

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF BEIJING OFFICE SOFTWARE ON THE SCI-TECH BOARD

References are made to the announcements of the Company dated 23 April 2019, 29 April 2019, 30 May 2019 and 24 October 2019 (the “**Announcements**”) in relation to the proposed spin-off and listing of ordinary shares of Beijing Office Software. Unless otherwise defined, terms used in this announcement shall have the same meaning in the Announcements.

As disclosed in the Announcements, the Stock Exchange confirmed in May 2019 that the Company may proceed with the Proposed Spin-off under Practice Note 15 of the Listing Rules and granted the waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules, and the registration for the Proposed Listing on the Sci-Tech Board was approved by the CSRC in accordance with legal procedures in October 2019.

According to the latest listing timetable, Beijing Office Software will launch the proposed initial public offering of the ordinary shares (the “**Offering**”) on 7 November 2019, and the listing of and dealings in the ordinary shares of Beijing Office Software on the Sci-Tech Board are expected to commence on 18 November 2019.

As the equity interest of the Company in Beijing Office Software is expected to decrease upon completion of the Proposed Listing on the Sci-Tech Board, the Proposed Listing on the Sci-Tech Board constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules. It is currently expected that the highest applicable percentage ratio in respect of the Proposed Listing on the Sci-Tech Board will be more than 5% but less than 25%. As such, the Proposed Listing on the Sci-Tech Board is subject to the announcement and reporting requirements, but exempt from shareholders’ approval under Chapter 14 of the Listing Rules.

Shareholders of the Company and potential investors should note that, the Proposed Listing on the Sci-Tech Board is subject to, inter alia, the prevailing market conditions. Accordingly, shareholders of the Company and potential investors should be aware that, the Company does not guarantee the proceeding of the Proposed Listing on the Sci-Tech Board, nor the timing of proceeding. Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

PROPOSED LISTING ON THE SCI-TECH BOARD

Background

References are made to the Announcements of the Company in relation to the proposed spin-off and listing of ordinary shares of Beijing Office Software.

As disclosed in the Announcements, the Stock Exchange confirmed in May 2019 that the Company may proceed with the Proposed Spin-off under Practice Note 15 of the Listing Rules and granted the waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules, and the registration for the Proposed Listing on the Sci-Tech Board was approved by the CSRC in accordance with legal procedures in October 2019.

According to the latest listing timetable, Beijing Office Software will launch the Offering on 7 November 2019, and the listing of and dealings in the ordinary shares of Beijing Office Software on the Sci-Tech Board are expected to commence on 18 November 2019.

Change of the shareholding structure of Beijing Office Software

As at the date of this announcement, the Company holds approximately 67.50% equity interest of the total issued shares of Beijing Office Software. It is expected that Beijing Office Software will issue a total of 101,000,000 shares for subscription on the Sci-Tech Board, representing approximately 28.06% of its total issued shares as at the date of this announcement. Therefore, the equity interest of the Company in Beijing Office Software is expected to decrease to approximately 52.71%, and Beijing Office Software will remain as a subsidiary of the Company, immediately after the Proposed Listing on the Sci-Tech Board.

Pursuant to the PRC laws and the lock-up undertakings provided by the Company, the shares owned by the Company in Beijing Office Software are subject to a lock-up period of 36 months from the listing date of Beijing Office Software.

Intended use of proceeds

It is expected that the offer price of Beijing Office Software is RMB45.86 per share, which is determined with reference to the historical financial performance and business prospects of Beijing Office Software and the prevailing market conditions of the Sci-Tech Board.

It is estimated that Beijing Office Software will receive total proceeds of RMB4,631,860,000.00 from the Offering. Such proceeds are expected to be used in projects related to the principal business of Beijing Office Software and issuance expenses.

INFORMATION ON THE GROUP AND BEIJING OFFICE SOFTWARE

The Group is principally engaged in research and development of games, and provision of online games, mobile games and casual game services; provision of cloud storage and cloud computation services; and design, research and development and sales and marketing of the office software products and services of WPS Office.

Beijing Office Software is a joint stock company incorporated in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement. It is a leading provider of the office software and services in the PRC, principally engaged in design, research and development and sales and marketing of the office software products and services of WPS Office.

Set out below is certain financial information in relation to Beijing Office Software for the two financial years ended 31 December 2017 and 2018, respectively, as extracted from the PRC audited consolidated financial statements of Beijing Office Software for the relevant years:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	216,136,320.11	321,518,326.55
Net profit after taxation and extraordinary items	192,191,923.56	269,751,931.89

The consolidated net asset value of Beijing Office Software as at 31 December 2018 was RMB1,186,932,796.96.

REASONS FOR AND BENEFITS OF PROPOSED LISTING ON THE SCI-TECH BOARD

The Directors consider that the Proposed Listing on the Sci-Tech Board will (i) marketize the value of Beijing Office Software; (ii) provide new, low-cost and more diversified funding sources to finance the existing operations and future expansion of Beijing Office Software and its subsidiaries; (iii) enhance the Beijing Office Software's corporate profile and brand awareness; and (iv) drive Beijing Office Software to establish more advanced corporate regime, improve its corporate structure and governance structure, standardize the operation of the company and establish a reasonable information disclosure system. As such, the Board believes that there are clear commercial benefits to the Group under the Proposed Listing on the Sci-Tech Board.

The Directors are of the view that the terms and conditions of the Proposed Listing on the Sci-Tech Board are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT

As the Proposed Listing on the Sci-Tech Board will not result in the Company's loss of control over Beijing Office Software, the Proposed Listing on the Sci-Tech Board will be accounted for as an equity transaction and will not result in the recognition of gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

IMPLICATIONS UNDER THE LISTING RULES

As the equity interest of the Company in Beijing Office Software is expected to decrease upon completion of the Proposed Listing on the Sci-Tech Board, the Proposed Listing on the Sci-Tech Board constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules. It is currently expected that the highest applicable percentage ratio in respect of the Proposed Listing on the Sci-Tech Board will be more than 5% but less than 25%. As such, the Proposed Listing on the Sci-Tech Board is subject to the announcement and reporting requirements, but exempt from shareholders' approval under Chapter 14 of the Listing Rules.

Further announcement(s) will be made by the Company when and where appropriate.

Shareholders of the Company and potential investors should note that, the Proposed Listing on the Sci-Tech Board is subject to, inter alia, the prevailing market conditions. Accordingly, shareholders of the Company and potential investors should be aware that, the Company does not guarantee the proceeding of the Proposed Listing on the Sci-Tech Board, nor the timing of proceeding. Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 5 November 2019

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.