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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)

POSITIVE PROFIT ALERT

This announcement is made by Kingsoft Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

On 12 February 2017, the Company entered into the voting proxy agreement with Mr. Sheng FU, the chief executive officer and director of Cheetah Mobile Inc. (“**Cheetah**”), to delegate the voting rights attached to not more than 399,445,025 class B ordinary shares of Cheetah to Mr. Sheng FU (as the representative of the management of Cheetah), subject to certain conditions (the “**Delegation**”). The Delegation became effective on 1 October 2017 and Cheetah ceased to be a subsidiary of the Company accordingly. For details of the Delegation, please refer to the announcements of the Company dated 12 February 2017, 13 February 2017, 26 May 2017 and 29 September 2017, and the circular of the Company dated 14 September 2017.

The board of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and the information currently available to the Company, it is expected that the consolidated net profits of the Group would significantly increase for the year ended 31 December 2017 as compared with that for the year ended 31 December 2016 primarily due to the Delegation. The unaudited deemed disposal gain as a result of the Delegation to be recognized in the Group’s consolidated statement of profit or loss for the year ended 31 December 2017 is approximately RMB2 billion.

The Company is still in the process of finalizing the consolidated results of the Group for the year ended 31 December 2017. The information contained in this announcement is only based on the preliminary assessment of the Board and the information currently available to the Company and such information has not been audited or reviewed by the Company’s auditor or the audit committee of the Company. Detailed financial results of the Group for the year ended 31 December 2017 will be disclosed in the annual results announcement of the Company in March 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 24 January 2018

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.