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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 CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of Kingsoft Corporation Limited (the “**Company**”) dated 30 January 2015 (the “**Announcement**”) in relation to the supplemental agreement entered into between Cheetah and Tencent Shenzhen to expand the scope of cooperation under the Strategic Cooperation Agreement.

Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those terms defined in the Announcement.

The Company hereby further announces as follows:

Pursuant to the Supplemental Agreement, Tencent Group would, through their products or platforms, provide various forms of promotion services to Cheetah Group’s products, mainly including the mobile and PC applications and platforms (the “**Transaction**”).

The service fees payable by Cheetah Group to Tencent Group for the Transaction shall be determined among arm’s length negotiation between the two parties with reference to the comparable market price. The fee arrangements generally include cost per time, cost per impression, cost per click, cost per download, cost per installation or cost per activation. The price will be based on: (i) prevailing fair market price; (ii) the actual cost incurred plus a reasonable profit margin; or (iii) the price offered by or reasonable profit margin of an independent third party when conducting the similar transactions. To ensure the fees charged by Tencent Group are fair and reasonable and no less favourable to Cheetah Group than those offered to independent third parties, Cheetah Group has adopted relevant supervision and internal control procedures to ensure that the pricing basis for each of the transactions of services and products are carried out in accordance with the above terms, including requiring documentation and performance of fair pricing analysis, final review and approval by the business development director/vice president and chief executive officer of Cheetah who are independent of Tencent Group.

The proposed annual caps have been worked out with reference to: (i) historical and projected demand for promotional services of Cheetah Group, particularly its mobile products, (ii) the availability and pricing of similar promotion services provided by other third party providers; and (iii) the availability and pricing of similar promotion services provided by Tencent Group. In order to ensure the amount of transactions contemplated under the Supplement Agreement will not exceed the proposed annual caps, Cheetah Group will carry out periodical monitoring of the total historical transactions amount and estimating the amount of transactions that may possibly be incurred for the remaining terms of the Supplemental Agreement.

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 9 February 2015

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.