cheetah Mobile Inc.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 19 January 2015

As at the date of this announcement, the Executive Directors are Messrs. HongJiang ZHANG, Yuk Keung NG and Tao ZOU; the Non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Chi Ping LAU; the Independent Non-executive Directors are Messrs. Shun Tak WONG, David Yuen Kwan TANG, and Ms. Wenjie WU.