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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of Kingsoft Corporation Limited (the “Company”) dated 8 March 2011 (the “Announcement”) in relation to the connected transaction involving the deemed disposal and a repurchase option relating to Kingsoft Internet Security Software Holdings Limited (“KIS”). Terms used in this announcement shall have the same meanings as defined in the Announcement, unless the context requires otherwise.

The Company wishes to clarify that:

- (i) Due to typographical error, the book value of KIS as at 31 December 2010 should have been read as approximately RMB61.8 million instead of RMB158 million as stated on page 5 of the Announcement; and
- (ii) Following the completion of the Share Sale Agreement, the Company’s ownership interest in KIS shall be diluted from 81.25% to 72.22%. As such the Company is deemed to have disposed of 9.03% of KIS in accordance to the Listing Rules. According to the International Accounting Standards (“IAS”) 27 (Revised), a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such deemed disposal will have no impact on goodwill, nor will it give rise to a gain or loss and the Company will not record a gain or loss due to the Share Sale Agreement.

By order of the Board
Kingsoft Corporation Limited
Pak Kwan Kau
Chairman

Hong Kong, 18 March 2011

As at the date of this announcement, the executive Directors are Messrs. Pak Kwan KAU, Donghui WANG and Tao ZOU; the non-executive Directors are Messrs. Jun LEI and Shuen Lung CHEUNG; the independent non-executive Directors are Messrs. Shun Tak WONG, Guangming George LU and Mingming HUANG.