

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)

**CONNECTED TRANSACTION
ACQUISITION OF EQUITY INTEREST OF
MOXIU TECHNOLOGY
FROM STARSINHAND BY SHELL INTERNET**

The Board announces that on 12 August 2014 Shell Internet, a non-wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with Starsinhand, a subsidiary of Tencent, pursuant to which Shell Internet agreed to acquire and Starsinhand agreed to sell approximately 22.2379% equity interest of Moxiu Technology in consideration of RMB30 million in cash.

Starsinhand is a connected person of the Company by virtue of Rule 14A.13(3) of the Listing Rules. As such, the Share Purchase Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

As the highest relevant applicable percentage ratio (as defined in the Listing Rules) in respect of the Share Purchase Agreement exceeds 0.1% but is less than 5%, the Share Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempted from the independent shareholders' approval requirement.

1 INTRODUCTION

Reference is made to the announcement of the Company dated 11 February 2014 in relation to the subscription of the equity interest of Moxiu Technology by Shell Internet.

As at the date of this announcement, the Company, through Shell Internet, holds approximately 28.2649% equity interest in Moxiu Technology and Tencent, through Starsinhand, holds approximately 22.2379% equity interest of Moxiu Technology.

The Board announces that on 12 August 2014 Shell Internet, a subsidiary of the Company, entered into the Share Purchase Agreement with Starsinhand, a subsidiary of Tencent, pursuant to which Shell Internet agreed to acquire and Starsinhand agreed to sell approximately 22.2379% equity interest of Moxiu Technology for a consideration of RMB30 million in cash.

Upon completion of the Share Purchase Agreement, Moxiu Technology will be owned as to approximately 50.5028% equity interest by Shell Internet. Moxiu Technology will become a subsidiary of the Company.

2 THE PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are summarized as follows:

| | |
|---------------|--|
| Date | 12 August 2014 |
| Parties | Shell Internet (as purchaser) Starsinhand (as vendor) |
| Transaction | Shell Internet agreed to acquire and Starsinhand agreed to sell approximately 22.2379% equity interest of Moxiu Technology in consideration of RMB30 million in cash. |
| Consideration | The total consideration is determined upon arm's length negotiation between the parties with reference to the fair value of Moxiu Technology as of 30 June 2014, being approximately RMB135 million, which was appraised by an independent valuer based on the market approach. Shell Internet shall pay the total consideration in full within 15 business days upon the Closing Date. |

3 INFORMATION ABOUT MOXIU TECHNOLOGY

Moxiu Technology is a limited liability company established in the PRC on 12 June 2008, which is mainly engaged in the development, research and provision of the mobile user generated content services and the mobile launchers.

As at the date of this announcement, Starsinhand has contributed a total of RMB19,669,200 to Moxiu Technology, which in return holds approximately 22.2379% equity interest in Moxiu Technology.

In accordance with the Chinese Accounting Standards for Business Enterprises, the net profits before and after taxation and extraordinary items) of Moxiu Technology for the two financial years ended 31 December 2013 are set out as follows:

| | Year ended 31 December 2013 (RMB) | Year ended 31 December 2012 (RMB) |
|---|--|--|
| Net profits before taxation and extraordinary items | approximately -14.60 million | approximately -8.65 million |
| Net profits after taxation and extraordinary items | approximately -14.60 million | approximately -8.65 million |

As stated in the financial statements of Moxiu Technology, the book net asset value of Moxiu Technology as at 31 December 2013 was approximately RMB -6.59 million.

4 REASONS FOR AND BENEFITS OF THE TRANSACTION

Moxiu Technology is mainly engaged in the development, research and provision of the mobile user generated content services and the mobile launchers. As at the date of this announcement, the Company, through Shell Internet, holds approximately 28.2649% equity interest in Moxiu Technology. Through the Share Purchase Agreement, the Company will become the majority shareholder of Moxiu Technology, which will expect to further strengthen the comprehensive strategic business cooperation between Moxiu Technology and the Group, strengthen the business synergy within the Group, expand the promotion channel and the product lines of the Group and add value for the shareholders of the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Share Purchase Agreement are entered into on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

5 IMPLICATIONS UNDER THE LISTING RULES

Starsinhand is a subsidiary of Tencent. Tencent is the substantial shareholder of the Company. As such, Starsinhand is a connected person of the Company by virtue of Rule 14A.13(3) of the Listing Rules. The Share Purchase Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under the Listing Rules.

As the highest relevant applicable percentage ratio (as defined in the Listing Rules) in respect of the Share Purchase Agreement exceeds 0.1% but is less than 5%, the Share Purchase Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements, but exempted from the independent shareholders' approval requirement.

Given that Mr. Lau Chi Ping is the director of Tencent, he has, therefore, abstained from voting in respect of the relevant Board resolution approving the Share Purchase Agreement. Save as stated above, none of the Directors has a material interest in such transaction nor has any of them abstained from voting in respect of the relevant Board resolution.

6 INFORMATION ABOUT THE PARTIES

Shell Internet, a non-wholly-owned subsidiary of the Company, is mainly engaged in provision of online marketing service.

The Group is a leading internet based software developer, distributor and service provider and principally engaged in research, development and distribution of online games, entertainment and applications software in the PRC and offers a wide range of innovative entertainment, internet security and application software in the PRC and the Asia region as at the date of this announcement.

Starsinhand, a subsidiary of Tencent, is mainly engaged in the provision of the value-added telecommunication services.

7 DEFINITIONS

| | |
|--------------------|--|
| “Board” | the board of directors of the Company |
| “BVI” | British Virgin Islands |
| “Cayman” | Cayman Islands |
| “Closing Date” | the day on which all the relevant events set out in the Share Purchase Agreement (including the conditions precedent) are satisfied or waived (where applicable) by Shell Internet |
| “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” | 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 |
| “Moxiu Technology” | Moxiu Technology (Beijing) Co., Ltd. (魔秀科技 (北京) 有限公司) |
| “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 and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share Purchase Agreement” | the share purchase agreement dated 12 August 2014 entered into between Shell Internet and Starsinhand, pursuant to which Shell Internet agreed to acquire and Starsinhand agreed to sell approximately 22.2379% equity interest of Moxiu Technology in consideration of RMB30 million in cash |
| “Shell Internet” | Shell Internet (Beijing) Security Technology Co., Ltd. * (貝殼網際 (北京) 安全技術有限公司), a non-wholly-owned subsidiary of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | has the meaning ascribed thereto under the Listing Rules |
| “substantial shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “Tencent” | Tencent Holdings Limited, the substantial shareholder of the Company as at the date of this announcement |
| “Starsinhand” | Beijing Starsinhand Technology Company Limited (北京市掌中星天下信息技術有限公司), a subsidiary of Tencent |
| % | percent |

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman of the Board

Hong Kong, 12 August 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. Shun Tak WONG, David Yuen Kwan TANG, and Ms. Wenjie WU.