



## **KINGSOFT TAKES A NEW STEP IN BUSINESS REORGANISATION ENTERING INTO A SHARE SALE AGREEMENT WITH FAX**

(Hong Kong, 8 March 2011) — **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; SEHK stock code: 03888), a leading developer, distributor and service provider of application and entertainment software in China, announced a new step in its business reorganisation. Kingsoft Internet Security Software Holdings Limited ("KIS"), a subsidiary of the Company, has entered into a Share Sale Agreement with FaX Vision Corporation ("FaX"). Pursuant to the agreement, FaX agrees to subscribe to 100,000,000 KIS new shares. FaX will also grant KIS an option to repurchase the KIS shares.

FaX is a holding company owned by Mr FU Sheng and Mr XU Ming, Chief Executive Officer and Chief Technology Officer of KIS respectively. The Share Sale Agreement and Repurchase Option enable the senior management of KIS to play a more active role in operations and management of KIS, thereby motivating them to contribute further into KIS and enhancing its value.

Further to the announcement on 24<sup>th</sup> January 2011, **Kingsoft Online Games** business has taken a significant step in the reorganisation plan by establishing a new entity, Westhouse Holdings Limited ("Westhouse"), which would hold the businesses under Chengdu Xishanju Interactive Entertainment Technology Co., Ltd. and Zhuhai Kingsoft Online Game Technology Co., Ltd. The reorganisation enables the founding employees to directly own shares of Westhouse, an incentive for them to contribute to the long-term development of the Company, thereby enhance the value of Westhouse.

Currently, Kingsoft is engaged in a wide range of businesses including **Kingsoft Internet Security**, **Kingsoft Online Games**, **WPS** and **Kingsoft PowerWord**, of which, **Kingsoft PowerWord** is benefitting from the tremendous development potential of the huge English-language education market in China. Kingsoft is actively engaged in launching a series of reorganisation plans. While the restructuring of **Kingsoft Internet Security** and **Kingsoft Online Games** businesses has been completed successfully, the Company is also preparing for the reorganisation of **Kingsoft PowerWord** and **WPS**.

**Mr Pak Kwan Kau, Chairman and Chief Executive Officer of Kingsoft**, said, "We always regard human resources as our most valuable asset. The share sale of KIS and reorganisation of Westhouse are significant as they provide an opportunity for the shareholders and employees to participate directly in the ownership and operation of the subsidiaries, which would motivate them to contribute further to the Company."

**Mr Kevin WANG, Executive Director and Chief Financial Officer of Kingsoft,** said, “The Company is committed to rationalise its business through further decentralising and reorganising the businesses of subsidiaries as well as empowering staff to become subsidiary shareholders in order to strengthen the independence and focus of the business units. We are evaluating the feasibility of the reorganisation plan and further optimising the business structure to effectively reduce management costs and improve operational efficiency to deliver better business performance and, ultimately, to maximise shareholders’ value through a win-win relationship.”

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**About Kingsoft Corporation Limited (Stock Code: 03888)**

Kingsoft is a leading developer, distributor and service provider of applications and entertainment software in China. Following the commercial launch of its first office applications software WPS 1.0 in 1989 and through over 20 years of innovative endeavor, Kingsoft has been widely recognized as a household renowned software brand in China. We have rejuvenated and successfully transited ourselves from the legacy of “the King of package software” to be an Internet application based model of Software as a service (SAAS).

Kingsoft’s main business lines are on-line games, Internet security and application software. We have built an extensive sales and distribution network through our online and offline distribution channels. We provide numerous well-known software products such as WPS Office, Kingsoft PowerWord, Kingsoft Internet Security and online games including the JX Series and the First Myth series to retail customers, corporate clients and government bodies in China. Kingsoft is building a converged user platform for its diversified product portfolio and providing a variety of value-add-services.

The mission of Kingsoft is being committed to improving the quality of people's digital lives. With its headquarter located in Beijing; Kingsoft has built a number of R&D centers in Zhuhai, Beijing, Chengdu and Dalian. While leveraging our R&D strength, we have introduced groups of top software and game operation talents to our management team with the aim to better user engagement and improve operation efficiency. Kingsoft will carry on developing new products and expanding its market share in China, while making strong entrance into other overseas markets.

For more information, please visit [www.kingsoft.com](http://www.kingsoft.com)

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