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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:
ISSUE OF SERIES D
PREFERRED SHARES BY KINGSOFT CLOUD**

On 12 September 2017, the Company, Liyue Investor, Kingsoft Cloud Group, Certain KSC Shareholder and the Officer entered into the Share Purchase Agreement, pursuant to which, among others, Kingsoft Cloud as the issuer agreed to issue an aggregate of 117,845,456 Series D Preferred Shares and each of the Company and Liyue Investor as the subscribers agreed to subscribe for 58,922,728 Series D Preferred Shares for a respective consideration of US\$50 million (equivalent to approximately HK\$390.64 million), respectively.

On or prior to the completion of the Share Purchase Agreement, all the then shareholders of Kingsoft Cloud will enter into the Restated Shareholders Agreement.

On the assumption that (i) all preferred shares of Kingsoft Cloud are fully converted into the KSC Ordinary Shares based on the conversion ratio of 1:1; and (ii) all shares under the share option scheme and all shares already reserved for issuance under the ESOP are issued, upon completion of the transactions contemplated under the Share Purchase Agreement, Kingsoft Cloud will be owned as to approximately 52.15% by the Company and 2.94% by Liyue Investor, and the shareholding of the Company in Kingsoft Cloud will decrease from 52.29% to 52.15%.

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. As such, Kingsoft Cloud is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Listing Rules. Therefore, the issue of 58,922,728 Series D Preferred Shares by Kingsoft Cloud to the Company constitutes a connected transaction of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the issue of 58,922,728 Series D Preferred Shares by Kingsoft Cloud to the Company exceeds 0.1% but is less than 5%, such transaction constitutes a connected transaction of the Company and is subject to the announcement requirement, but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On the assumption that (i) all preferred shares of Kingsoft Cloud are fully converted into the KSC Ordinary Shares based on the conversion ratio of 1:1; and (ii) all shares under the share option scheme and all shares already reserved for issuance under the ESOP are issued, upon completion of the transactions contemplated under the Share Purchase Agreement, the shareholding of the Company in Kingsoft Cloud will decrease from 52.29% to 52.15%. As such, the subscription for Series D Preferred Shares by Liyue Investor constitutes a deemed disposal of the Company. As the highest applicable percentage ratio in respect of the subscription for Series D Preferred Shares by Liyue Investor is below 5%, such transaction is exempted from the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Restated Shareholders Agreement, in the event that Kingsoft Cloud fails to repay any amount due and payable to the Company under the Loan Agreement, Liyue Investor shall have the right but not obligation to repay up to its Pro Rata Secured Portion of the amount due and payable to the Company on behalf of Kingsoft Cloud. In the event that Liyue Investor repays any outstanding amount, it shall have the right to convert such paid amount into the shares in Kingsoft Cloud. The grant of Series D Option to Liyue Investor constitutes a transaction under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of such grant exceeds 5% but is less than 25%, such transaction is subject to the announcement requirement, but exempted from the shareholders' approval under Chapter 14 of the Listing Rules.

Pursuant to the Restated Shareholders Agreement, each of Liyue Investor and the Company is entitled to an exit right in certain circumstances. As the exercise of the exit right of the Company is at the discretion of the Company, the Company will comply with the applicable requirements under the Listing Rules when it exercises the exit right granted by Kingsoft Cloud under the Restated Shareholders Agreement. As the highest applicable percentage ratio in respect of the grant of the exit right to Liyue Investor is below 5%, such transaction is exempted from the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Tao ZOU, Mr. Jun LEI and Mr. Yuk Keung NG have abstained from voting on the Board resolutions relating to the transactions contemplated under the Share Purchase 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 Share Purchase Agreement and none of them has abstained from voting on the relevant Board resolutions.

1. INTRODUCTION

On 12 September 2017, the Company, Liyue Investor, Kingsoft Cloud Group, Certain KSC Shareholder and the Officer entered into the Share Purchase Agreement, pursuant to which, among others, Kingsoft Cloud as the issuer agreed to issue an aggregate of 117,845,456 Series D Preferred Shares and each of the Company and Liyue Investor as the subscribers agreed to subscribe for 58,922,728 Series D Preferred Shares for a respective consideration of US\$50 million (equivalent to approximately HK\$390.64 million), respectively.

On or prior to the completion of the Share Purchase Agreement, all the then shareholders of Kingsoft Cloud will enter into the Restated Shareholders Agreement.

On the assumption that (i) all preferred shares of Kingsoft Cloud are fully converted into the KSC Ordinary Shares based on the conversion ratio of 1:1; and (ii) all shares under the share option scheme and all shares already reserved for issuance under the ESOP are issued, upon completion of the transactions contemplated under the Share Purchase Agreement, Kingsoft Cloud will be owned as to approximately 52.15% by the Company and 2.94% by Liyue Investor and the shareholding of the Company in Kingsoft Cloud will decrease from 52.29% to 52.15%.

2. PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT AND THE RESTATED SHAREHOLDERS AGREEMENT

2.1 Share Purchase Agreement

The principal terms of the Share Purchase Agreement are summarized as follows:

- Date:** 12 September 2017
- Parties:** Kingsoft Cloud (as the issuer) and other members of Kingsoft Cloud Group;
the Company and Liyue Investor (as the subscribers); and
Certain KSC Shareholder and the Officer
- Subject Matter:** Kingsoft Cloud agreed to issue an aggregate of 117,845,456 Series D Preferred Shares, and each of the Company and Liyue Investor agreed to subscribe for 58,922,728 Series D Preferred Shares under the Share Purchase Agreement.
- Conditions Precedent:** *Conditions to the obligations of Kingsoft Cloud*
The performance of the obligations of Kingsoft Cloud under the Share Purchase Agreement is subject to the satisfaction of, on or prior to the completion of the Share Purchase Agreement, the conditions, including but not limited to the followings:

- (i). all the representations and warranties provided by the Company and Liyue Investor being true, correct and complete in all material respects;
- (ii). a deed of share charge by the Company and Kingsoft Cloud with Liyue Investor having been duly executed and delivered by Liyue Investor; and
- (iii). other reasonable and customary conditions.

Conditions to the obligations of the Company and Liyue Investor

The performance of the obligations of the Company and Liyue Investor under the Share Purchase Agreement is subject to the satisfaction of, on or prior to the completion of the Share Purchase Agreement, the conditions, including but not limited to the followings:

- (i). all the representations and warranties provided by Kingsoft Cloud Group being true, correct and complete in all material respects;
- (ii). any and all consents and waivers from third parties necessary for the lawful subscription for the Series D Preferred Shares having been obtained by Kingsoft Cloud Group, including a waiver to be issued by the Company and Xiaomi that Liyue Investor is not obligated to provide guarantee in favor of the Company in connection with the Loan Agreement; and
- (iii). other reasonable and customary conditions.

Completion: The completion of the Share Purchase Agreement shall take place upon the fulfilment or waiver of the above conditions precedent.

Consideration: The aggregate consideration is US\$100 million (equivalent to approximately HK\$781.28 million) at the same unit price per share of approximately US\$0.85 per Series D Preferred Share (equivalent to approximately HK\$6.64), including US\$50 million (equivalent to approximately HK\$390.64 million) payable by the Company and US\$50 million (equivalent to approximately HK\$390.64 million) payable by Liyue Investor to Kingsoft Cloud for their respective subscriptions of 58,922,728 Series D Preferred Shares.

The consideration was determined after arm's length negotiations among the parties with reference to (i) the financial conditions of Kingsoft Cloud Group; (ii) the business potentials of Kingsoft Cloud Group; and (iii) the market conditions in the internet industry.

Payment: The above mentioned consideration shall be paid by the Company and Liyue Investor to Kingsoft Cloud by wire transfer of immediately available funds in U.S. dollars to an account designated by Kingsoft Cloud upon completion of the Share Purchase Agreement. If any portion of the consideration is to be paid by a currency other than U.S. dollar, the exchange rate between such currency and U.S. dollar shall be the selling rate of U.S. dollar quoted by Bank of China at 9:00 a.m. on the date of the completion of the Share Purchase Agreement.

Share charge under the Loan Agreement: Liyue Investor agreed to charge all of its shares in Kingsoft Cloud in favour of the Company in connection with the Loan Agreement. A deed of share charge among the Company, Kingsoft Cloud and Liyue Investor will be duly executed on or prior to the completion of the Share Purchase Agreement.

2.2 Restated Shareholders Agreement

(1) Arrangement regarding the Loan Agreement

On 1 December 2014, the Company entered into the Loan Agreement with Kingsoft Cloud and Xiaomi to provide the loan facility in an amount up to US\$500 million to Kingsoft Cloud. For details, please refer to the announcement dated 1 December 2014 and the circular dated 4 December 2014 of the Company.

In the event that Kingsoft Cloud fails to repay any amount due and payable to the Company under the Loan Agreement, Liyue Investor shall have the right, but not obligation, to repay up to its Pro Rata Secured Portion of the amount due and payable to the Company on behalf of Kingsoft Cloud. In the event that Liyue Investor repays any outstanding amount to the Company on behalf of Kingsoft Cloud (the "**Repaid Amount**"), it shall have the right to convert its Repaid Amount into the shares in Kingsoft Cloud pursuant to the Loan Agreement (the "**Series D Option**"). The "**Pro Rata Secured Portion**" of Liyue Investor means a fraction, the numerator of which is the number of shares in Kingsoft Cloud held by Liyue Investor 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, which shall include the restricted shares that have vested and shares issued upon exercise of options granted pursuant to the ESOP and shall exclude the restricted shares that have not vested pursuant to the ESOP, in each case as of the date on which the Company issues claims to Liyue Investor in accordance with the aforementioned deed of share charge.

Liyue Investor shall exercise the Series D Option in accordance with the terms of the Loan Agreement and the Restated Shareholders Agreement. The conversion formula shall be as follows:

Number of shares of Kingsoft Cloud = the amounts paid by Liyue Investor and elected by Liyue Investor to convert ÷ the applicable conversion price per share.

The applicable conversion price per share refers to (i) in the event that the latest private financing takes place within six months before the applicable conversion notice date, the conversion 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 takes 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.

(2) Exit right of holders of Series D Preferred Shares

The holders of Series D Preferred Shares have the right to request Kingsoft Cloud to purchase the Series D Preferred Shares held by them in the event that (i) series D qualified public offering has yet to complete within a certain period of time; (ii) any of the holders of series B preferred shares of Kingsoft Cloud has requested Kingsoft Cloud to purchase the series B preferred shares held by it pursuant to the Restated Shareholders Agreement; or (iii) any of the holders of series C preferred shares of Kingsoft Cloud has requested Kingsoft Cloud to purchase the series C preferred shares held by it pursuant to the Restated Shareholders Agreement.

The purchase price (the “**Redemption Price**”) for Kingsoft Cloud to purchase the Series D Preferred Shares upon exercising the exit right by any holder of the Series D Preferred Shares shall be calculated as follows:

Redemption Price shall be the applicable purchase price paid by such holder of Series D Preferred Shares and a return at a fixed compound rate per annum as stipulated in the Restated Shareholders Agreement calculated from the date of the actual issuance of such Series D Preferred Shares to the date on which such holder of the Series D Preferred Shares elects to exercise its exit right plus all declared but unpaid dividends on the respective Series D Preferred Shares held by the holder thereof requested to be purchased pursuant to the Restated Shareholders Agreement.

3. THE PRINCIPAL TERMS OF SERIES D PREFERRED SHARES

According to the amended and restated memorandum of association and articles of association to be adopted by Kingsoft Cloud on or prior to the completion of the Share Purchase Agreement, the principal terms of the Series D Preferred Shares are set out below.

Issue Date: completion of the Share Purchase Agreement

Liquidation Preference: In the event of any insolvency, liquidation, dissolution or winding up of any major member of Kingsoft Cloud Group, whether voluntary or involuntary, each holder of Series D Preferred Shares shall, in priority to the holders of KSC Ordinary Shares, series A preferred shares, series B preferred shares, series C preferred shares and all other holders of share capital of Kingsoft Cloud, be entitled to receive the higher of, (a) an amount equal to one hundred and twenty percent (120%) of the issue price of Series D Preferred Shares with respect to each Series D Preferred Share multiplied by the number of Series D Preferred Shares held by such holder, plus all declared but unpaid dividends thereon; or (b) an amount distributable to such holder if all of the assets from such insolvency, liquidation, dissolution or winding up legally available for distribution by Kingsoft Cloud to its shareholders are distributed ratably among all shareholders of Kingsoft Cloud on an as-converted basis. If all of the assets of Kingsoft Cloud are insufficient to make payment of the foregoing amounts in full on all Series D Preferred Shares, such assets shall be distributed among the holders of Series D Preferred Shares on a pro rata basis in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

After paying such amounts in full, the remaining funds or assets of Kingsoft Cloud legally available for distribution to the shareholders, if any, shall be distributed ratably among the holders of series C preferred shares of Kingsoft Cloud (on an as-converted basis) pursuant to the Articles. After paying such amounts in full, the remaining funds or assets of Kingsoft Cloud legally available for distribution to the shareholders, if any, shall be distributed ratably among the holders of series B preferred shares of Kingsoft Cloud (on an as-converted basis) pursuant to the Articles. After paying the above amounts in full, the remaining funds or assets of Kingsoft Cloud legally available for distribution to the shareholders, if any, shall be distributed ratably among all shareholders other than holders of Series D Preferred Shares, the holders of series C preferred shares and the holders of series B preferred shares of Kingsoft Cloud (on an as-converted basis) pursuant to the Articles.

Conversion Rights: Each Series D Preferred Share may be converted at any time at the option of the holder thereof into such number of the KSC Ordinary Share as may be obtained by dividing the applicable issue price by the then applicable conversion price. The new KSC Ordinary Share to be issued upon conversion of the Series D Preferred Shares shall rank *pari passu* in all respects with the existing KSC Ordinary Share.

Conversion Price: The initial conversion price shall be equal to the issue price, resulting in an initial conversion ratio of 1:1 (i.e., one Series D Preferred Share convertible into one KSC Ordinary Share). The conversion price is subject to adjustments from time to time pursuant to the Articles, including but not limited to that at any time, or from time to time, after the first sale and issuance date of Series D Preferred Shares, (i) if Kingsoft Cloud issues or sells additional KSC Ordinary Shares for a consideration per share less than the then effective conversion price of Series D Preferred Shares; or (ii) if Kingsoft Cloud issues any equivalents to KSC Ordinary Shares which are exercisable, convertible or exchangeable for additional KSC Ordinary Shares and the effective conversion price of such equivalents is less than the then effective conversion price of Series D Preferred Shares, then, the conversion price of Series D Preferred Shares shall be reduced on a weighted average basis, as of the opening of business on the date of such issue or sale. Such adjustments shall be made whenever such additional KSC Ordinary Shares or their equivalents are issued.

Voting: Subject to the provisions of the Articles, at all general meetings of Kingsoft Cloud, the holder of each Series D Preferred Share shall be entitled to such number of votes as equals the whole number of KSC Ordinary Shares into which such holder's total Series D Preferred Shares are convertible immediately after the close of business on the record date of the determination of the shareholders of Kingsoft Cloud entitled to vote or, the date on which such vote is taken or any written consent of the shareholders of Kingsoft Cloud is first solicited (if no such record date). Subject to provisions of the Articles and the requirements of the Companies Law of Cayman, the holders of Series D Preferred Shares shall vote together with the holders of KSC Ordinary Shares as a single class, on an as-converted basis, on all matters submitted to the shareholders.

Dividend: The holders of each class of preferred shares of Kingsoft Cloud shall be entitled to receive on a *pari passu* basis, when, as and if declared at the sole discretion of the board of Kingsoft Cloud, but only out of funds that are legally available therefor, cash dividends at the rate or in the amount as the board of Kingsoft Cloud considers appropriate. If the legally available funds shall be insufficient for the payment of the entire amount of cash dividends payable at any time, such funds shall be allocated pro rata for the payment of dividends with respect to the preferred shares of Kingsoft Cloud on an as-converted basis.

Subject to the provisions of the Companies Law of Cayman and the Articles, no dividends, whether in cash, in property or in shares of Kingsoft Cloud (other than those on KSC Ordinary Shares payable solely in the form of KSC Ordinary Shares) shall be declared or paid on the KSC Ordinary Shares, the series A preferred shares, the series B preferred shares, the series C preferred shares or any future class or series of shares of Kingsoft Cloud, unless and until a dividend in like amount is declared and paid in full on each issued and outstanding Series D Preferred Share (on an as-converted basis).

4. FINANCIAL INFORMATION ABOUT KINGSOFT CLOUD GROUP

The unaudited accounts of Kingsoft Cloud Group were prepared under the International Financial Reporting Standards.

The net profit/(loss) before and after taxation of Kingsoft Cloud Group based on the unaudited accounts are as follows:

	For the year ended 31 December 2015	For the year ended 31 December 2016	For the six months ended 30 June 2017
			<i>RMB million</i>
Net profit/(loss) before taxation	approximately (238.06)	approximately (508.22)	approximately (391.89)
Net profit/(loss) after taxation	approximately (238.06)	approximately (507.02)	approximately (391.32)
Net profit/(loss) excluding extraordinary items before taxation	approximately (238.06)	approximately (475.76)	approximately (398.55)

The total assets and net assets value of Kingsoft Cloud Group based on the unaudited combined management accounts for the six months ended 30 June 2017 are approximately RMB1,953.40 million and RMB(404.60) million, respectively.

There is no original acquisition cost of Series D Preferred Shares as such shares are to be newly issued for the purpose of the Share Purchase Agreement.

According to the International Financial Reporting Standards 10, a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such issue of Series D Preferred Shares will have no impact on goodwill, nor will it give rise to a gain or loss on the issuance date. Kingsoft Cloud will continue to be a subsidiary of the Company.

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The subscription of the Series D Preferred Shares by Liyue Investor and the Company shows strong confidence in Kingsoft Cloud. The issue of the Series D Preferred Shares will provide financial supports to the business development and promote the fast growth of Kingsoft Cloud, which in turn will enhance the shareholder value of the Company. Further, through subscription of the Series D Preferred Shares by the Company, the Company will remain as the majority shareholder of Kingsoft Cloud upon completion of the transactions contemplated under the Share Purchase Agreement.

The proceeds from the issue of the Series D Preferred Shares under the Share Purchase Agreement, being an aggregate of US\$100 million, shall be used by Kingsoft Cloud Group for (i) the development of its principal businesses of Kingsoft Cloud Group; (ii) the capital expenditures and general working capital of Kingsoft Cloud Group; (iii) the repayment of the outstanding principal amount and any accrued but unpaid interest thereon under the Loan Agreement and the loan provided by the Zhongguancun sub-branch of the Bank of Beijing to Kingsoft Cloud Group with an aggregate principal amount of up to RMB400 million, (iv) cash pledge in favor of Kingsoft to secure repayment of the loan under the Loan Agreement, or (v) the other purposes as approved by the board of Kingsoft Cloud pursuant to the Share Purchase Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

6. 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. As such, Kingsoft Cloud is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Listing Rules. Therefore, the issue of 58,922,728 Series D Preferred Shares by Kingsoft Cloud to the Company constitutes a connected transaction of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the issue of 58,922,728 Series D Preferred Shares by Kingsoft Cloud to the Company exceeds 0.1% but is less than 5%, such transaction constitutes a connected transaction of the Company and is subject to the announcement requirement, but exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On the assumption that (i) all preferred shares of Kingsoft Cloud are fully converted into the KSC Ordinary Shares based on the conversion ratio of 1:1; and (ii) all shares under the share option scheme and all shares already reserved for issuance under the ESOP are issued, upon completion of the transactions contemplated under the Share Purchase Agreement, the shareholding of the Company in Kingsoft Cloud will decrease from 52.29% to 52.15%. As such, the subscription for Series D Preferred Shares by Liyue Investor constitutes a deemed disposal of the Company. As the highest applicable percentage ratio in respect of the subscription for Series D Preferred Shares by Liyue Investor is below 5%, such transaction is

exempted from the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Restated Shareholders Agreement, in the event that Kingsoft Cloud fails to repay any amount due and payable to the Company under the Loan Agreement, Liyue Investor shall have the right but not obligation to repay up to its Pro Rata Secured Portion of the amount due and payable to the Company on behalf of Kingsoft Cloud. In the event that Liyue Investor repays any outstanding amount, it shall have the right to convert such paid amount into the shares in Kingsoft Cloud. The grant of Series D Option to Liyue Investor constitutes a transaction under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of such grant exceeds 5% but is less than 25%, such transaction is subject to the announcement requirement, but exempted from the shareholders' approval under Chapter 14 of the Listing Rules.

Pursuant to the Restated Shareholders Agreement, each of Liyue Investor and the Company is entitled to an exit right in certain circumstances. As the exercise of the exit right of the Company is at the discretion of the Company, the Company will comply with the applicable requirements under the Listing Rules when it exercises the exit right granted by Kingsoft Cloud under the Restated Shareholders Agreement. As the highest applicable percentage ratio in respect of the grant of the exit right to Liyue Investor is below 5%, such transaction is exempted from the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Tao ZOU, Mr. Jun LEI and Mr. Yuk Keung NG have abstained from voting on the Board resolutions relating to the transactions contemplated under the Share Purchase 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 Share Purchase Agreement and none of them has abstained from voting on the relevant Board resolutions.

7. INFORMATION OF THE PARTIES

The Group is principally engaged in research and development of games, and provision of online games, mobile games and casual game services; provision of cloud storage and cloud computation services; and design, research and development and sales and marketing of the office software products and services of WPS Office.

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

Liyue Investor is principally engaged in equity investments in private companies. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Liyue Investor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

8. DEFINITIONS

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

“AMC Investor”	ChinaAMC Special Investment Limited;
“Article(s)”	the article(s) of the amended and restated memorandum of association and articles of association of Kingsoft Cloud as may be amended from time to time;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Cayman”	the Cayman Islands;
“Certain KSC Shareholder”	certain shareholder of Kingsoft Cloud as at the date of this announcement, namely Autogold Limited, an investment company principally engaged in investment holding held by Mr. Yulin WANG;
“CM Investor”	Buddies Team Limited, a business company incorporated under the laws of BVI;
“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 Cayman on 15 November 2005, with the Shares listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“ESOP”	the share award scheme, the share option scheme and other employee stock incentive plans as adopted by Kingsoft Cloud from time to time;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“IDG Investor”	Celestial Power Limited, a limited company by shares incorporated under the laws of BVI;
“Kingsoft Cloud”	Kingsoft Cloud Holdings Limited, a limited liability company organized under the laws of Cayman and a subsidiary of the Company as at the date of this announcement;
“Kingsoft Cloud Group”	Kingsoft Cloud and its subsidiaries;
“KSC Ordinary Share(s)”	the ordinary share(s) of Kingsoft Cloud with par value of US\$0.001;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Liyue Investor”	LIYUE JINSHI INVESTMENT L.P. (驪悦金實投資有限合夥), an exempted limited partnership registered and existing under the laws of Cayman;
“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 (please refer to the announcement dated 1 December 2014 for details);
“Officer”	Mr. Yulin WANG (王育林), being the chief executive officer and director of Kingsoft Cloud;
“percentage ratio”	has the meaning ascribed to it in the Listing Rules;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Restated Shareholders Agreement”	the restated shareholders agreement to be entered into by all the then shareholders of Kingsoft Cloud, i.e. the holders of Series D Preferred Shares, CM Investor, AMC Investor, IDG Investor, Xiaomi, Kingsoft Cloud Group, Autogold Limited, River Jade Holdings Limited, Mr. Hongjiang ZHANG and Mr. Yulin WANG on or prior to the completion of the Share Purchase Agreements;
“RMB”	Renminbi, the lawful currency of the PRC;
“Series D Preferred Shares”	series D preferred convertible shares of Kingsoft Cloud with par value of US\$0.001;

“Share Purchase Agreement”	the share purchase agreement entered into by the Company, Liyue Investor, Kingsoft Cloud Group, Autogold Limited and Mr. Yulin WANG on 12 September 2017, pursuant to which, Kingsoft Cloud as the issuer agreed to issue an aggregate of 117,845,456 Series D Preferred Shares and each of the Company and Liyue Investor as the subscribers agreed to subscribe for 58,922,728 Series D Preferred Shares, respectively;
“Share(s)”	the ordinary share(s) of the Company;
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning as ascribed thereto in the Listing Rules;
“substantial shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules;
“US\$”	US dollars, the lawful currency of the United States;
“Xiaomi”	Xiaomi Corporation, a limited liability company organized under the laws of Cayman; and
“%”	per cent.

For the purpose of this announcement, unless the context otherwise requires, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 to HK\$7.8128. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or US\$ have been, could have been or may be converted at such or any other rate or at all.

By Order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 12 September 2017

As at the date of this announcement, the executive Directors are Messrs. Tao ZOU and Yuk Keung NG; 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.