ANNOUNCEMENT
CONTINUING TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 6 July 2011 in relation to the acquisition of 178,407,183 Shares in the Company by Tencent on 6 July 2011, representing approximately 15.68% of the then issued share capital of the Company.

After the Acquisition, Tencent, being a substantial shareholder of KIS, a non-wholly owned subsidiary of the Company, held approximately 10% of the then issued share capital of KIS, and was also a substantial shareholder and a connected person at the level of the Company. Accordingly, KIS Sub-group became connected persons of the Company pursuant to Rule 14A.11(5) of the Listing Rules.

KIS Sub-group had entered into agreements with members of the Group in respect of various aspects of the operations in the ordinary and usual course of business of the Group.

As such, the transactions conducted in accordance with the aforesaid agreements between KIS Sub-group and the Group may constitute continuing connected transactions after the Acquisition, and pursuant to Rule 14A.41 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the transactions.

BACKGROUND

Reference is made to the announcement of the Company dated 6 July 2011 in relation to the acquisition of 178,407,183 Shares in the Company by Tencent on 6 July 2011, representing approximately 15.68% of the then issued share capital of the Company.
CONTINUING TRANSACTIONS BETWEEN KIS SUB-GROUP AND THE GROUP

KIS Sub-group had entered into agreements with members of the Group in respect of various aspects of the operations in the ordinary and usual course of business of the Group. Details of the agreements still effective in July 2011 and thereafter between KIS Sub-group and other members of the Group are set out below:

<table>
<thead>
<tr>
<th>Transaction parties of KIS Sub-group</th>
<th>Transaction parties of the Group</th>
<th>Nature and date of the agreements</th>
<th>Term of the agreements</th>
<th>Description of the transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>Beijing Kingsoft Digital Entertainment Technology Co., Ltd.</td>
<td>Cooperative operation service agreement, 1 January 2011</td>
<td>From 1 January 2011 to 31 December 2011</td>
<td>The transaction party of KIS Sub-group shall rent the servers from the transaction party of the Group and pay the service fee with reference to the actual costs incurred by the transaction party of the Group in accordance with the price, payment method and other terms as agreed by both parties.</td>
</tr>
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<td>2. Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>Beijing Kingsoft Digital Entertainment Technology Co., Ltd.</td>
<td>Housing rental contract, 1 December 2010</td>
<td>From 1 December 2010 to 31 December 2011</td>
<td>The transaction party of KIS Sub-group shall rent the offices from the transaction party of the Group and pay a fixed rent, which covers water charges, electricity charges and management fees, with reference to the actual costs incurred by the transaction party of the Group in accordance with the price, payment method and other terms as agreed by both parties.</td>
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<td>3. Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>Beijing Kingsoft Software Co., Ltd.</td>
<td>Users upgrade supporting service transfer contract, 1 December 2009</td>
<td>From 1 December 2009</td>
<td>The transaction party of KIS Sub-group undertakes that, during the upgrading period agreed by the transaction party of the Group with its customers, it will continue to assume the obligation of providing payment services to the customers, and the transaction party of the Group will pay the relevant fees to the transaction party of KIS Sub-group.</td>
</tr>
<tr>
<td>4. Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>Beijing Kingsoft Digital Entertainment Technology Co., Ltd.</td>
<td>Cooperative operation service agreement, 1 December 2009</td>
<td>From 1 December 2009 to 31 December 2011</td>
<td>The transaction party of KIS Sub-group shall rent the servers from the transaction party of the Group and pay the service fee with reference to the actual costs incurred by the transaction party of the Group in accordance with the price, payment method and other terms as agreed by both parties.</td>
</tr>
<tr>
<td></td>
<td>Company A</td>
<td>Company B</td>
<td>Agreement Type</td>
<td>Start Date</td>
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<td>5.</td>
<td>(1) Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>(1) Beijing Kingsoft Digital Entertainment Technology Co., Ltd.</td>
<td>Authorization and licensing agreement</td>
<td>14 January 2011</td>
</tr>
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<td></td>
<td>(2) Conew Network Technology (Beijing) Co., Ltd</td>
<td>(2) Beijing Kingsoft Software Co., Ltd.</td>
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<tr>
<td></td>
<td>(3) Zhuhai Juntian Electronic Technology Co., Ltd.</td>
<td>(3) Zhuhai Kingsoft Software Co. Ltd.</td>
<td></td>
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<tr>
<td>6.</td>
<td>Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>Beijing Kingsoft Software Co., Ltd.</td>
<td>Service agreement</td>
<td>1 October 2010 to 31 December 2011</td>
</tr>
<tr>
<td>7.</td>
<td>Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>Zhuhai Kingsoft Software Co. Ltd.</td>
<td>Cooperative operation service agreement</td>
<td>From 1 January 2011 to 31 December 2011</td>
</tr>
<tr>
<td>8.</td>
<td>Beijing Kingsoft Internet Security Software Co., Ltd.</td>
<td>Kingsoft Japan Inc. (日本金山软件株式会社)</td>
<td>Exclusive technologies licensing contract</td>
<td>From 1 December 2009 to 30 November 2015 or when the transaction party of the Group is dissolved (whichever is later)</td>
</tr>
</tbody>
</table>
9. Zhuhai Juntian Electronic Technology Co., Ltd. | Zhuhai Kingsoft Software Co. Ltd. | Service agreement, 10 March 2011 | From 1 October 2010 to 31 December 2011 | The transaction party of the Group shall provide comprehensive services, including human resources, finance, taxation, legal and public relations services, to the transaction party of KIS Sub-group and charge service fees with reference to the actual costs incurred by the transaction party of the Group in accordance with the price, payment method and other terms as agreed by both parties.

10. (1) (as the borrower) KIS | The Company | Loan framework contract, 14 January 2011 | From 1 October 2010 to the initial public offering date of KIS and the date of full repayment of the loan and related interest (whichever is earlier) | The Company shall provide the necessary funding for daily operation and other purposes to KIS based on the interest rate and other terms as agreed by both parties.

**IMPLICATIONS UNDER THE LISTING RULES**

After the Acquisition, Tencent, being a substantial shareholder of KIS, a non-wholly owned subsidiary of the Company, held approximately 10% of the then issued share capital of KIS, and also was a substantial shareholder and a connected person at the level of the Company. Accordingly, KIS Sub-group became connected persons of the Company pursuant to Rule 14A.11(5) of the Listing Rules.

As such, the transactions conducted in accordance with the aforesaid agreements between KIS Sub-group and the Group may constitute continuing connected transactions after the Acquisition, and pursuant to Rule 14A.41 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the transactions.

**REASONS AND BENEFITS**

The aforesaid operation business between the KIS Sub-group and the Group was entered into in the ordinary and usual course of business of the Group. Taking into account the long-term and stable business relationship between the KIS Sub-group and the Group, the aforesaid transactions can provide a stable business environment and operating instruments for the Company as a whole, so as to bring stabilized contributions to the Company and the Shareholders. The Directors (including independent non-executive Directors) are of the view that the transactions conducted in accordance with the aforesaid agreements are in the ordinary and usual course of business of the Group, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.
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.

The KIS Sub-group is principally engaged in the development and sale of internet security softwares and antivirus softwares for the Group.

DEFINITION

In this announcement, unless the context requires otherwise, the following expressions have the following meanings as set out below:

“Acquisition” the acquisition by Tencent of approximately 15.68% of the Shares of the Company as disclosed in the announcement of the Company dated 6 July 2011

“Board” the board of Directors of the Company

“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 the Shares listed on the Stock Exchange (stock code: 03888)

“connected person(s)” has the meaning ascribed thereto 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, which for the purpose of this announcement only, does not include KIS Sub-group

“Hong Kong” Hong Kong Special Administrative Region of the People’s Republic of China

“KIS” Kingsoft Internet Security Software Holdings Limited, a company incorporated in the Cayman Islands, and a non-wholly owned subsidiary of the Company, as at the date of this Announcement, approximately 58.96% equity interest of which is held by the Company
By Order of the Board

Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 16 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; the Independent Non-Executive Directors are Messrs. Tat Joel, CHANG, Guangming George LU and Chuan WANG.