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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)

MAJOR AND CONNECTED TRANSACTION

Reference is made to the announcement of Kingsoft Corporation Limited (the “**Company**”) dated 12 February 2017 in relation to the proposed delegation of voting rights in Cheetah (the “**Announcement**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

As at the date of the Announcement, so far as the Company is aware, Mr. FU directly and indirectly owned approximately 4.76% voting power and 6.02% equity interest in Cheetah, and the core management team of Cheetah (excluding Mr. FU) owned over 3% voting power and over 3% equity interest in Cheetah. Upon Completion in respect of the Proposed Delegation of the voting rights attached to not more than 399,445,025 class B ordinary shares of Cheetah (representing approximately 37.80% voting power in Cheetah as at the date of the Announcement), assuming there is no other change in the shareholding structure of Cheetah from the date of the Announcement to the Completion, Mr. FU together with the core management team of Cheetah will own over 45% voting power in Cheetah while their equity interest will remain unchanged.

As disclosed in the Announcement, a gain or loss may be recognized in connection of the deemed disposal of a subsidiary in the consolidated statement of profit or loss of the Company. The deemed disposal gain as a results of the Proposed Delegation to be recognized in the Company’s consolidated statement of profit or loss is expected to be approximately RMB3 billion with reference to the market value of Cheetah as at 31 December 2016 and the net asset value of Cheetah attributable to the Company based on the unaudited management accounts of Cheetah as at 30 September 2016. Such amount of the deemed disposal gain is a preliminary figure prepared by the Company and an updated figure based on the net asset value of Cheetah as at 31 December 2016 will be disclosed in the circular of the Company.

By Order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 13 February 2017

As at the date of this announcement, the executive Directors are Messrs. Tao ZOU and Yuk Keung NG; 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.