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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 CAP**

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

References are made to the announcement of the Company dated 27 December 2013 in relation to the continuing connected transactions between Cheetah and Tencent Shenzhen under the Strategic Cooperation Agreement, and the announcements of the Company dated 31 July 2014, 30 January 2015 and 30 June 2015 in relation to the amendments to the Strategic Cooperation Agreement.

The annual cap of the fees in respect of the provision of promotion services payable by Tencent Group to Cheetah Group for the year ending 31 December 2015 was RMB250 million. Due to Tencent and its performance advertising partners purchasing increased mobile advertising inventory from Cheetah Group, it is expected that the promotion service fees payable by Tencent Group to Cheetah Group will likely increase accordingly. As such, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement IV on 5 November 2015 to revise the annual cap of the fees in relation to the provision of promotion services payable by Tencent Group to Cheetah Group for the year ending 31 December 2015 from RMB250 million to RMB340 million. Save as disclosed above, all existing major 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 IV 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 IV and the relevant annual cap are only subject to the reporting and announcement 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 to the announcement of the Company dated 27 December 2013 in relation to the continuing connected transactions between Cheetah and Tencent Shenzhen under the Strategic Cooperation Agreement, and the announcements of the Company dated 31 July 2014, 30 January 2015 and 30 June 2015 in relation to the amendments to the Strategic Cooperation Agreement.

On 27 December 2013, Cheetah and Tencent Shenzhen entered into the Strategic Cooperation Agreement, which was further amended on 31 July 2014, 30 January 2015 and 30 June 2015, respectively. Pursuant to the Strategic Cooperation Agreement, among others, Cheetah Group would, 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 Tencent Group for various types of their products (including licensed products) with the annual cap of RMB250 million for the year ending 31 December 2015.

Due to Tencent and its performance advertising partners purchasing increased mobile advertising inventory from Cheetah Group, it is expected that the promotion service fees payable by Tencent Group to Cheetah Group will likely increase accordingly. As such, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement IV to revise the current annual cap of the fees in respect of the provision of promotion services payable by Tencent Group to Cheetah Group for the year ending 31 December 2015.

2. SUPPLEMENTAL AGREEMENT IV

The current annual cap of the fees in respect of the provision of promotion services payable by Tencent Group to Cheetah Group for the year ending 31 December 2015 under the Strategic Cooperation Agreement is RMB250 million.

For the first nine months of 2015, the historical transaction amount for the promotion service fees payable by Tencent Group to Cheetah Group was approximately RMB211 million. The Company confirms that, up to the date of this announcement, the transaction amount for the promotion service fees payable by Tencent Group to Cheetah Group has not exceeded the current annual cap for the year ending 31 December 2015, i.e., RMB250 million.

On 5 November 2015, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement IV to revise the annual cap of the fees in respect of the provision of promotion services payable by Tencent Group to Cheetah Group for the year ending 31 December 2015 from RMB250 million to RMB340 million.

The aforementioned revised annual cap is determined with reference to (i) the growing demand for Cheetah Group's mobile advertising services on Tencent's Guang Dian Tong advertising platform; (ii) the strong growth in Cheetah Group's mobile user base; and (iii) Tencent Group's continuous demand for Cheetah Group's mobile advertising services.

Save as disclosed above, all existing major 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 IV 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 IV and the relevant annual cap are only subject to the reporting and announcement requirements but exempted from independent shareholders' approval.

Given that Mr. Chi Ping LAU is a director of Tencent, he has, therefore, abstained from voting in respect of the relevant Board resolution approving the Supplemental Agreement IV. Save as stated above, none of the Directors has a material interest in the Supplemental Agreement IV 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 IV 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 relevant annual cap is fair and reasonable.

4. INFORMATION ABOUT THE PARTIES

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 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 the 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 the BVI on 20 March 1998 and discontinued in the BVI and continued into the 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” or “China”	the People’s Republic of China, which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region or 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 dated 27 December 2013 and further amended on 31 July 2014, 30 January 2015 and 30 June 2015, respectively

“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreement IV”	the supplemental agreement dated 5 November 2015 entered into between Cheetah and Tencent Shenzhen to amend the annual cap of the fees in relation to the provision of promotion services payable by Tencent Group to Cheetah Group for the year ending 31 December 2015 under the Strategic Cooperation Agreement
“Tencent”	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman and the shares of which are listed on the Stock Exchange
“Tencent Group”	Tencent and its subsidiaries and their respective associate
“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

Hong Kong, 5 November 2015

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.