CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS

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.

The original annual caps of the fees in respect of the promotion services payable by Tencent Group to Cheetah Group for the two years ending 31 December 2015 were RMB22 million and RMB33 million, receptively. As the demand of Tencent Group for the marketing and promotional services provided by Cheetah Group is expected to increase, the promotion services fees payable by Tencent Group to Cheetah Group will likely increase accordingly. As such, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement on 31 July 2014 to revise the original annual caps in relation to the promotion services. Save as disclosed above, all existing major terms and conditions under the Strategic Cooperation Agreement remain unchanged.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Supplemental Agreement is higher than 0.1% but less than 5%, the Supplemental Agreement and the relevant annual caps are only subject to the reporting and announcement requirements but exempted from independent shareholders’ approval.

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.

On 27 December 2013, Cheetah and Tencent Shenzhen entered into the Strategic Cooperation Agreement, pursuant to which 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).

The original annual caps of the fees in respect of the promotion services payable by Tencent Group to Cheetah Group for the two years ending 31 December 2015 were RMB22 million and RMB33 million, receptively. As the demand of Tencent Group for the marketing and promotional services provided by Cheetah Group is expected to increase, the promotion services fees payable by Tencent Group to Cheetah Group will likely increase accordingly.

2. REVISION OF THE ANNUAL CAPS UNDER THE STRATEGIC COOPERATION AGREEMENT

On 31 July 2014, Cheetah and Tencent Shenzhen entered into the Supplemental Agreement, pursuant to which the original annual caps of the fees in respect of the provision of promotion services payable by Tencent Group to Cheetah Group for the two years ending 31 December 2015 were revised from RMB22 million and RMB33 million to RMB100 million and RMB105 million, respectively.

The aforementioned revised annual caps are determined with reference to (i) the rapid growth in Tencent Group’s demand for the promotion services provided by Cheetah Group; (ii) the increase in the number of users of Cheetah Group’s products.

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 the substantial shareholder and a connected person of the Company. Tencent Shenzhen is a subsidiary of Tencent. As such, the Supplemental Agreement 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 highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Supplemental Agreement is higher than 0.1% but less than 5%, the Supplemental Agreement and the relevant annual caps are only subject to the reporting and announcement requirements but exempted from independent shareholders’ approval.

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

4. INFORMATION ABOUT THE PARTIES

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.

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 is a leading Internet services company in the PRC.

Tencent Shenzhen is principally engaged in the provision of Internet and mobile and telecommunications value-added services in the PRC.

5. DEFINITION

“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 same 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 and 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, pursuant to which, Cheetah Group would provide promotional services to Tencent Group

“subsidiary” has the meaning ascribed thereto under the Listing Rules

“substantial shareholder” has the meaning ascribed thereto under the Listing Rules

“Supplemental Agreement” the supplemental agreement dated 31 July 2014 entered into between Cheetah and Tencent Shenzhen to amend certain terms of the Strategic Cooperation Agreement

“Tencent” Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands 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, 31 July 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.