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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)**

**ANNOUNCEMENT**  
**SUBSCRIPTION FOR CLASS A SHARES AND**  
**CLASS B SHARES OF 21VIANET**

The Board announces that King Venture, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement on 29 November 2014 with 21Vianet and the Founder Parties. Pursuant to the Purchase Agreement, 21Vianet agrees to issue and allot to King Venture, and King Venture agrees to purchase and subscribe for from 21Vianet, 39,087,125 Class A Shares and 18,250,268 Class B Shares for an aggregate purchase price of US\$172,012,179.

Assuming that there will be no further changes (other than those as agreed under the Purchase Agreement) in the shareholding structure of 21Vianet from the date of the Purchase Agreement to the date of the Closing, the Company will hold 39,087,125 Class A Shares and 18,250,268 Class B Shares through King Venture upon Closing, representing approximately 12.68% of the total ordinary shares in issue of 21Vianet and approximately 22.67% of the voting power at any general meetings of 21Vianet. 21Vianet will not become a subsidiary of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Purchase Agreement exceeds 5% but is less than 25%, the Purchase Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting and announcement requirements, but exempted from the shareholders' approval.

## **1 INTRODUCTION**

The Board announces that King Venture, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement on 29 November 2014 with 21Vianet and the Founder Parties. Pursuant to the Purchase Agreement, 21Vianet agrees to issue and allot to King Venture, and King Venture agrees to purchase and subscribe for from 21Vianet, 39,087,125 Class A Shares and 18,250,268 Class B Shares for an aggregate purchase price of US\$172,012,179.

## 2 THE PRINCIPAL TERMS OF THE PURCHASE AGREEMENT

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

|                       |  |
|-----------------------|--|
| Date                  | 29 November 2014   |
| Parties               | <p>21Vianet (as the issuer of the Sale Securities under the Purchase Agreement);</p> <p>King Venture (as the subscriber of the Sale Securities under the Purchase Agreement);</p> <p>Founder Parties, namely Mr. Sheng Chen, Personal Group Limited, Fast Horse Technology Limited and Sunrise Corporate Holding Ltd. (as the warrantors under the Purchase Agreement)</p>   |
| Subject Matter        | 21Vianet agrees to issue and allot to King Venture, and King Venture agrees to purchase and subscribe for from 21Vianet, 39,087,125 Class A Shares and 18,250,268 Class B Shares for an aggregate purchase price of US\$172,012,179.   |
| Conditions Precedents | <p>The performance of the obligations of King Venture under the Purchase Agreement are subject to the satisfaction of, on or prior to the Closing, among others, the following conditions:</p> <p>(i) unless otherwise provided in the Purchase Agreement, the representations and warranties of the Founder Parties and 21Vianet shall be true and correct in all respect on and as of the date of the Purchase Agreement and on and as of the date of the Closing, subject to certain materiality thresholds; and</p> <p>(ii) other reasonable conditions.</p> |
| Consideration         | <p>The aggregate consideration for the subscription of the Sale Securities payable by King Venture to 21Vianet is US\$172,012,179.</p> <p>The consideration was determined after arm's length negotiations among the parties with reference to (i) the stock price of 21Vianet on the NASDAQ Global Select Market; (ii) the financial conditions of 21Vianet; (iii) the business potentials of 21Vianet; and (iv) the market conditions in the internet industry.</p>  |

Payment The above consideration shall be settled in two installments. The first installment payment in an amount of US\$51,603,653.70 shall be paid in full by wire transfer of immediately available funds to the bank account of 21Vianet on the date of the Closing. The second installment payment in an amount of US\$120,408,525.30 shall be paid no later than 30 April 2015.

Taking into account the current cash flow of the Company, such consideration will be funded by its internal resources.

### 3 INFORMATION ABOUT 21VIANET

21Vianet is a company incorporated under the laws of the Cayman, which is listed by way of American Depositary Receipts on the NASDAQ Global Select Market in the United States (Nasdaq: VNET). 21Vianet is a leading carrier-neutral internet data center services provider in China. 21Vianet provides hosting and related services, managed network services, cloud infrastructure services, and content delivery network services, improving the reliability, security and speed of its customers' internet infrastructure.

As shown in the unaudited accounts of 21Vianet prepared in accordance with the US Generally Accepted Accounting Principles, the book value of the net assets of 21Vianet as at 30 June 2014 is approximately RMB2,414 million and the net profits/(loss) of 21Vianet for each of the two financial years ended 31 December 2013 and 31 December 2012 are set out as follows:

|  | <b>Year ended<br/>31 December 2012<br/>(RMB)</b> | <b>Year ended<br/>31 December 2013<br/>(RMB)</b> |
|--|--|--|
| Net profits/(loss) before taxation and extraordinary items         | approximately<br>93.8 million                    | approximately<br>(36.7) million                  |
| Net profits/(loss) after taxation and extraordinary item           | approximately<br>57.7 million                    | approximately<br>(47) million                    |
| Adjusted net profits/(loss) after taxation and extraordinary item* | approximately<br>167.3 million                   | approximately<br>120.5 million                   |

\* Note: Adjusted net profits/(loss) after taxation and extraordinary item exclude share-based compensation expenses, amortization of intangible assets derived from acquisitions, and changes in the fair value of contingent purchase consideration payable and related deferred tax impact.

Assuming that there will be no further changes (other than those as agreed under the Purchase Agreement) in the shareholding structure of 21Vianet from the date of the Purchase Agreement to the date of the Closing, the Company will hold 39,087,125 Class A Shares and 18,250,268 Class B Shares through King Venture upon Closing, representing approximately 12.68% of the total ordinary shares in issue of 21Vianet and approximately 22.67% of the voting power at any general meetings of 21Vianet. 21Vianet will not become a subsidiary of the Company.

Each Class A Share has one vote and each Class B Share has ten votes for matters submitted to vote at shareholders' meetings of 21Vianet. Holder of Class B Shares can convert Class B Shares to Class A Shares at any time based on the conversion ratio of 1:1. If a Class B Share is transferred to a third party that is not an affiliate to the original holder, the Class B Shares will be automatically converted into Class A Shares.

#### **4 REASONS FOR AND BENEFITS OF THE TRANSACTION**

With rich experience in the construction and maintenance of data centers, 21Vianet is able to provide customized service according to the needs of the Group's cloud business, which will lower the Group's capital expenditure in building its own data center. As a leading carrier-neutral internet data center services provider in China, 21Vianet has rich data centers and bandwidth resources. Through becoming a strategic shareholder of 21Vianet after subscribing for the Class A Shares and Class B Shares, the Company will enjoy the most favourable commercial terms provided by 21Vianet under the future business cooperation.

The Company and 21Vianet will sign a business cooperation memorandum on the date of the Closing, the terms of which have been finalised as at the date of this announcement. Pursuant to the business cooperation memorandum, among other things, the Group plans to lease at least 5,000 cabinets (including cabinets leased by any third party designated by the Group and agreed by 21Vianet) in the next three years, provided that (i) 21Vianet is able to satisfy the Group's needs for the data centers; and (ii) the terms (including but not limited to the price) offered to the Group are not less favourable than those offered to the Group by a third party.

The Directors consider that the terms of the Purchase Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

#### **5 IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Purchase Agreement exceeds 5% but is less than 25%, the Purchase Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to reporting and announcement requirements, but exempted from the shareholders' approval.

#### **6 INFORMATION ABOUT THE PARTIES**

King Venture is a wholly-owned subsidiary of the Company, which is mainly engaged in investment holding as at the date of the announcement.

Personal Group Limited is mainly engaged in investment holding.

Fast Horse Technology Limited is mainly engaged in investment holding.

Sunrise Corporate Holding Ltd. is mainly engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 21Vianet, Founder Parties and their respective beneficial owners (if any) are third parties independent of the Company and its connected persons.

## 7 DEFINITIONS

|                    |  |
|--------------------|--|
| “Board”            | the board of Directors   |
| “BVI”              | British Virgin Islands   |
| “Cayman”           | Cayman Islands   |
| “Class A Shares”   | the Class A ordinary shares, par value US\$0.00001 per share, of 21Vianet  |
| “Class B Shares”   | the Class B ordinary shares, par value US\$0.00001 per share, of 21Vianet  |
| “Closing”          | the closing of the purchase and sale of the Sale Securities under the Purchase Agreement   |
| “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   |
| “Founder Parties”  | Mr. Sheng Chen, Personal Group Limited, Fast Horse Technology Limited and Sunrise Corporate Holding Ltd.   |
| “Group”            | the Company and its subsidiaries   |
| “Hong Kong”        | the Hong Kong Special Administrative Region of the People's Republic of China  |
| “King Venture”     | King Venture Holdings Limited, an exempted company incorporated under the laws of the Cayman and a wholly-owned subsidiary of the Company as at the date of this announcement  |
| “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   |
| “Purchase Agreement” | the purchase agreement dated 29 November 2014 entered into among 21Vianet, King Venture and the Founder Parties, pursuant to which 21Vianet agrees to issue and allot to King Venture, and King Venture agrees to purchase and subscribe for from 21Vianet, 39,087,125 Class A Shares and 18,250,268 Class B Shares for an aggregate purchase price of US\$172,012,179 |
| “Sale Securities”    | 39,087,125 Class A Shares and 18,250,268 Class B Shares to be issued by 21Vianet to King Venture under the Purchase Agreement  |
| “Stock Exchange”     | The Stock Exchange of Hong Kong Limited  |
| “subsidiary”         | has the meaning ascribed to it under the Listing Rules   |
| “US\$”               | United States dollars, the lawful currency of the United States of America   |
| “%”                  | percent  |
| “21Vianet”           | 21Vianet Group, Inc., a company incorporated under the laws of the Cayman  |

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

Hong Kong, 1 December 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.*