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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: 3888)

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of the Property by the Purchasers from Beijing Yinbei pursuant to the Commodity Houses Pre-sale Contract and the Supplemental Agreement
“Beijing Digital Entertainment”	北京金山數字娛樂科技有限公司 (Beijing Kingsoft Digital Entertainment Co., Ltd.*), a limited liability company incorporated in the PRC on 30 July 2003 which is indirectly controlled by the Company through the structure contracts. Details of the structure contracts can be found in the Company’s prospectus dated 24 September 2007 under the section headed “Structure Contracts” in the section headed “Our History and Corporate Structure”. Beijing Digital Entertainment is 100% controlled and owned by the Company and is accounted for as a wholly-owned subsidiary in the Company’s books
“Beijing Jingshang”	北京市京商住宅合作社 (Beijing Jingshang Residential Cooperative Association*), the owner of the residential building adjacent to the Property
“Beijing Software”	北京金山軟件有限公司 (Beijing Kingsoft Software Co., Ltd.*), a limited liability company incorporated in the PRC on 1 July 1994, which is an indirect wholly owned subsidiary of the Company
“Beijing Yinbei”	北京銀貝時代房地產開發有限公司 (Beijing Yinbei Shidai Real Estate Development Company Limited*), a company incorporated in the PRC, the developer of the Property
“Beijing Shichuang”	北京實創科技園開發建設股份有限公司 (Beijing Shichuang Technology Park Development and Construction Company Limited*), the developer of the remaining piece of land where the Property is located
“Board”	the board of Directors
“Business Days”	any day on which banks are open for business in the PRC
“Chengdu Digital Entertainment”	成都金山數字娛樂科技有限公司 (Chengdu Kingsoft Digital Entertainment Technology Co., Ltd.*), a limited company incorporated in the PRC on 12 April 2006 which is indirectly controlled by the Company through the structure contracts. Details of the structure contracts can be found in the Company’s prospectus dated 24 September 2007 under the section headed “Structure Contracts” in the section headed “Our History and Corporate Structure”. Chengdu Digital Entertainment is 100% controlled and owned by the Company and is accounted for as a wholly-owned subsidiary in the Company’s books
“Commodity Houses Pre-sale Contract”	the commodity houses pre-sale contract dated 8 May 2008 entered into between the Purchasers and Beijing Yinbei in respect of the acquisition of the Property by the Purchasers from Beijing Yinbei, which is supplemented by the Supplemental Agreement
“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

DEFINITIONS

“Consideration”	the consideration for the Acquisition in the amount of RMB175,000,000 (equivalent to approximately HK\$195,300,000)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	an independent third party not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates, as defined in the Listing Rules
“Latest Practicable Date”	23 May 2008, the latest practicable date for ascertaining relevant information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	the seven-storey (consisting of two basement levels and five levels from the ground) composite building located at the north of Xiaoying Road West, Haidian District, Beijing developed by Beijing Yinbei
“Purchasers”	Beijing Software, Beijing Digital Entertainment and Beijing branch of Chengdu Digital Entertainment. As it is intended that the Property will be used by members of the Group located in Beijing as new office building, Beijing Software, Beijing Digital Entertainment and Beijing branch of Chengdu Digital Entertainment, which are all located in Beijing, are the purchasers of the Property
“Shares”	shares in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Commodity Houses Pre-sale Contract dated 8 May 2008 entered into between the Purchasers and Beijing Yinbei
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“USD\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this circular, for illustration purpose, amounts in RMB have been translated into Hong Kong dollars at the exchange rate of RMB1 to HK\$1.116. Such translation does not constitute a representation that any amount has been, could have been or may be exchanged at such rate.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.



KINGSOFT CORPORATION LIMITED

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 3888)

Executive Directors:

Mr. Pak Kwan KAU (Chairman and acting Chief Executive Officer)
Mr. Jun LEI

Non-executive Directors:

Mr. Wing Chung Anders CHEUNG
Mr. Wai Ming WONG
Mr. Choon Chong TAY

Independent Non-executive Directors:

Mr. Shun Tak WONG
Mr. Guangming George LU
Mr. Mingming HUANG

Registered Office:

Clifton House
75 Fort Street
P.O. Box 1350 GT
George Town
Grand Cayman

*Principal Place of
Business in Hong Kong:*

Unit 1309A, 13/F
Cable TV Tower
No. 9 Hoi Shing Road
Tsuen Wan, N.T.
Hong Kong

The PRC, 29 May 2008

To the Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY**

INTRODUCTION

On 8 May 2008, the Purchasers entered into the Commodity Houses Pre-sale Contract as supplemented by the Supplemental Agreement with Beijing Yinbei, pursuant to which Beijing Yinbei agreed to sell, and the Purchasers agreed to purchase the Property at a total cash consideration of RMB175,000,000 (equivalent to approximately HK\$195,300,000).

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to give you further information regarding the Acquisition.

THE ACQUISITION

Principal Terms of the Commodity Houses Pre-sale Contract and the Supplemental Agreement

The principal terms of the Commodity Houses Pre-sale Contract and the Supplemental Agreement are summarized as follows:

Date : 8 May 2008

Parties : (1) Beijing Yinbei, as vendor
(2) Beijing Software as to approximately 14.29%, Beijing Digital Entertainment as to approximately 14.29% and Beijing branch of Chengdu Digital Entertainment as to approximately 71.42%, as purchasers

LETTER FROM THE BOARD

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, Beijing Yinbei and its respective ultimate beneficial owners are Independent Third Parties.

Nature of the transaction : Pursuant to the Commodity Houses Pre-sale Contract and the Supplemental Agreement, Beijing Yinbei agreed to sell, and the Purchasers agreed to purchase the Property

Consideration : The total Consideration for the Acquisition is RMB175,000,000 (equivalent to approximately HK\$195,300,000) and shall be payable by Beijing Software as to RMB25,000,000 (equivalent to approximately HK\$27,900,000), Beijing Digital Entertainment as to RMB25,000,000 (equivalent to approximately HK\$27,900,000) and Beijing branch of Chengdu Digital Entertainment as to RMB125,000,000 (equivalent to approximately HK\$139,500,000) in the following manners:

- (1) a sum of RMB140,000,000 (equivalent to approximately HK\$156,240,000), representing 80% of the total Consideration, shall be payable by the Purchasers to Beijing Yinbei within 10 Business Days upon fulfillment of the following conditions:
 - (a) the Commodity Houses Pre-sale Contract and the Supplemental Agreement becoming effective and the completion of the registration of the Commodity Houses Pre-sale Contract and the Supplemental Agreement;
 - (b) Beijing Yinbei having obtained and provided the Purchasers with an undertaking without a fixed term from Beijing Shichuang, the developer of the remaining piece of land where the Property is located, guaranteeing, inter alia, the rights of the owners of the Property to use the open area located at the south of the Property and other green plots outside the open area;
 - (c) Beijing Yinbei having obtained from the relevant PRC Administrative Bureau for Transportation approval of the design plans of the southern entrance (whereas the approval of the design plans of the eastern entrance has already been obtained from the relevant PRC Administrative Bureau for Transportation);
 - (d) Beijing Yinbei having executed an agreement without a fixed term with Beijing Shichuang and Beijing Jingshang, the owner of the residential building adjacent to the Property which will share the eastern entrance of the Property with the Purchasers, guaranteeing the normal use of the eastern entrance by the Purchasers and the removal of electric poles and other obstacles located at the entrance; and
 - (e) Beijing Yinbei having provided the Purchasers with a solution in relation to the design of the basement garage entrance which has been duly implemented.
- (2) a sum of RMB26,250,000 (equivalent to approximately HK\$29,295,000), representing 15% of the total Consideration, shall be payable by the Purchasers to Beijing Yinbei within 10 Business Days from the execution of the confirmation for delivery of the Property by the Purchasers and Beijing Yinbei; and

LETTER FROM THE BOARD

- (3) the remaining balance of the Consideration after deduction of the Security Deposit (as defined below), being RMB6,150,000 (equivalent to approximately HK\$6,863,400), shall be payable by the Purchasers to Beijing Yinbei within 10 Business Days upon the transfer of the relevant title documents of the Property (i.e. building ownership certificate) by Beijing Yinbei to the Purchasers.

If any payment shall have been overdue for not more than 60 days, a penalty charge of 0.03% of the overdue amount per day shall be paid by the Purchasers within 10 days from the relevant payment due date.

If any payment shall have been overdue for more than 60 days, Beijing Yinbei shall have the right to terminate the Commodity Houses Pre-sale Contract and all moneys paid by the Purchasers pursuant to the Commodity Houses Pre-sale Contract shall be returned to the Purchasers subject to the payment of a penalty charge of 3% of the overdue amount by the Purchasers to Beijing Yinbei. If Beijing Yinbei agrees to perform the Commodity Houses Pre-sale Contract notwithstanding the late payment, a penalty charge of 0.03% of the overdue amount per day shall be paid by the Purchasers within 10 days from the relevant payment due date.

Security Deposit : During the Maintenance Period (as defined below), Beijing Yinbei has to ensure the normal use of the southern and eastern entrances of the Property and ground floor car parks by the Purchasers and that Beijing Yinbei shall be responsible for any regular repair and maintenance of the Property. In this regard, Beijing Yinbei and the Purchasers agreed that a sum of RMB2,600,000 (equivalent to approximately HK\$2,901,600) shall be deducted and retained from the Consideration as security deposit (“**Security Deposit**”) and shall be held in a jointly controlled account with a bank designated by the Purchasers in the name of Beijing Yinbei.

Out of the RMB2,600,000 Security Deposit, RMB1,000,000 shall be retained as security for the ground floor car parks and the entrance which shall be retained for a period of 2 years after delivery of the Property (the “Maintenance Period”). Such sum (together with interests) shall be released to an account designated by Beijing Yinbei within 3 Business Days from the fulfillment of (i) before 31 December 2008, Beijing Yinbei having obtained from the relevant PRC Administrative Bureau for Transportation the inspection approval or confirmation of the southern and eastern entrances; and (ii) Beijing Yinbei shall, within the Maintenance Period, arrange for the execution of an agreement between the Purchasers and the relevant landscape department in the PRC for the adoption of green plots whereby the car parking spaces are designed.

In the event that Beijing Yinbei having obtained from the relevant PRC Administrative Bureau for Transportation the inspection approval or confirmation of the southern and eastern entrances before 31 December 2008 but fails to arrange for the execution of the agreement between the Purchasers and the relevant landscape department in the PRC for the adoption of green plots, Beijing Yinbei has to ensure the normal use of the ground floor car parks by the Purchasers. In such circumstance, the RMB1,000,000 Security Deposit shall be returned to the Purchasers.

LETTER FROM THE BOARD

The Purchasers shall have the right to deduct the RMB1,000,000 Security Deposit if the following event occurs:

- (a) Where Beijing Yinbei fails to obtain from the relevant PRC Administrative Bureau for Transportation the inspection approval or confirmation of the southern and eastern entrances before 31 December 2008, the full amount of the RMB1,000,000 Security Deposit shall be deducted; and
- (b) During the Maintenance Period, if any relevant administrative bureau prohibits the use, requests for changes or orders administrative penalty such that the Purchasers cannot use the ground floor car parks normally and Beijing Yinbei cannot resolve the matter within 15 Business Days, the Purchasers shall have the right to receive compensation for economic loss from Beijing Yinbei. If only penalty is involved, the quantified loss will be deducted from the RMB1,000,000 Security Deposit. If the use of car parks is prohibited or there is a request for changes, then the full amount of the RMB1,000,000 Security Deposit shall be deducted.

The remaining of RMB1,600,000 (equivalent to approximately HK\$1,785,600) shall be retained as security for the maintenance of the Property which shall be retained for the Maintenance Period. If Beijing Yinbei shall have performed its maintenance obligations in accordance with the terms of the Supplemental Agreement, the RMB1,600,000 Security Deposit shall be released (together with interests) within 3 Business Days upon the expiry of the Maintenance Period. However, if any costs or damages has been incurred or suffered by the Purchasers as a result of the failure on the part of Beijing Yinbei to perform its maintenance obligations under the Supplemental Agreement, the parties shall determine the amount for the maintenance costs and damages to be deducted from the RMB1,600,000 Security Deposit, and the remaining portion shall be released (together with interests) to Beijing Yinbei within 3 Business Days upon the expiry of the Maintenance Period.

Delivery of the Property

- : Beijing Yinbei shall deliver possession of the Property to the Purchasers on 31 July 2008. On the delivery of the Property to the Purchasers, among other things, (i) all relevant plans inspection approval and construction works completion inspection documentation in respect of the Property shall have been obtained; and (ii) the infrastructure, construction and other facilities shall have satisfied the requirements as set out in the Commodity Houses Pre-sale Contract as supplemented by the Supplemental Agreement.

If Beijing Yinbei fails to deliver possession of the Property to the Purchasers on 31 July 2008 or if any conditions for the delivery of the Property cannot be fulfilled, Beijing Yinbei is liable for a penalty charge of 0.03% of the aggregate amount paid by the Purchasers to Beijing Yinbei per day between the day following the contractual date of the delivery of the Property and the actual date of delivery of the Property which shall be paid within 10 days from the actual date of delivery of the Property, provided that there are not more than 60 days between the contractual date of the delivery of the Property and the actual date of delivery of the Property.

If there are more than 60 days between the contractual date of the delivery of the Property and the actual date of delivery of the Property, the Purchasers shall have the right to terminate the Commodity Houses Pre-sale Contract and all moneys paid by the Purchasers pursuant to the Commodity Houses Presale Contract shall be returned to the Purchasers by Beijing Yinbei subject to the payment of a

LETTER FROM THE BOARD

penalty charge of 3% of the aggregate amount paid by the Purchasers to Beijing Yinbei. If the Purchasers agree not to terminate the Commodity Houses Pre-sale Contract notwithstanding the late delivery of the Property, Beijing Yinbei is liable for a penalty charge of 0.03% of the aggregate amount paid by the Purchasers to Beijing Yinbei per day between the day following the contractual date of the delivery of the Property and the actual date of delivery of the Property which shall be paid within 10 days from the actual date of delivery of the Property.

Completion : Completion of the Property shall take place upon the transfer of the relevant title documents of the Property (i.e. building ownership certificate) by Beijing Yinbei to the Purchasers.

INFORMATION ABOUT THE PROPERTY

The Property is a seven-storey (consisting of two basement levels and five levels from the ground) composite building located at the north of Xiaoying Road West, Haidian District, Beijing with an estimated gross floor area of 15,907 square meters for non-residential use with car parks. The Property is developed by Beijing Yinbei and is still under construction. As at the date of the Commodity Houses Pre-sale Contract, the construction of the structuring of the Property has already been completed. Beijing Yinbei has also obtained the relevant permit from the relevant PRC authority for the pre-sale of the Property. The Property is free from any mortgages or encumbrances.

BASIS FOR DETERMINING THE CONSIDERATION

The Consideration was arrived at after arm's length negotiations between Beijing Yinbei and the Purchasers by reference to the prevailing market price of the properties of comparable size and quality located in the locality where the Property is located provided by the estate agent.

SOURCE OF FUNDING

The Purchasers will fund the Consideration by internal resources.

REASONS FOR AND BENEFITS OF THE ACQUISITION

It is intended that the Property will be used by members of the Group located in Beijing as new office building. The Directors consider that given the limited space of the existing offices, the existing offices of such members of the Group will no longer be sufficient for the operation of such members of the Group and given the more advanced and comprehensive facilities available in the new office building, the Directors consider that the acquisition of the Property which is a seven-storey composite building with an estimated gross floor area of 15,907 square meters could better accommodate the expanding business and operation of the Group and would enable the Group to meet any needs for future expansion of the operation and business of the Group.

The Acquisition is not expected to have any material impact on the earnings, assets and liabilities of the Group.

In view of the above, the Directors consider that the terms of the Commodity Houses Pre-sale Contract and the Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios calculated in accordance with Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company.

LETTER FROM THE BOARD

GENERAL

The Group is principally engaged in the research, development and distribution of online games entertainment and applications software in the PRC.

Beijing Yinbei is principally engaged in property development in the PRC.

ADDITIONAL INFORMATION

Your attention is drawn to the general information contained in the appendix to this circular.

Yours faithfully,
For and on behalf of
KINGSOFT CORPORATION LIMITED
Pak Kwan Kau
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DISCLOSEABLE INTEREST AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive officer of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in Shares

Director	Nature of Interests	Number of Shares held	Percentage of Issued Share Capital
Pak Kwan Kau	Corporate (Note 1)	221,489,800	20.77%
Jun Lei	Corporate (Note 2)	160,040,280	15.01%

(ii) Long positions in underlying Shares

Options granted under the 2004 and 2007 Share Option Schemes (Note 3)

Director	Date of option granted	No. of Shares attached to option	No. of Shares outstanding as at the Latest Practicable Date	Exercisable period	Subscription price per share USD\$
Jun Lei	1 August 2004	5,311,500	5,311,500	1 August 2004 — 1 August 2014	0.0353
	1 February 2007	22,451,800	22,451,800	1 February 2007 — 1 February 2017	0.2400
Wing Chung Anders Cheung	1 August 2004	500,000	500,000	1 August 2004 — 1 August 2014	0.0353

Notes:

- These Shares are held by Topclick Holdings Limited (“Topclick”), a BVI company wholly owned by Pak Kwan Kau.
- Out of the 160,040,280 Shares, 158,230,280 Shares are held by Color Link Management Limited (“Color Link”), a BVI company wholly owned by Jun Lei and the rest of the 1,810,000 Shares are held by Go Corporate Limited, a BVI company wholly owned by Jun Lei.
- The share options were granted to the Directors on 1 August 2004 and 1 February 2007 respectively under the share option schemes adopted by the shareholders of the Company on 30 June 2004 and 22 January 2007 at an exercise price of USD\$0.0353 and USD\$0.2400 respectively.

Save as disclosed above, none of the Directors and chief executives of the Company have any interests and short position in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange as at the Latest Practicable Date.

3. DISCLOSEABLE INTERESTS UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at the Latest Practicable Date, so far as known to the Directors and chief executives of the Company, persons other than the Directors or chief executives of the Company, who has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in ten per cent. or more the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group are as follows:

(i) Long positions in Shares and underlying shares of equity derivatives of the Company as at the Latest Practicable Date:

Name of Shareholder	Capacity	Number of Shares held in the Company	Percentage of Issued Share as at the Latest Practicable Date
Topclick Holdings Limited (<i>Note 1</i>)	Beneficial owner	221,489,800	20.77%
Tetrad Ventures Pte Ltd	Beneficial owner	165,143,115	15.49%
GIC Special Investments Pte. Ltd. (<i>Note 2</i>)	Interest of a controlled corporation	165,143,115	15.49%
Government of Singapore Investment Corp. Pte. Ltd. (<i>Note 2</i>)	Interest of a controlled corporation	165,143,115	15.49%
Minister for Finance (Incorporated) (<i>Note 2</i>)	Interest of a controlled corporation	165,143,115	15.49%
Government of Singapore Investment Corporation (Ventures) Pte. Ltd. (<i>Note 2</i>)	Interest of a controlled corporation	165,143,115	15.49%
Color Link Management Limited (<i>Note 3</i>)	Beneficial owner	158,230,280	14.92%
Super Faith International Limited	Beneficial owner	101,946,386	9.56%
Caprice Pacific Limited (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Highland Crest Limited (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
World Conquest Limited (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Pacific Star Overseas Limited (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Shuen Lung Cheung (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Nien Shian Chu (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Siu Lung Cheung (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Tung Ping Lau (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Siu Ha Cheung (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Ka Yeung Yip (<i>Note 4</i>)	Interest of a controlled corporation	101,946,386	9.56%
Lenovo Manufacturing Limited	Beneficial owner	78,920,796	7.40%
Lenovo Holdings (BVI) Limited (<i>Note 5</i>)	Interest of a controlled corporation	78,920,796	7.40%
Lenovo Group Limited (<i>Note 5</i>)	Interest of a controlled corporation	78,920,796	7.40%

Notes:

1. Topclick is wholly owned by Pak Kwan Kau, Pak Kwan Kau is therefore deemed to be interested in Topclick's interest in the Company under the SFO.
2. Tetrad Ventures Pte Ltd ("Tetrad") is a wholly owned subsidiary of Government of Singapore Investment Corporation (Ventures) Pte. Ltd., Government of Singapore Investment Corporation (Ventures) Pte. Ltd. is therefore deemed to be interested in Tetrad's interest in the Company under the SFO.
3. Color Link is wholly owned by Jun Lei, Jun Lei is therefore deemed to be interested in Color Link's interest in the Company under the SFO.
4. Each of Caprice Pacific Limited, Highland Crest Limited and World Conquest Limited is deemed to be interested in the interest of Super Faith International Limited ("Super Faith") in the Company under the SFO because each of these entities is entitled to control the exercise of 33.3% of the voting power at general meetings of Super Faith. Caprice Pacific Limited is owned by Siu Ha Cheung and Ka Yeung Yip, who are husband and wife. Highland Crest Limited is owned by Shuen Lung Cheung and Nien Shian Chu, who are husband and wife. World Conquest Limited is owned by Siu Lung Cheung and Tung Ping Lau, who are husband and wife. Accordingly, each of Shuen Lung Cheung, Nien Shian Chu, Siu Lung Cheung, Tung Ping Lau, Siu Ha Cheung and Ka Yeung Yip is deemed to be interested in Super Faith's interest in the Company by the SFO.
5. Lenovo Manufacturing Limited ("Lenovo") is a wholly owned subsidiary of Lenovo Holdings (BVI) Limited, which is wholly owned by Lenovo Group Limited, Lenovo Group Limited and Lenovo Holdings (BVI) Limited are therefore deemed to be interested in Lenovo's interest in the Company under the SFO.

(ii) Long positions in Shares and underlying shares of equity derivatives of members of the Group as at the Latest Practicable Date:

<u>Name of member of the Group</u>	<u>Name of the other shareholders</u>	<u>Percentage of registered shareholding</u>
Kingsoft Japan Inc.	EP Dream Technology Limited	16.6%
	Siger Network Co., Limited	16.6%
	Mr. Ichiro Hirosawa (廣澤一郎)	11.1%
大連金山互動娛樂科技有限公司 (Dalian Kingsoft Interactive Entertainment Co., Ltd*)	大連上尚網數碼科技有限公司 (Dalian Shang Shang Wang Digital Technology & Co., Ltd*)	49.0%

Save as disclosed, so far as is known to the Directors and chief executives of the Company, there are no other persons other than the Directors or chief executives of the Company, who has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered or is proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation (other than statutory compensation)).

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

6. COMPETING INTERESTS

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or likely to compete with the business of the Group.

7. MISCELLANEOUS

- (a) The registered office of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350 GT, George Town, Grand Cayman, Cayman Islands and the head office and principal place of business of the Company is located at 21/F, Baiyan Building, No. 238 Beisihuan Zhong Road, Haidian District, Beijing, the People's Republic of China.
- (b) The Hong Kong branch share registrar and transfer office of the Company is located at Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary and the qualified accountant of the Company is Ms. Michelle Feng Harnett, who is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.
- (d) The English text of this circular shall prevail over the Chinese text in the event of any inconsistency.