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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)

CONTINUING CONNECTED TRANSACTIONS AMENDMENTS TO THE STRATEGIC COOPERATION AGREEMENT

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

On 27 December 2013, Cheetah and Tencent Shenzhen entered into the Strategic Cooperation Agreement, which was further amended on 31 July 2014. Pursuant to the Strategic Cooperation Agreement, Cheetah Group would, through their PC products or platforms (including licensed products or platforms) and mobile products or platforms (including licensed products or platforms), provide various forms of promotion services to Tencent Group for various types of their products (including licensed products) with the annual caps of RMB100 million and RMB105 million for 2014 and 2015, respectively.

On 30 January 2015, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement to expand the scope of cooperation under the Strategic Cooperation Agreement. Pursuant to the Supplemental Agreement, Tencent Group would, through their products or platforms, provide various forms of promotion services to Cheetah Group.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the provision of promotion services by Tencent Group to Cheetah Group under the Supplemental Agreement is higher than 1% but less than 5%, the Supplemental Agreement and the relevant annual cap are only subject to the reporting and announcement requirements but exempted from independent shareholders' approval.

1. BACKGROUND

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

References are made to the announcement of the Company dated 27 December 2013 and 31 July 2014 in relation to the continuing connected transactions between Cheetah and Tencent Shenzhen. Pursuant to the Strategic Cooperation Agreement, Cheetah Group would, through their PC products or platforms (including licensed products or platforms) and mobile products or platforms (including licensed products or platforms), provide various forms of promotion services to Tencent Group for various types of their products (including licensed products) with the annual caps of RMB100 million and RMB105 million for 2014 and 2015, respectively.

After having taken into account the stable business relationship between Cheetah Group and Tencent Group and the mutual business development needs, the parties proposed to expand the scope of cooperation under the Strategic Cooperation Agreement.

2. AMENDMENTS TO THE STRATEGIC COOPERATION AGREEMENT

On 30 January 2015, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement to expand the scope of cooperation under the Strategic Cooperation Agreement. Pursuant to the Supplemental Agreement, Tencent Group would, through their products or platforms, provide various forms of promotion services to Cheetah Group. The annual cap with respect to the fees payable by Cheetah Group to Tencent Group for the year ending 31 December 2015 is RMB100 million. There was no historical transaction between Cheetah Group and Tencent Group in relation to the provision of promotion services by Tencent Group for the year ended 31 December 2014.

The aforementioned annual cap is determined with reference to (i) the demand of Cheetah Group for the promotion services provided by Tencent Group; (ii) the market price of promotion service in internet business; (iii) the capacity and quality of promotion channels of Tencent Group.

Save as disclosed above, all existing major terms and conditions (including the pricing principles) under the Strategic Cooperation Agreement remain unchanged.

3. IMPLICATIONS UNDER THE LISTING RULES

On 19 January 2015, Xiaomi Corporation acquired certain shares of the Company from Tencent. Upon completion, Tencent held less than 10% voting power in the Company and ceased to be the substantial shareholder of the Company. For details, please refer to the announcement of the Company dated 19 January 2015.

As at the date of this announcement, Tencent is a substantial shareholder of Cheetah, a subsidiary of the Company. Tencent Shenzhen is a subsidiary of Tencent. Therefore, Tencent Shenzhen is a connected person of the Company at the subsidiary level. As such, the Supplemental Agreement entered into between Tencent Shenzhen and Cheetah and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Supplemental Agreement is higher than 1% but less than 5%, the Supplemental Agreement and the relevant annual caps are only subject to the reporting and announcement requirements but exempted from independent shareholders' approval.

Given that Mr. Lau Chi Ping is a director of Tencent, he has, therefore, abstained from voting in respect of the relevant Board resolution approving the Supplemental Agreement. Save as stated above, none of the Directors has a material interest in the Supplemental Agreement nor has any of them abstained from voting in respect of the relevant Board resolution.

The Directors, including the independent non-executive Directors, consider that the transactions to be carried out under the Supplemental Agreement are 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, and that the relevant annual cap is fair and reasonable.

4. INFORMATION ABOUT THE PARTIES

The Group is a leading internet based software developer, distributor and service provider and principally engaged in research, development and operation of online games and office application software, information security software, internet browser, mission critical mobile applications, and provision of cloud storage, cloud computation, online marketing services and internet value-added services across device.

Cheetah is mainly engaged in the research, development and operation of information security software, internet browser, mission critical mobile applications, and the provision of online advertising services and internet value-added services across devices.

Tencent is a leading Internet services company in the PRC.

Tencent Shenzhen is principally engaged in the provision of Internet and mobile and telecommunications value-added services in the PRC.

5. DEFINITION

“associate” has the meaning ascribed thereto under the Listing Rules

“Board” the board of directors of the Company

“BVI” British Virgin Islands

“Cayman”	Cayman Islands
“Cheetah”	Cheetah Mobile Inc. (formerly known as Kingsoft Internet Software Holdings Limited), a company incorporated under the laws of the Cayman and a non-wholly-owned subsidiary of the Company
“Cheetah Group”	Cheetah and its subsidiaries
“Company”	Kingsoft Corporation Limited, an exempted limited liability company incorporated in the BVI on 20 March 1998 and discontinued in the BVI and continued into the Cayman on 15 November 2005, with its shares listed on the Stock Exchange (stock code: 03888)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the Strategic Cooperation Agreement entered into between Cheetah and Tencent Shenzhen dated 27 December 2013 and further amended on 31 July 2014, pursuant to which, Cheetah Group would provide promotional services to Tencent Group
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

“Supplemental Agreement”	the supplemental agreement dated 30 January 2015 entered into between Cheetah and Tencent Shenzhen to amend certain terms of the Strategic Cooperation Agreement
“Tencent”	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman and the shares of which are listed on the Stock Exchange
“Tencent Group”	Tencent and its subsidiaries and their respective associate
“Tencent Shenzhen”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a subsidiary of Tencent
%	percent

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 30 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.