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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)**

**CONNECTED TRANSACTION  
CAPITAL CONTRIBUTION TO MOXIU TECHNOLOGY  
BY SHELL INTERNET**

The Board announces that on 11 February 2014 Shell Internet, a non-wholly-owned subsidiary of the Company, entered into the Capital Contribution Agreement with Moxiu Technology and the Existing Shareholders, pursuant to which Moxiu Technology will increase its registered capital by RMB571,039 and Shell Internet will subscribe for all such additional registered capital in full in consideration of RMB20 million in cash, representing a premium of RMB19,428,961. Further, in order to promote the business strategic cooperation between Shell Internet and Moxiu Technology, Shell Internet agreed to provide Moxiu Technology promotion resources (including but not limited to the advertisement space on the applications of Shell Internet) with a value of approximately RMB5 million as part of the Capital Contribution.

Zhangzhongxing, one of the Existing Shareholders, and Moxiu Technology are connected persons of the Company by virtue of Rule 14A.11 (4) of the Listing Rules. As such, the Capital Contribution to Moxiu Technology by Shell Internet constitutes a connected transaction of the Company under the Listing Rules.

As the highest relevant applicable percentage ratio (as defined in the Listing Rules) in respect of the Capital Contribution exceeds 0.1% but is less than 5%, the Capital Contribution is subject to reporting, annual review and announcement requirements, but exempted from the independent shareholders' approval requirement.

## **1 INTRODUCTION**

The Board announces that on 11 February 2014 Shell Internet entered into the Capital Contribution Agreement with Moxiu Technology and the Existing Shareholders, pursuant to which Moxiu Technology will increase its registered capital by RMB571,039 and Shell Internet will subscribe for all such additional registered capital in full in consideration of RMB20 million in cash, representing a premium of RMB19,428,961. Further, in order to promote the business strategic cooperation between Shell Internet and Moxiu Technology, Shell Internet

agreed to provide Moxiu Technology promotion resources (including but not limited to the advertisement space on the applications of Shell Internet) with a value of approximately RMB5 million as part of the Capital Contribution.

Upon completion of the Capital Contribution, the equity interest of Moxiu Technology will be owned as to 28.26% by Shell Internet. Moxiu Technology will not become a subsidiary of the Company.

## **2 THE PRINCIPAL TERMS OF THE CAPITAL CONTRIBUTION AGREEMENT**

The principal terms of the Capital Contribution Agreement are summarized as follows:

Date	11 February 2014
Parties	Shell Internet;  Moxiu Technology; and  the Existing Shareholders, namely, Zhang Tao, Zhang Zhiqiang, Aimoxiu Technology (Beijing) Co., Ltd.* (愛魔秀科技(北京)有限公司) and Zhangzhongxing
Increase and subscription of additional registered capital	Moxiu Technology shall increase its registered capital by RMB571,039 and Shell Internet shall subscribe for all such additional capital in full in consideration of RMB20 million in cash, representing a premium of RMB19,428,961.  Upon completion of the Capital Contribution, the registered capital of Moxiu Technology will increase to RMB2,020,314. The rights attached to the registered capital to be subscribed for by Shell Internet pursuant to the Capital Contribution Agreement shall be the same in every respect as the existing registered capital of Moxiu Technology.
Commitment to provide advertisement resources	Shell Internet agreed to provide Moxiu Technology promotion resources (including but not limited to the advertisement space on the applications of Shell Internet) with a value of approximately RMB5 million. The value of such promotion resources is regarded as part of consideration for the Capital Contribution and was determined based on arm's length negotiation between the parties with reference to the fair market price of promotion resources of a similar kind.

Conditions precedent

The obligations of Shell Internet to make the Capital Contribution are subject to the fulfillment or waiver, on or prior to the Closing Date, among others, of the following conditions:

- (i) all authorizations, approvals, waivers or permits, if any, in respect of the Capital Contribution Agreement have been obtained by Moxiu Technology and the Existing Shareholders;
- (ii) the necessary approval in respect of the Capital Contribution Agreement from the Company has been obtained; and
- (iii) other reasonable and customary conditions.

Payment terms

The total consideration is determined upon arm's length negotiation among the parties with reference to the fair value of Moxiu Technology as of 31 December 2013, being RMB89 million, which is appraised by an independent appraiser on the guideline company method, one method employed in the market approach.

In respect of RMB20 million in cash, the Company will pay the subscription price in full on the Closing Date. It is intended that the payment of the subscription price will be funded by the Group's internal resources. In respect of the promotion resources, Shell Internet and Moxiu Technology will enter into the promotion resources supply agreement within 30 days after the date of the Capital Contribution Agreement.

### **3 INFORMATION ABOUT MOXIU TECHNOLOGY**

Moxiu Technology is a limited liability company established in the PRC on 12 June 2008, which is mainly engaged in the development, research and provision of the mobile UGC services and the mobile launchers.

In accordance with the Chinese Accounting Standards for Business Enterprises, the net profits (before and after taxation and extraordinary items) of Moxiu Technology for the two financial years ended 31 December 2012 are set out as follows:

	<b>Year ended 31 December 2011 (RMB)</b>	<b>Year ended 31 December 2012 (RMB)</b>
Net profits before taxation and extraordinary items	approximately -1.63 million	approximately -8.65 million
Net profits after taxation and extraordinary items	approximately -1.63 million	approximately -8.65 million

As stated in the financial statements of Moxiu Technology, the book net asset value of Moxiu Technology as at 31 December 2012 was approximately RMB10.55 million.

The details of the registered capital of Moxiu Technology before and after completion of the Capital Contribution are set out as follows:

	<b>Before completion of the Capital Contribution Amount of</b>		<b>After completion of the Capital Contribution Amount of</b>	
	<b>Registered Capital</b>	<b>Percentage</b>	<b>Registered Capital</b>	<b>Percentage</b>
Zhang Tao	RMB600,415	approximately 41.43%	RMB600,415	approximately 29.72%
Zhang Zhiqiang	RMB269,150	approximately 18.57%	RMB269,150	approximately 13.32%
Aimoxiu Technology (Beijing) Co., Ltd.* (愛魔秀科技(北京) 有限公司)	RMB130,435	approximately 9%	RMB130,435	approximately 6.46%
Zhangzhongxing	RMB449,275	approximately 31%	RMB449,275	approximately 22.24%
Shell Internet	—	—	RMB571,039	approximately 28.26%
<b>Total</b>	<b>RMB1,449,275</b>	<b>100%</b>	<b>RMB2,020,314</b>	<b>100%</b>

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

Moxiu Technology is mainly engaged in the development, research and provision of the mobile UGC services and the mobile launchers. Shell Internet is mainly engaged in provision of online marketing service. Through the Capital Contribution, Shell Internet will become a shareholder of Moxiu Technology, which will expect to strengthen the comprehensive strategic business cooperation between Moxiu Technology and Shell Internet, expand the promotion channel of KIS and add values for both Shell Internet and Moxiu Technology.

The Directors, including the independent non-executive Directors, consider that the terms of the Capital Contribution Agreement are entered into on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

Zhangzhongxing is a subsidiary of Tencent Holdings Limited. Tencent Holdings Limited is the substantial shareholder of the Company. As such, Zhangzhongxing is a connected person of the Company by virtue of Rule 14A.11(4) of the Listing Rules. As Zhangzhongxing controls the exercise of more than 30% voting power in Moxiu Technology as at the date of this announcement, Moxiu Technology is also a connected person of the Company by virtue of Rule 14A.11 (4) of the Listing Rules. As such, the Capital Contribution to Moxiu Technology by Shell Internet constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Capital Contribution exceeds 0.1% but is less than 5%, the Capital Contribution is subject to reporting, annual review and announcement requirements, but exempted from the independent shareholders' approval requirement.

Given that Mr. Lau Chi Ping is the director of Tencent Holdings Limited, he has, therefore, abstained from voting in respect of the relevant Board resolution approving the Capital Contribution Agreement. Save as stated above, none of the Directors has a material interest in the Capital Contribution nor has any of them abstained from voting in respect of the relevant Board resolution.

## **6 INFORMATION ABOUT THE PARTIES**

Shell Internet, a non-wholly-owned subsidiary of the Company, is mainly engaged in provision of online marketing service.

Moxiu Technology is mainly engaged in the development, research and provision of the mobile UGC services and the mobile launchers.

Zhangtao and Zhang Zhiqiang are the founders of Moxiu Technology and, as far as the Directors are aware of, are third parties independent of the Company and its connected persons.

Aimoxiu Technology (Beijing) Co., Ltd.\* (愛魔秀科技(北京)有限公司) is a limited liability company established in Beijing, the PRC to hold the shares of Moxiu Technology as a trustee for certain employees of Moxiu Technology. As far as the Directors are aware of, Aimoxiu Technology (Beijing) Co., Ltd. is a third party independent of the Company and its connected persons.

Zhangzhongxing, a subsidiary of Tencent Holdings Limited, is mainly engaged in the provision of the value-added telecommunication services.

## 7 DEFINITIONS

“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“Capital Contribution”	the capital contribution to Moxiu Technology by Shell Internet under the Capital Contribution Agreement
“Capital Contribution Agreement”	the capital contribution agreement dated 11 February 2014 entered into among Moxiu Technology, the Existing Shareholders and Shell Internet, pursuant to which Shell Internet agreed to subscribe all the additional registered capital of Moxiu Technology
“Cayman”	Cayman Islands
“Closing Date”	the tenth business days after all the conditions set out in the Capital Contribution Agreement being satisfied or waived by Shell Internet or any other day as agreed by the parties in writing
“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)
“Director(s)”	the director(s) of the Company
“Existing Shareholders”	the existing shareholders of Moxiu Technology as at the date of this announcement, namely Zhang Tao, Zhang Zhiqiang, Aimoxiu Technology (Beijing) Co., Ltd.* (愛魔秀科技(北京)有限公司) and Zhangzhongxing
“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
“Moxiu Technology”	Moxiu Technology (Beijing) Co., Ltd. (魔秀科技(北京)有限公司)

“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
“Shell Internet”	Shell Internet (Beijing) Security Technology Co., Ltd. * ( 貝殼網際 (北京) 安全技術有限公司 ), a non-wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Zhangzhongxing”	Beijing Zhangzhongxing Information Technology Co., Ltd. ( 北京市掌中星天下信息技術有限公司 ), a subsidiary of Tencent Holdings Limited
%	percent

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

Hong Kong, 11 February 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. Guangming George LU, David Yuen Kwan TANG, and Ms. Wenjie WU.*