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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)**

**UPDATE ON  
THE DISCLOSEABLE TRANSACTION  
IN RELATION TO THE PROPOSED SPIN-OFF AND  
SEPARATE LISTING OF CHEETAH MOBILE INC.  
ON THE NEW YORK STOCK EXCHANGE**

**AND**

**PRICING OF THE AMERICAN DEPOSITARY SHARES  
AND COMMENCEMENT OF TRADING**

Reference is made to the announcements of the Company dated 28 January 2014, 3 April 2014, 28 April 2014, 29 April 2014 and 2 May 2014 in respect of the Proposed Spin-off and the Offering.

The Board is pleased to announce that the pricing of the ADSs was fixed on 7 May 2014 (New York time) and the trading in the ADSs on NYSE will commence on 8 May 2014 (New York time).

The Offer Price of each ADS was fixed at US\$14.00 (equivalent to approximately HK\$108.50 per ADS).

Pursuant to the Offering, 12,000,000 ADSs (representing approximately 11% of the issued share capital of CMI (as enlarged by the issue of new Class A Shares under the Offering)) will be issued and sold by CMI, at the Offer Price, in the Offering (before any exercise of the over-allotment option). The underwriters have an option to purchase up to an additional 1,800,000 ADSs from CMI at the Offer Price, solely to cover over-allotments in the sale of the ADSs. Each ADS will represent 10 Class A Shares.

As disclosed in the Company's announcement on 28 April 2014, each Shareholder of 1,000 Shares or more (but less than 2,000 Shares) will be entitled to receive a cash payment equal to the Hong Kong dollar value of 0.5 ADS. The Hong Kong dollar value of 0.5 ADS is HK\$54.25. The Company will round down this amount to the nearest ten cents, which is HK\$54.20.

**Pursuant to the expected timetable in relation to the Distribution in specie, the latest day for dealing in the Shares on a cum-entitlement basis is Monday, 12 May 2014. Dealings in the Shares on an ex-entitlement basis will commence on Tuesday, 13 May 2014. Shareholders are advised to exercise caution when dealing in the Shares.**

Reference is made to the announcements of the Company dated 28 January 2014, 3 April 2014, 28 April 2014, 29 April 2014 and 2 May 2014 in respect of the Proposed Spin-off and the Offering.

## **PRICING AND COMMENCEMENT OF TRADING ON NYSE**

The Board is pleased to announce that the pricing of the ADSs was fixed on 7 May 2014 (New York time) and the trading in the ADSs on NYSE will commence on 8 May 2014 (New York time).

The final offer price of each ADS (“**Offer Price**”) was fixed at US\$14.00 (equivalent to approximately HK\$108.50 per ADS). Pursuant to the Offering, 12,000,000 ADSs will be issued and sold by CMI (representing approximately 11% of the issued share capital of CMI (as enlarged by the issue of new Class A Shares under the Offering)), before any exercise of the over-allotment option. Each ADS will represent 10 Class A Shares.

The underwriters have an option to purchase up to an additional 1,800,000 ADSs, such option to be granted by CMI to the underwriters, solely to cover over-allotments in the sale of the ADSs. Such over-allotment option may be exercised in whole or in part by the underwriters at any time not later than 30 days after 7 May 2014.

The total number of ADSs to be sold under the Offering (assuming full exercise of the over-allotment option) corresponds with the offering size contemplated in the 28 April announcement and will represent approximately 12% of the issued share capital of CMI (as enlarged by the issue of new Class A Shares under the Offering). Based upon the Offer Price, after deducting underwriting discounts, commissions and the estimated offering expenses payable by CMI, the net proceeds to be raised by CMI from the Offering will be approximately US\$153.0 million (equivalent to approximately HK\$1.19 billion), assuming the over-allotment option is not exercised.

The net proceeds to be received by CMI from the Offering are currently expected to be used as to approximately US\$50 million (equivalent to approximately HK\$387.5 million) for penetrating into selected international markets; as to approximately US\$35 million (equivalent to approximately HK\$271.3 million) for expanding and strengthening its sales and marketing efforts; as to approximately US\$35 million (equivalent to approximately HK\$271.3 million) for investing in technology, infrastructure and research and development capabilities; and for the balance, for other general corporate purposes, including working capital needs and potential acquisitions.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Shareholders as a whole.

## **DISTRIBUTION IN SPECIE**

In the case of the Distribution in specie, the Company has determined the cash value of each ADS to be HK\$108.50, based on the Offer Price of US\$14.00 per Distribution ADS translated into Hong Kong dollars at an exchange rate of US\$1.00:HK\$7.75. As disclosed in the Company's announcement on 28 April 2014, each Shareholder of 1,000 Shares or more (but less than 2,000 Shares) will be entitled to receive a cash payment equal to the Hong Kong dollar value of 0.5 ADS. The Hong Kong dollar value of 0.5 ADS is HK\$54.25. The Company will round down this amount to the nearest ten cents, which is HK\$54.20.

Payment and settlement of the Offering is expected to occur on or about 13 May 2014 (New York time). Cheques for all cash payments are expected to be despatched by ordinary post to the address specified in the register of members, at the risk of the relevant Shareholder, and Distribution ADSs are expected to be distributed to those entitled to receive them, in each case, on or about 24 June 2014 (New York time for distribution of the Distribution ADSs). A further announcement will be made when those cheques are despatched and Distribution ADSs transferred.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“ADS(s)”	American depositary shares to be issued pursuant to a deposit agreement between CMI and a depositary, each representing 10 Class A Shares in CMI, which are expected to be listed on NYSE
“Board”	the board of Directors of the Company
“Class A Shares”	Class A ordinary shares of par value US\$0.000025 each in the capital of CMI (each Class A Share carries one vote)

“Company”	Kingsoft Corporation Limited, an exempted limited liability company incorporated in the British Virgin Islands and registered in the Cayman Islands as an exempted limited liability company, the securities of which are listed on the Stock Exchange
“CMI”	Cheetah Mobile Inc., formerly known as Kingsoft Internet Software Holdings Limited, an exempted limited liability company incorporated in the Cayman Islands
“Director(s)”	director(s) of the Company
“Distribution ADS(s)”	the ADSs to be distributed to qualifying Shareholders pursuant to the Distribution in specie
“Distribution in specie”	the proposed special dividend of the Company, to be satisfied by the distribution in specie of ADSs to qualifying Shareholders of the Company
“Group”	the Company and the subsidiaries of the Company from time to time that do not form part of the Spin-off Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“NYSE”	The New York Stock Exchange
“Offering”	the proposed initial public offering of ADSs in connection with the Proposed Spin-Off
“PRC”	the People’s Republic of China
“Proposed Spin-off”	the proposed spin-off listing of the Group’s information security software business on NYSE involving the Offering and the proposed separate listing of the ADSs on NYSE
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.0005 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spin-off Group”	CMI and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

*For illustrative purpose of this announcement, US\$1 = HK\$7.75, US\$1 = RMB6.15 and RMB1 = HK\$1.24*

By Order of the Board  
**Kingsoft Corporation Limited**  
**Jun LEI**  
*Chairman*

Hong Kong, 9 May 2014

*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. Guangming George LU, David Yuen Kwan TANG, and Ms. Wenjie WU.*