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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 GRANT OF
LOAN FACILITY BY THE COMPANY TO
KINGSOFT CLOUD; AND
GRANT OF KINGSOFT OPTION AND
XIAOMI OPTION BY KINGSOFT CLOUD**

On 1 December 2014, the Company entered into the Loan Agreement with Kingsoft Cloud and Xiaomi pursuant to which, among others, the Company agreed to grant a Loan Facility in an amount of US\$500 million to Kingsoft Cloud.

Kingsoft Cloud is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Listing Rules.

As such, (i) the provision of Loan Facility by the Company to Kingsoft Cloud, (ii) the grant of Kingsoft Option by Kingsoft Cloud to the Company, and (iii) the grant of Xiaomi Option by Kingsoft Cloud to Xiaomi under the Loan Agreement, will constitute connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of the Loan Facility is higher than 5%, the grant of Loan Facility under the Loan Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of Kingsoft Option by Kingsoft Cloud exceeds 0.1% but is less than 5%, the grant of Kingsoft Option by Kingsoft Cloud is subject to the reporting and announcement requirements but exempted from independent shareholders' approval under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of Xiaomi Option by Kingsoft Cloud exceeds 5% but is less than 25%, the grant of Xiaomi Option by Kingsoft Cloud to Xiaomi constitutes a discloseable transaction, which is subject to the reporting and announcement requirements but exempted from the shareholders' approval under Chapter 14 of the Listing Rules. The grant of Xiaomi Option by Kingsoft Cloud also constitutes a connected transaction. As such, the grant of Xiaomi Option by Kingsoft Cloud is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) further details of the Loan Agreement; (ii) a letter from the independent financial adviser containing its advice to the independent board committee and the independent shareholders on the Loan Agreement; (iii) the recommendation of the independent board committee regarding the Loan Agreement to the independent shareholders; and (iv) a notice of the extraordinary general meeting will be despatched to the Shareholders on or before 10 December 2014.

1 INTRODUCTION

On 1 December 2014, the Company entered into the Loan Agreement with Kingsoft Cloud and Xiaomi pursuant to which, among others, the Company agreed to grant a Loan Facility in an amount of US\$500 million to Kingsoft Cloud.

As at the date of this announcement, Kingsoft Cloud had total issued ordinary shares of 947,500,000 shares, out of which 669,000,000 shares, 139,500,000 shares, 91,000,000 shares and 48,000,000 shares were owned by the Company, KSC Partner, Xiaomi and the trustee of awarded shares to the eligible employees of Kingsoft Cloud under the share incentive scheme, respectively. Kingsoft Cloud also had total issued series A preferred shares of 269,480,000 shares, out of which 107,792,000 shares and 161,688,000 shares were owned by the Company and Xiaomi, respectively. One series A preferred share of Kingsoft Cloud carries the same voting right as that attached to one ordinary share and may be converted into the ordinary share of Kingsoft Cloud on an initial and current conversion rate of 1:1. As such, as at the date of this announcement, Kingsoft Cloud was controlled as to approximately 63.83% by the Company, 20.76% by Xiaomi, 11.46% by KSC Partner and 3.94% by the trustee of awarded shares (on the assumption that the series A preferred shares are converted into the ordinary share of Kingsoft Cloud on the conversion rate of 1:1).

As at the date of this announcement, Kingsoft Cloud also had outstanding options for the issue of an aggregate of 116,920,000 ordinary shares of Kingsoft Cloud and an aggregate of 13,500,000 ordinary shares of Kingsoft Cloud to be issued under the employee stock ownership plans.

2 THE PRINCIPAL TERMS OF THE LOAN AGREEMENT

- Date:** 1 December 2014
- Parties:** the Company (the lender)
Kingsoft Cloud (the borrower)
Xiaomi (the guarantor)
- Principal amount:** The Company will grant a loan facility to Kingsoft Cloud in Renminbi and/or Hong Kong dollar in an aggregate principal amount equivalent to US\$500 million.
- Drawdown period:** The entire amount of the Loan Facility will be drawn in multiple tranches within a three-year period commencing from 1 January 2015 to 31 December 2017, subject to the default and acceleration clause as described below.
- Annual drawdown amount:** The annual drawdown amount shall be determined by the Board at its sole discretion based on the business plan and financial needs of the Company and the business development of Kingsoft Cloud. Kingsoft Cloud shall withdraw the loan in one or multiple times each year within the annual drawdown amount to be determined by the Board.
- Conditions precedent:** Drawdown of the loan is subject to the satisfaction of or waiver by the Company of the following conditions precedent:
- (i) all the representations and warranties made by Kingsoft Cloud being true, complete, accurate and not misleading;
 - (ii) Kingsoft Cloud having performed its obligations under the Loan Agreement and the Deed of Charge;
 - (iii) the Loan Agreement and the Deed of Charge being duly executed and delivered;
 - (iv) all the approvals and authorizations in relation to the Loan Agreement and the Deed of Charge having been obtained;

(v) the Letter of Undertaking (as defined below) being duly executed by any and all the existing participants of Kingsoft Cloud's share option plan and other equity incentive plans and delivered to the Company.

Interest:

For the loan advanced in Renminbi, the interest rate is 1.1 times of the applicable Renminbi loan datum interest rate published by PBOC with the same term on the drawdown date. In the event that the aforementioned interest rate is not available, the higher of (a) the interest rate same as that applicable to the loan advanced in Renminbi immediately before the drawdown date; or (b) 6% per annum.

For the loan advanced in Hong Kong dollar, the interest rate is 6% per annum. Such interest rate was determined by references to the prevailing interest rate of three-year-term Hong Kong dollar bonds obtainable by companies with comparable risk profile in Hong Kong market. Due consideration has also been given to the financial situations and potential development risks of Kingsoft Cloud.

The Directors are of the view that the aforementioned applicable interest rates are fair and reasonable.

The aforementioned applicable interest on the unpaid balance shall be compounded annually.

Repayment:

The interest accrued shall be paid by Kingsoft Cloud on a quarterly basis.

Subject to the default and acceleration clause as described below, the outstanding principal amount of the loan and the accrued but unpaid interest shall be paid by Kingsoft Cloud on the third anniversary date of its drawdown date.

**Pledges and guarantees by other
shareholders of Kingsoft Cloud:**

(i) KSC Partner Pledge

KSC Partner, a substantial shareholder of Kingsoft Cloud, agreed to pledge its entire equity interest in Kingsoft Cloud, being 139,500,000 ordinary shares of Kingsoft Cloud, to secure certain outstanding principal amount of the Loan Facility (the “**KSC Secured Principal Amount**”) and the accrued interests for Kingsoft Cloud under the Deed of Charge (the “**KSC Partner Pledge**”). The KSC Secured Principal Amount shall be calculated by the formula same as that applicable to the calculation of the Xiaomi Guaranteed Principal Amount, *mutatis mutandis*, as provided below.

(ii) Pledges to be provided by Eligible Persons

Each parties hereby agrees and commits (and Kingsoft Cloud shall cause and procure each of its shareholders to agree and commit) that in the event that any person (the “**Eligible Person**”) proposes to acquire, subscribe for, or hold any share of Kingsoft Cloud pursuant to Kingsoft Cloud’s share option plan and other equity incentive plans, it shall use its best effort to procure certain outstanding principal amount of the Loan Facility (the “**ESOP Secured Principal Amount**”) and the accrued interests to be secured by a first charge over any and all shares of Kingsoft Cloud held by such Eligible Person on the terms and conditions set forth in the Deed of Charge, *mutatis mutandis*. The ESOP Secured Principal Amount shall be calculated by the formula same as that applicable to the calculation of the Xiaomi Guaranteed Principal Amount, *mutatis mutandis*, as provided below.

Kingsoft Cloud shall cause and procure all existing and future participants of Kingsoft Cloud’s share option plan and other equity incentive plans to execute a letter of undertaking in connection with such share charge substantially in the form attached hereto (the “**Letter of Undertaking**”). Unless otherwise mutually approved by the parties to this agreement, none of the parties shall take any action which leads and/or will lead to the holding of any share in Kingsoft Cloud by such Eligible Person without the completion of such share charge.

(iii) Xiaomi Guarantee

Xiaomi, another substantial shareholder of Kingsoft Cloud, unconditionally and irrevocably agreed to guarantee the punctual repayment of certain outstanding principal amount of the Loan Facility (“**Xiaomi Guaranteed Principal Amount**”) and the accrued interests (“**Xiaomi Guarantee**”). In the event that Kingsoft Cloud has failed to repay the due and payable amount hereunder, Xiaomi shall be liable for and pay the Xiaomi Guaranteed Principal Amount and the accrued interests within 10 days upon receiving the Company’s first written demand for the same.

The Xiaomi Guaranteed Principal Amount is calculated according to the following formula:

$$\text{Xiaomi Guaranteed Principal Amount} = A * B$$

A refers to the outstanding principal amount of the Loan Facility.

B refers to Xiaomi’s direct and indirect shareholding percentage in Kingsoft Cloud as of the date on which the Company claims to Xiaomi in connected with the Xiaomi Guaranteed Principal Amount.

(iv) Guarantees to be provided by Third Party

Each parties hereby agrees and commits (and Kingsoft Cloud shall cause and procure each of its shareholders to agree and commit) that in the event that any person other than the current shareholders of Kingsoft Cloud as of the execution date of this agreement and the Eligible Persons (the “**Third Party**”) proposes to acquire, subscribe for, or hold any share of Kingsoft Cloud, it shall use its best effort to procure such Third Party to make guarantee same as that made by Xiaomi under this agreement based on such Third Party’s direct and indirect shareholding percentage in Kingsoft Cloud, *mutatis mutandis*, upon completion of such share acquisition or subscription by such Third Party. Unless otherwise mutually approved by the parties to this agreement, none of the parties shall take any action which leads and/or will lead to the holding of any share in Kingsoft Cloud by such Third Party without such Third Party’s making of the abovementioned guarantee.

For the avoidance of doubt, the direct and indirect shareholding percentage in Kingsoft Cloud for a shareholder who has committed to guarantee shall be a fraction the numerator of which is the number of shares of Kingsoft Cloud held by such shareholder on an as-converted basis and the denominator of which is the total number of issued and outstanding shares of Kingsoft Cloud on an as-converted basis (disregarding any shares issued to and held by trustees for and on behalf of Kingsoft Cloud, and any options issued or issuable, pursuant to Kingsoft Cloud’s share option plan and other equity incentive plans).

Options:

(i) *Kingsoft Option*

In the event that Kingsoft Cloud fails to repay any outstanding principal amount of the Loan Facility and the accrued interests, the Company shall have the option to, at any time no later than the full payment of the outstanding principal amount and the accrued but unpaid interests by Kingsoft Cloud, convert the outstanding principal amount and accrued but unpaid interest which has not been secured as mentioned in the above paragraph headed “Pledges and Guarantees by other shareholders of Kingsoft Cloud”, or has not been realized by such security measures, in whole or in part, into certain number of fully-paid and non-assessable preferred shares of Kingsoft Cloud.

The conversion formula shall be as follows:

$$\text{Number of preferred shares of Kingsoft Cloud} = \frac{\text{Outstanding amount that the Company elects to convert}}{\text{the applicable purchase price per share}}$$

The applicable purchase price per share refers to (i) in the event that the latest private financing is taken place within six months before the applicable Conversion Notice Date (as defined below), the purchase price per share applicable in the latest private financing as of the applicable Conversion Notice Date; or (ii) in the event that the latest private financing is taken place more than six months before the applicable Conversion Notice Date, the fair market price appraised by a qualified and independent third party and confirmed and approved by the Company, Xiaomi and the board of Kingsoft Cloud.

(ii) Xiaomi Option

In the event that Xiaomi repays the Xiaomi Guaranteed Principal Amount and the accrued interests, Xiaomi shall have the option to, at any time no later than the full payment of the outstanding principal amount and the accrued but unpaid interest Kingsoft Cloud, convert such amount, in whole or in part, into certain number of fully-paid and non-assessable preferred shares of Kingsoft Cloud.

The conversion formula shall be as follows:

Number of preferred shares of Kingsoft Cloud = the amounts paid by Xiaomi and elected by Xiaomi to convert/the applicable purchase price per share

The applicable purchase price per share refers to (i) in the event that the latest private financing is taken place within six months before the applicable Conversion Notice Date, the purchase price per share applicable in the latest private financing as of the applicable Conversion Notice Date; or (ii) in the event that the latest private financing is taken place more than six months before the applicable Conversion Notice Date, the fair market price appraised by a qualified and independent third party and confirmed and approved by the Company, Xiaomi and the board of Kingsoft Cloud.

The “Conversion Notice Date” refers to the date on which the Company or Xiaomi issues written notice to Kingsoft Cloud requesting to convert all or any part of the outstanding principal amount and accrued but unpaid interests as mentioned above (the “**Conversion Notice**”).

The Company considers the current provision in determining the conversion price under the Loan Agreement is fair and reasonable and in the interest of the Company’s shareholders as a whole.

For the avoidance of doubt, the parties acknowledge and agree that upon the issuance of the Conversion Notice from the Company and/or Xiaomi, Kingsoft Cloud shall not repay any corresponding outstanding principal amount and/or Xiaomi Guaranteed Principal Amount and accrued interests, and shall use its best efforts to complete the conversion as soon as practicable.

Kingsoft Cloud shall be obligated to repay all the principal amount and the accrued interests which (i) has been due and outstanding and has not be converted by the Company pursuant to the Kingsoft Option, (ii) has been repaid by KSC Partner and/or the Eligible Persons by cash or by realization of security, and (iii) has been repaid but has not been converted by Xiaomi pursuant to the Xiaomi Option, as soon as practicable according to the cash flow and business operation of Kingsoft Cloud Group; and shall repay such principal amount and accrued interests to the Company, KSC Partner, Eligible Persons and Xiaomi on a pro rata basis, calculated based on the total amount payable to each such person.

Such preferred shares of Kingsoft Cloud shall rank *pari passu* with the newly issued preferred shares of Kingsoft Cloud in the latest private financing.

Use of the loan:

The loan provided by the Company shall be used only for the capital expenditure in the ordinary business operation of the Kingsoft Cloud Group and/or the repayment of the outstanding principal amount of the loan due and payable as provided herein.

For the avoidance of doubt, without prior written consent of the Company, the loan provided by the Company shall not be used to recover the operating loss of Kingsoft Cloud Group or pay any interest accrued on the principal amount of the Loan Facility.

Default and acceleration:

If any event of default under the Loan Agreement occurs, the interest shall accrue at a rate of 0.1% per day for the period from the date of the occurrence of such event of default to the date when all outstanding principal amounts (together with the interests) are fully paid off. The events of default include but not limited to (a) Kingsoft Cloud failing to pay the Loan Facility or any amounts due; (b) Kingsoft Cloud Group applying any portion of the Loan Facility for the purposes other than those as described in the above paragraph headed “Use of the loan”.

If any event of default or any event of acceleration under the Loan Agreement occurs, all outstanding principal amounts shall become due and payable immediately. Kingsoft Cloud shall repay such amount in full together with all accrued but unpaid interests within five calendar days from the date of the occurrence of such termination event. The events of acceleration include but not limited to (a) the aggregate shareholding of the Company in Kingsoft Cloud being less than 50%; (b) the aggregate shareholding of Xiaomi in Kingsoft Cloud being less than 15%.

3 REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company believes that the grant of Loan Facility by the Company to Kingsoft Cloud is in the best interest of the Group and its Shareholders as a whole due to the following reasons:

(i) to support the development of the Group’s cloud business

Kingsoft Cloud Group is engaged in the research, development and provision of cloud technology and services, which plays an important role in the Group’s cloud business. The cloud business is a dynamic area in the internet market. Other major internet Chinese players are also focusing on developing their own cloud technologies. The Group decided to finance Kingsoft Cloud Group to boost the development and research capability of its cloud technology and services.

(ii) to meet the business needs of Kingsoft Cloud

Pursuant to the shareholder agreement of Kingsoft Cloud dated 21 August 2014, Xiaomi shall procure that 70% of the cloud storage and cloud computing services used by Xiaomi Group in their MIUI image storage business are sourced from the Group, provided that the quality of such services is satisfactory and the fees charged for such services are reasonable. Xiaomi Group’s demand on the Group’s cloud services is expected to increase dramatically. Kingsoft Cloud Group, as the major subsidiary group of the Group in the

cloud business, will provide substantial cloud services to Xiaomi Group. As such, it is expected that Kingsoft Cloud Group will require more equipment, devices or other fixed assets for it to continue such ongoing transactions. To meet the business needs of Kingsoft Cloud Group, the Group agreed to provide the Loan Facility to Kingsoft Cloud Group in the area of capital expenditure.

The grant of Loan Facility by the Company also provides Kingsoft Cloud alternative means to obtain funding. Relying on the strong financial support from the Company, Kingsoft Cloud will focus on the development of its business, which will bring long-term shareholder value to the Company as the controlling shareholder of Kingsoft Cloud.

(iii) to better utilize the idle cash of the Group and ensure stable income from the Loan Facility

Kingsoft Cloud is a subsidiary of the Group. The intergroup loan is to facilitate the Group's financing channel and better utilize the idle cash of the Group. Pursuant to the Loan Agreement, Kingsoft Cloud shall pay the interests accrued to the Group on a quarterly basis. As such, the grant of the Loan Facility will provide a stable income on the Company's financial resources which is beneficial to the Company and the Group.

The Loan Facility will be financed from the Group's internal cash resource.

The major disadvantage of the grant of Loan Facility to Kingsoft Cloud lies in the risk of Kingsoft Cloud being unable to repay the Loan Facility as it falls due. However, such risk is inherent in all transactions involving granting a loan and not specific to this transaction. The actual capacity of Kingsoft Cloud to repay the Loan Facility largely depends on its business development in the future as cloud service is an emerging technology under starting-up stage in the PRC. Further, as Kingsoft Cloud is a subsidiary of the Company, the Company is able to control the management of Kingsoft Cloud. The management of the Company is able to constantly monitor the business operation, performance, cash flows and other financial conditions of Kingsoft Cloud. As such, the Company is able to assess the ability of Kingsoft Cloud to repay outstanding loan amounts under the Loan Agreement from time to time.

4 IMPLICATIONS UNDER THE LISTING RULES

Kingsoft Cloud is a subsidiary of the Company. As at the date of this announcement, Xiaomi, the associate of Mr. Jun Lei, holds more than 10% voting power in Kingsoft Cloud and Mr. Jun Lei is a substantial shareholder of the Company. Therefore, Kingsoft Cloud is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Listing Rules.

As such, (i) the provision of Loan Facility by the Company to Kingsoft Cloud, (ii) the provision of guarantee by Xiaomi, (iii) the grant of Kingsoft Option by Kingsoft Cloud to the Company, and (iv) the grant of Xiaomi Option by Kingsoft Cloud to Xiaomi under the Loan Agreement, will constitute connected transactions of the Company under the Listing Rules.

(i) the provision of Loan Facility by the Company to Kingsoft Cloud

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of the Loan Facility is higher than 5%, the grant of Loan Facility under the Loan Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) the provision of guarantee by Xiaomi

As the provision of guarantee by Xiaomi is on normal commercial terms and is in the interest of the Group. No security over the assets of the Group is provided either. The provision of guarantee by Xiaomi is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iii) the grant of Kingsoft Option by Kingsoft Cloud to the Company

The grant of Kingsoft Option by Kingsoft Cloud to the Company constitutes a transaction under Chapter 14 of the Listing Rules. In the event that the Company fully exercises the Kingsoft Option, the maximum outstanding amount that the Company may elect to convert shall be US\$500 million together with the accrued interests. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of Kingsoft Option by Kingsoft Cloud is less than 5%, the grant of Kingsoft Option by Kingsoft Cloud is exempted from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The grant of Kingsoft Option by Kingsoft Cloud also constitutes a connected transaction. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of Kingsoft Option by Kingsoft Cloud exceeds 0.1% but is less than 5%, the grant of Kingsoft Option by Kingsoft Cloud is subject to the reporting and announcement requirements but exempted from independent shareholders' approval under Chapter 14A of the Listing Rules.

For the exercise of Kingsoft Option by the Company, the Company will comply with the relevant requirements under the then Listing Rules at the time of exercise.

(iv) the grant of Xiaomi Option by Kingsoft Cloud to Xiaomi

The grant of Xiaomi Option by Kingsoft Cloud to Xiaomi constitutes a transaction under Chapter 14 of the Listing Rules. In the event that Xiaomi fully exercises the Xiaomi Option, the maximum amount that Xiaomi may possibly elect to convert shall be US\$500 million together with the accrued interests. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of Xiaomi Option by Kingsoft Cloud exceeds 5% but is less than 25%, the grant of Xiaomi Option by Kingsoft Cloud to Xiaomi constitutes a discloseable transaction, which is subject to the reporting and announcement requirements but exempted from the shareholders' approval under Chapter 14 of the Listing Rules.

The grant of Xiaomi Option by Kingsoft Cloud also constitutes a connected transaction. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of Xiaomi Option by Kingsoft Cloud exceeds 5%, the grant of Xiaomi Option by Kingsoft Cloud is subject to the reporting, announcement and independent shareholders' approval requirements 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 Loan Agreement. Mr. HongJiang ZHANG and Mr. Yuk Keung NG have abstained from voting on the Board resolution approving the Loan Agreement as they are the directors of Kingsoft Cloud. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Loan Agreement and none of them has abstained from voting on the relevant Board resolution.

A circular containing, among other things, (i) further details of the Loan Agreement; (ii) a letter from the independent financial adviser containing its advice to the independent board committee and the independent shareholders on the Loan Agreement; (iii) the recommendation of the independent board committee regarding the Loan Agreement to the independent shareholders; and (iv) a notice of the extraordinary general meeting will be despatched to the Shareholders on or before 10 December 2014.

5 INFORMATION ABOUT THE PARTIES

The Group is a leading internet based software developer, distributor and service provider and principally engaged in research, development and operation of online games and office application software, information security software, internet browser, mission critical mobile applications, and provision of cloud storage, cloud computation, online marketing services and internet value-added services across device.

Kingsoft Cloud Group is engaged in the research, development and provision of cloud technology and services.

KSC Partner is a company wholly-owned by the relevant employees of Kingsoft Cloud. Aside from holding shareholding interest in Kingsoft Cloud, KSC Partner does not have any other business activities.

Xiaomi Group is one of the leading providers of smart devices in the PRC. It is principally engaged in the design, research, development and sales of smart devices and the provision of mobile internet services.

6 DEFINITIONS

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

“associate”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of the Directors

“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
“connected person”	has the meaning as ascribed thereto in the Listing Rules
“connected subsidiary”	has the meaning as ascribed thereto in the Listing Rules
“Deed of Charge”	the deed of charge entered into among KSC Partner, Kingsoft Cloud and the Company on 1 December 2014, pursuant to which KSC Partner agreed to pledge its entire shares in Kingsoft Cloud to secure certain outstanding principal amount of the Loan Facility and the accrued interests, being 139,500,000 ordinary shares of Kingsoft Cloud
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Kingsoft Cloud”	Kingsoft Cloud Holdings Limited, a limited liability company organized under the laws of the Cayman Islands and a connected subsidiary of the Company as at the date of this announcement
“Kingsoft Cloud Group”	Kingsoft Cloud and its subsidiaries
“Kingsoft Option”	the option granted by Kingsoft Cloud to the Company under the Loan Agreement (for details, please refer to the paragraph headed “2 The principal terms of the Loan Agreement — Options” in this announcement)
“KSC Partner”	KSC Partner Holdings Limited, a company incorporated under the laws of the British Virgin Islands and a substantial shareholder of Kingsoft Cloud as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“Loan Agreement”	the loan agreement entered into among the Company, Kingsoft Cloud and Xiaomi on 1 December 2014 in relation to, among others, the grant of Loan Facility by the Company to Kingsoft Cloud
“Loan Facility”	the loan facility in an amount equivalent to US\$500 million to be granted by the Company to Kingsoft Cloud under the Loan Agreement
“PBOC”	the People’s Bank of China
“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
“Shareholder(s)”	the shareholder(s) of the Company
“subsidiary”	has the meaning as ascribed thereto in the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“Xiaomi”	Xiaomi Corporation, a limited liability company organized under the laws of the Cayman Islands
“Xiaomi Group”	Xiaomi and its subsidiaries
“Xiaomi Option”	the option granted by Kingsoft Cloud to Xiaomi under the Loan Agreement (for details, please refer to the paragraph headed “2 The principal terms of the Loan Agreement — Options” in this announcement)
%	percent

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 1 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.