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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

On 12 December 2011, Kingsoft Beijing, a subsidiary of the Company, entered into the Agreement with Tencent Shenzhen, a subsidiary of Tencent, pursuant to which, Kingsoft Beijing will provide a marketing platform for software download to Tencent Shenzhen.

Tencent is a substantial shareholder of the Company by virtue of its shareholding interest that exceeds 10% in the total issued share capital of the Company. Tencent is therefore, a connected person of the Company under the Listing Rules. As a result, the services provided by Kingsoft Beijing and service fees received from Tencent Shenzhen under the Agreement constitute continuing connected transactions of the Company.

As the relevant applicable percentage ratios in respect of the annual caps of the transaction within the Agreement is higher than 0.1% and less than 5%, this continuing connected transaction is only subject to the reporting and announcement requirements as set out in rules 14A.45 to 14A.47 of the Listing Rules but exempted from independent shareholders' approval under rule 14A.34 of the Listing Rules.

1. Background

On 12 December 2011, Kingsoft Beijing, a subsidiary of the Company, entered into the Agreement with Tencent Shenzhen, a subsidiary of Tencent, pursuant to which, Kingsoft Beijing will provide a marketing platform for software download to Tencent Shenzhen.

Tencent is a substantial shareholder of the Company by virtue of its shareholding interest that exceeds 10% in the total issued share capital of the Company. Tencent is therefore, a connected person of the Company under the Listing Rules. As a result, the services provided by Kingsoft Beijing and service fees received from Tencent Shenzhen under the Agreement will constitute continuing connected transactions of the Company.

2. Terms of the Agreement

Principal terms of the Agreement are set out below:

Date	:	12 December 2011
Period	:	17 October 2011 to 17 October 2012, extendable upon request by either party and agreement by both parties.
Parties	:	— Tencent Shenzhen — Kingsoft Beijing
Subject matter	:	Kingsoft Beijing will provide its marketing platform to Tencent Shenzhen's software.
Service charge	:	To be calculated based on the total monthly installation volume of Tencent's software.
Payment terms	:	To be settled on a monthly basis
Annual Cap	:	Actual amount for the period ended 31 December 2011 is RMB216,856, while each of the applicable percentage ratios in respect of the actual amount of the transaction for the period from 1 January 2012 to 29 February 2012 is less than 0.1%. The annual cap for the period from 1 January 2012 to 17 October 2012 is RMB2 million. The annual cap was determined with reference to the historical transaction amount of the Company.

3. Reasons and benefits of the Agreement

Under the Agreement, Kingsoft Beijing provides marketing platform for Tencent in downloading Tencent's software. This also, in return, provides a comprehensive package for the Group's customers to download different software with different functions at the same time. The Agreement will allow the Group broader service offering and bring in additional revenue streams for the Group.

The Company believes that with the strength and support of Tencent as its partner and substantial shareholder, the Group will be strategically positioned to better leverage on the development opportunities in the online software markets and serve to enhance the market positions of both the Group and Tencent.

The Directors (including independent non-executive Directors) are of the view that this Agreement was entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable, and in the interests of the Company and Shareholders as a whole.

4. Implications under the Listing Rules

Tencent is a substantial shareholder of the Company by virtue of its shareholding interest that exceeds 10% in the total issued share capital of the Company. Tencent is therefore, a connected person of the Company pursuant to rule 14A.11 (1) of the Listing Rules. Any transactions between Tencent and the Group constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Agreement constitute continuing connected transactions of the Company. As the relevant applicable percentage ratios in respect of the annual caps of the Agreement is higher than 0.1% and less than 5%, the continuing connected transactions are only subject to the reporting and announcement requirements as set out in rules 14A.45 to 14A.47 of the Listing Rules but exempted from independent shareholders' approval under rule 14A.34 of the Listing Rules.

As Mr. Lau Chi Ping, a director of the Company, is also a director of Tencent, Mr. Lau Chi Ping has abstained from voting on the board resolution approving the Agreement.

5. 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.

Definition

“Agreement”	The cooperation agreement entered into between Tencent Shenzhen and Kingsoft Beijing dated 12 December 2011 in respect of the provision of a marketing platform for software download by Kingsoft Beijing to Tencent Shenzhen
“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
“Kingsoft Beijing”	北京金山安全軟件有限公司 (Beijing Kingsoft Internet Security Software Co., Ltd), a subsidiary of the Company
“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
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 00700)
“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

Hong Kong, 30 March 2012

As at the date of this announcement, the executive Directors are Messrs. HongJiang ZHANG, Shun Tak WONG and Tao ZOU; the non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Chi Ping LAU; and the independent non-executive Directors are Messrs. Tat Joel, CHANG, Guangming George LU and Chuan WANG.