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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 TRANSACTIONS**

# **ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT FOR THE ESTABLISHMENT OF THE INVESTMENT FUND**

On 5 December 2014, Beijing Zhigu, as the General Partner, and Chengdu Interactive Entertainment, Jinmi and other investors, as the Limited Partners, entered into the Limited Partnership Agreement in relation to the establishment and management of the Fund.

The Fund will be established in the PRC as a limited partnership for the purpose of carrying on investment activities relating to intellectual properties. Pursuant to the Limited Liability Agreement, the Company, through its wholly-owned subsidiary, Chengdu Interactive Entertainment, will invest an amount of RMB10 million as a Limited Partner, and the total capital commitment of the Fund is expected to be RMB200 million.

Jinmi and Beijing Zhigu are both associates of Mr. Jun LEI, a Director and substantial shareholder of the Company. As such, Jinmi and Beijing Zhigu are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The transactions contemplated under the Limited Partnership Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the Limited Partnership Agreement is higher than 0.1% and less than 5%, the transactions contemplated under the Limited Partnership Agreement are subject to the reporting, annual review and announcement requirements but exempted from independent shareholders' approval under Chapter 14A of the Listing Rules.

## 1. BACKGROUND

On 5 December 2014, Beijing Zhigu, as the General Partner, and Chengdu Interactive Entertainment, Jinmi and other investors, as the Limited Partners, entered into the Limited Partnership Agreement in relation to the establishment and management of the Fund.

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## 2. THE LIMITED PARTNERSHIP AGREEMENT

**Date:** 5 December 2014

**Parties:**

- Beijing Zhigu, as the General Partner;
- Chengdu Interactive Entertainment, as a Limited Partner;
- Jinmi, as a Limited Partner; and
- other investors, as Limited Partners.

**Capital contribution:** the total capital commitment is expected to be RMB200 million, among which:

- RMB10 million shall be contributed by the General Partner;
- RMB10 million shall be contributed by Chengdu Interactive Entertainment;
- RMB30 million shall be contributed by Jinmi; and
- the remaining balance of RMB160 million is expected to be contributed by other investors.

The capital contribution to the Fund was determined after arm's length negotiation among all the partners with reference to the capital requirement of the Fund. The Company intends to fund its capital contribution from internal resources of the Group.

Such capital contribution shall be paid in cash in lump sum.

**Term of the Fund:** The term of the Fund shall commence on its establishment date and expire on the 10th anniversary date of the completion of the capital contribution. This term may be extended by no more than two consecutive years by the General Partner according to the terms of the Limited Partnership Agreement.

**Investment focus of the Fund:** The Fund is principally engaged in investment in intellectual properties.

Investments of the Fund shall be made in accordance with the terms of the Limited Partnership Agreement including the investment restrictions.

**Management of the Fund:** Beijing Zhigu, the General Partner, has exclusive responsibility for the management, operation, and administration of the business and affairs of the Fund and, as provided in the Limited Partnership Agreement, has the power and authority to do all things necessary to carry out the purposes of the Fund.

In addition, Beijing Zhigu may delegate some or all of its functions under the Limited Partnership Agreement to any person, firm or company.

**Management fees:** The Fund will pay a management fee in an amount equal to 2.5% per annum of the total capital contribution for the Fund to the General Partner for the provision of management and other services during the term of the Fund.

**Distributions:** Amounts of the Fund available for distribution will be distributed to all the partners in proportion to their respective capital contribution for the Fund until each partner has received an amount equal to its capital contribution.

The balance, if any, will be further distributed as follows:

- (i) 20% of the remaining amount for the General Partner;
- (ii) 80% of the remaining amount for all the partners in proportion to their respective capital contribution for the Fund.

**Special entitlement of the strategic investment limited partners:** The strategic investment limited partners of the Fund will enjoy (i) the permanent licensing rights of the intellectual properties owned by the Fund; (ii) the rights of first refusal to purchase the patents to be disposed by the Fund; (iii) the leasing rights on the patents of the Fund; and (iv) the research and development rights through the Fund.

As agreed among the parties, Chengdu Interactive Entertainment is one of the strategic investment limited partners of the Fund.

### **3. REASONS AND BENEFITS OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT**

The Board considers the investment under the Fund will provide the Group with opportunity to enhance investment income and realize substantial long-term capital appreciation from such investment. The Group, as one of the strategic investment limited partners of the Fund, will enjoy special entitlement in relation to the intellectual properties of the Fund, which will bring huge benefits to the research and development of the Group's intellectual properties.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Limited Partnership Agreement and the transactions contemplated thereunder are on normal commercial terms, which are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

### **4. IMPLICATIONS UNDER THE LISTING RULES**

Jinmi and Beijing Zhigu are both associates of Mr. Jun LEI, a Director and substantial shareholder of the Company. As such, Jinmi and Beijing Zhigu are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The transactions contemplated under the Limited Partnership Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions contemplated under the Limited Partnership Agreement is higher than 0.1% and less than 5%, the transactions contemplated under the Limited Partnership Agreement are subject to the reporting, annual review and announcement requirements but exempted from independent shareholders' approval under Chapter 14A of the Listing Rules.

In view of his interest in Xiaomi, Mr. Jun LEI has abstained from voting on the Board resolution approving the Limited Partnership Agreement. Mr. HongJiang ZHANG has abstained from voting as he is the director of Beijing Zhigu. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Limited Partnership Agreement and none of them has abstained from voting on the relevant Board resolution.

## 5. INFORMATION ABOUT THE PARTIES

Chengdu Interactive Entertainment is a wholly-owned subsidiary of the Company and is mainly engaged in research and development of games.

Jinmi is a subsidiary of Xiaomi and is mainly engaged in investment.

Beijing Zhigu is mainly engaged in technology consulting and service, assets management and investment management.

The other investors under the Limited Partnership Agreement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, are independent third parties of the Company.

## 6. DEFINITION

“associate”	has the meaning ascribed thereto under the Listing Rules
“Beijing Zhigu”	Beijing Zhigu Technology Consulting Services Co., Ltd.* (北京智谷技術諮詢服務有限公司), the General Partner of the Fund
“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“Cayman”	Cayman Islands
“Chengdu Interactive Entertainment”	Chengdu Kingsoft Interactive Entertainment Co., Ltd. (成都金山互動娛樂科技有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“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(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Fund”	Beijing Ruichuang Investment Management Center (Limited Partnership)* (北京睿創投資管理中心(有限合伙)), a limited partnership established under the laws of the PRC
“General Partner”	Beijing Zhigu, a partner of the Fund with unlimited liability under the Limited Partnership Agreement, who has the exclusive responsibility for the management, operation, and administration of the business and affairs of the Fund
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jinmi”	Tianjin Jinmi Investment Partnership (Limited Partnership)* (天津金米投資合伙企業(有限合伙)), a limited partnership established under the laws of the PRC and a subsidiary of Xiaomi
“Limited Partner(s)”	partner(s) of the Fund with limited liability in proportion to their respective capital contribution under the Limited Liability Agreement
“Limited Partnership Agreement”	the partnership agreement dated 5 December 2014 and entered into among Beijing Zhigu, as the General Partner, and Chengdu Interactive Entertainment, Xiaomi and other investors as the Limited Partners
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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

“Xiaomi”

Xiaomi Corporation, a limited liability company organized under the laws of the Cayman

%

percent

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

Hong Kong, 5 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.*