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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)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS UNDER THE STRATEGIC COOPERATION AGREEMENT WITH TENCENT SHENZHEN

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

Reference is made to the announcement of the Company dated 30 December 2015 in relation to the continuing connected transactions between Cheetah and Tencent Shenzhen under the Strategic Cooperation Agreement.

The annual caps of the fees in respect of the provision of promotion services payable by Cheetah Group to Tencent Group under the Strategic Cooperation Agreement were RMB30 million and RMB45 million for the year ending 31 December 2016 and the year ending 31 December 2017, respectively. Due to the expansion of business and increased demand for advertising services of Cheetah Group from Tencent Group, it is expected that the promotion service fees payable by Cheetah Group to Tencent Group will likely increase accordingly. As such, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement on 19 November 2016 to revise the current annual caps of the fees in relation to the provision of promotion services payable by Cheetah Group to Tencent Group from RMB30 million to RMB47.50 million for the year ending 31 December 2016 and from RMB45 million to RMB62.50 million for the year ending 31 December 2017. Save as disclosed above, all existing terms and conditions under the Strategic Cooperation Agreement remain unchanged.

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 Directors have approved such transactions and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Supplemental Agreement and the revised annual caps are only subject to the reporting, announcement and annual review requirements but exempted from independent shareholders' approval, pursuant to Rule 14A.101 of the Listing Rules.

1. BACKGROUND

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

Reference is made the announcement of the Company dated 30 December 2015 in relation to the continuing connected transactions between Cheetah and Tencent Shenzhen under the Strategic Cooperation Agreement.

On 30 December 2015, Cheetah and Tencent Shenzhen entered into the Strategic Cooperation Agreement. Pursuant to the Strategic Cooperation Agreement, among others, Tencent Group will, 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 Cheetah Group for various types of their products (including licensed products) with the annual caps of RMB30 million for the year ending 31 December 2016 and RMB45 million for the year ending 31 December 2017.

Due to the expansion of business and increased demand for advertising services of Cheetah Group from Tencent Group, it is expected that the promotion service fees payable by Cheetah Group to Tencent Group will likely increase accordingly. As such, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement to revise the current annual caps of the fees in respect of the provision of promotion services payable by Cheetah Group to Tencent Group for the year ending 31 December 2016 and the year ending 31 December 2017.

2. SUPPLEMENTAL AGREEMENT

For the first nine months of 2016, the historical transaction amount for the promotion service fees payable by Cheetah Group to Tencent Group was RMB26 million. The Company confirms that, up to the date of this announcement, the transaction amount for the promotion service fees payable by Cheetah Group to Tencent Group has not exceeded the current annual cap for the year ending 31 December 2016, i.e., RMB30 million.

On 19 November 2016, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement to revise the annual caps of the fees in respect of the provision of promotion services payable by Cheetah Group to Tencent Group under the Strategic Cooperation Agreement from RMB30 million to RMB47.50 million for the year ending 31 December 2016 and from RMB45 million to RMB62.50 million for the year ending 31 December 2017.

The aforementioned revised annual caps are determined with reference to (i) Cheetah Group's continuous and growing demand for Tencent Group's advertising services; and (ii) the growing user base of Tencent Group's products. Save as disclosed above, all existing terms and conditions under the Strategic Cooperation Agreement remain unchanged.

3. IMPLICATIONS UNDER THE LISTING RULES

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 Directors have approved such transactions and the independent non-executive Directors have confirmed that the terms of such transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the Supplemental Agreement and the revised annual caps are only subject to the reporting, announcement and annual review requirements but exempted from independent shareholders' approval, pursuant to Rule 14A.101 of the Listing Rules.

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 revised annual caps are fair and reasonable.

4. INFORMATION OF THE PARTIES

The Group is a leading internet based software developer, distributor and service provider and principally engaged in research, development and operation of on-line games and office application software, information security software, internet browser, mission critical mobile applications, and provision of cloud storage, cloud computation, on-line 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 and its subsidiaries are principally engaged in the provision of internet value-added services, mobile and telecommunications value-added services, and on-line advertising services to users in the PRC.

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

5. DEFINITIONS

“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 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 BVI on 20 March 1998 and discontinued in BVI and continued into Cayman on 15 November 2005, with its shares listed on the Stock Exchange (stock code: 03888)
“connected person(s)”	has the 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”	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 on 30 December 2015, pursuant to which, Cheetah Group will provide promotion services to Tencent Group and Tencent Group will also provide promotion services to Cheetah 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 19 November 2016 entered into between Cheetah and Tencent Shenzhen to revise the annual caps of the fees in relation to the provision of promotion services payable by Cheetah Group to Tencent Group for the year ending 31 December 2016 and the year ending 31 December 2017 under the Strategic Cooperation Agreement.
“Tencent”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange
“Tencent Group”	Tencent and its subsidiaries and their respective associates
“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 of the Board

Hong Kong, 21 November 2016

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.