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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)**

## **CONTINUING CONNECTED TRANSACTION EXTENSION OF THE AGREEMENT**

This announcement is made pursuant to Rule 14A.36 of the Listing Rules.

Reference is made to the announcement of the Company dated 18 July 2012 pursuant to which, it was stated that the annual cap for the continuing connected transactions between Shell Internet and Tencent Shenzhen for the year ending 31 December 2012 was set at RMB50 million under the Agreement.

On 7 August 2012, Shell Internet and Tencent Shenzhen entered into an agreement to extend the Agreement under which Shell Internet incorporated Tencent Shenzhen's search engine on Shell Internet's websites or softwares so that Shell Internet's users can utilize Tencent Shenzhen's internet search services for the period from 1 January 2012 to 31 January 2013 (the "Supplemental Agreement").

Pursuant to Listing Rules, if the Company proposes to enter into the Supplemental Agreement for a continuing connected transaction, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

Tencent Shenzhen is a subsidiary of Tencent which is a substantial shareholder of the Company. Tencent Shenzhen is therefore a connected person of the Company. The Supplemental Agreement therefore constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the Supplemental Agreement on an annual basis exceed 0.1% but are below 5% (other than profit ratio), the Supplemental Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement of the Listing Rules.

## **EXTENSION OF THE AGREEMENT**

Reference is made to the announcement of the Company dated 18 July 2012 pursuant to which, it was stated that the annual cap for the continuing connected transactions between Shell Internet and Tencent Shenzhen for the year ending 31 December 2012 was set at RMB50 million under the Agreement.

On 15 February 2012, the Agreement was entered into between Shell Internet and Tencent Shenzhen, pursuant to which Shell Internet incorporated Tencent Shenzhen's search engine on Shell Internet's websites or softwares so that Shell Internet's users can utilize Tencent Shenzhen's internet search services. The term of the Agreement is for one year from 1 January 2012 to 31 December 2012.

On 7 August 2012, Shell Internet entered into the Supplemental Agreement with Tencent Shenzhen to extend the Agreement. The Principal terms of the Supplemental Agreement are as follows:

Subject Matter:	Same as the Agreement
Date:	7 August 2012
Parties:	Tencent Shenzhen Shell Internet
Term and Commencement Date:	A term of 13 months covering the period from 1 January 2012 to and including 31 January 2013
Service Charge:	Same as the Agreement
Payment Terms:	Same as the Agreement
Annual Cap:	Annual cap for the period from 1 January 2012 to 31 December 2012 and for the period from 1 January 2013 to 31 January 2013 will be RMB48 million and RMB2 million respectively.

The annual cap was determined based on the monthly expected number of search by users of Shell Internet's relevant websites and softwares

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to the Listing Rules, if the Company proposes to enter into the Supplemental Agreement for a continuing connected transaction, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

Tencent Shenzhen is a subsidiary of Tencent which is a substantial shareholder of the Company. Tencent Shenzhen is therefore a connected person of the Company. The Supplemental Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) for the Supplemental Agreement are less than 5%, the Supplemental Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

Mr. Lau Chi Ping is the director of both the Company and Tencent. Therefore, Mr. Lau Chi Ping has abstained from voting on the board resolution approving the Supplemental Agreement.

## **GENERAL INFORMATION**

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.

Tencent and its subsidiaries are principally engaged in the provision of internet and mobile value-added services and online advertising services to users in the PRC.

The Directors, including the independent non-executive Directors, consider that the Supplemental Agreement between Tencent Shenzhen and Shell Internet is entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of the Supplemental Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## DEFINITION

“Agreement”	Agreement entered into between Tencent Shenzhen and Shell Internet dated 15 February 2012 with service period from 1 January 2012 to 31 December 2012
“Board”	the board of Directors
“Company”	Kingsoft Corporation Limited, an exempted limited liability company incorporated in the British Virgin Islands on 20 March 1998 and discontinued in the British Virgin Islands and continued into the Cayman Islands on 15 November 2005, with its Shares listed on the Stock Exchange (stock code: 03888)
“connected person(s)”	has the meaning ascribed hereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and companies which are indirectly controlled by the Company through the structure contracts
“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 the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawfully currency of the PRC
“Share(s)”	share(s) in the capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Shell Internet”	貝殼網際（北京）安全技術有限公司 (Shell Internet (Beijing) Security Technology Company Limited), a subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	Agreement entered into between Tencent Shenzhen and Shell Internet dated 7 August 2012 to extend the term of the Agreement to 31 January 2013

“Tencent” Tencent Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 0700)

“Tencent Shenzhen” 深圳市騰訊計算機系統有限公司 (Shenzhen Tencent Computer System Company Limited), a subsidiary of Tencent

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

PRC, 7 August 2012

*As at the date of this announcement, the Executive Directors are Messrs. HongJiang ZHANG 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. To Thomas HUI, Guangming George LU and Chuan WANG.*