

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

**CONNECTED TRANSACTIONS
AND DISCLOSEABLE TRANSACTIONS:
PROPOSED ISSUE OF SERIES D
PREFERRED SHARES BY KINGSOFT CLOUD
TO THE COMPANY AND FUTUREX CAPITAL; AND
DELAY IN DESPATCH OF CIRCULAR**

On 29 January 2018, the Company, FutureX Capital, Kingsoft Cloud Group, Certain KSC Shareholder and the Officer entered into the Share Purchase Agreement VI, pursuant to which, among others, Kingsoft Cloud as the issuer agreed to issue an aggregate of 229,942,410 Series D Preferred Shares and each of the Company and FutureX Capital as the subscribers agreed to subscribe for 114,971,205 Series D Preferred Shares for a respective consideration of US\$100 million (equivalent to approximately HK\$781.79 million), respectively.

On or prior to the completion of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI, all the then shareholders of Kingsoft Cloud will enter into the Restated Shareholders Agreement. For the avoidance of doubt, the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI are independent from each other.

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; (ii) all shares under the share option scheme and all shares already reserved for issuance under the ESOP are issued; and (iii) the Minsheng Warrant is fully exercised, upon completion of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI, Kingsoft Cloud will be owned as to approximately 51.58% by the Company, 4.32% by Liyue Investor, 4.32% by Minsheng Investor, 2.16% by Forebright Investor, 0.43% by Shunwei Investor and 4.21% by FutureX Capital (or the Affiliate(s) of FutureX Capital), and the shareholding of the Company in Kingsoft Cloud will decrease from 51.93% to 51.58%.

The subscriptions by Liyue Investor, Minsheng Investor, Forebright Investor, Shunwei Investor and FutureX Capital, on an aggregate basis, constitute a deemed disposal under Chapter 14 of the Listing Rules. As the highest percentage ratio in relation to such deemed disposal exceeds 5% but is less than 25%, the deemed disposal constitutes a discloseable transaction of the Company, which is subject to the announcement requirement under Chapter 14 of 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 the chairman and 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 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 Series D Preferred Shares by Kingsoft Cloud to the Company in the Share Purchase Agreement, the Share Purchase Agreement II, the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI on an aggregate basis exceeds 5%, such subscriptions by the Company constitute discloseable transactions and connected transactions of the Company, which are subject to the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, FutureX Capital is a connected person of the Company by virtue of being an associate of Ms. Qian Zhang, a director of Kingsoft Cloud. Therefore, the issue of 114,971,205 Series D Preferred Shares by Kingsoft Cloud to FutureX Capital constitutes a connected transaction of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the issue of 114,971,205 Series D Preferred Shares by Kingsoft Cloud to FutureX Capital exceeds 0.1% but is less than 5%, such transaction constitutes a connected transaction of the Company and is subject to the announcement requirement under Chapter 14A of the Listing Rules. For the avoidance of doubt, the subscriptions of Forebright Investor, Shunwei Investor, Liyue Investor and FutureX Capital under the Share Purchase Agreement III, the Share Purchase Agreement VI, the Share Purchase Agreement V and the Share Purchase Agreement VI are subject to the independent Shareholders' approval.

Pursuant to the Restated Shareholders Agreement, each of FutureX Capital (or the Affiliate(s) of FutureX Capital) 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 ratios in respect of the grant of exit right to FutureX Capital (or the Affiliate(s) of FutureX Capital) exceeds 0.1% but is below 5%, such transaction is subject to the announcement requirement, but exempted from the independent Shareholders' approval under Chapter 14A 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 VI 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 VI and none of them has abstained from voting on the relevant Board resolutions.

The Company will submit the Share Purchase Agreement VI and the transactions contemplated thereunder for the approval of the independent Shareholders at the forthcoming EGM. In view of his interest in Shunwei Investor, Mr. Jun LEI will abstain from voting in favour of the resolution approving the Share Purchase Agreement IV and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no other Shareholders or any of their respective associates have material interest in the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder, thus no other Shareholders or any of their respective associates are required to abstain from voting in favour of the resolutions approving the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder at the EGM.

Gram Capital Limited has been engaged by the Company to act as the independent financial adviser to the independent board committee and the independent Shareholders in respect of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder. Gram Capital Limited is a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DELAY IN DESPATCH OF CIRCULAR

As disclosed in the Third Announcement, the circular in relation to the proposed issue of Series D Preferred Shares by Kingsoft Cloud to the Company, Forebright Investor, Shunwei Investor and Liyue Investor is expected to be despatched to the Shareholders by the end of January 2018. As additional time is required for the preparation and finalization of the information to be contained in the circular, the circular including (i) further details of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI; (ii) the recommendation from the independent board committee in respect of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder; (iii) the advice of the independent financial adviser to the independent board committee and the independent Shareholders in respect of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders by 15 February 2018.

1. INTRODUCTION

References are made to the announcement of the Company dated 12 September 2017 in relation to the issue of Series D Preferred Shares by Kingsoft Cloud to the Company and Liyue Investor (the “**First Announcement**”), the announcement of the Company dated 11 October 2017 in relation to the issue of Series D Preferred Shares by Kingsoft Cloud to the Company and Minsheng Investor (the “**Second Announcement**”) and the announcement of the Company dated 28 December 2017 in relation to the issue of Series D Preferred Shares by Kingsoft Cloud to the Company, Precious Steed Limited (“**Forebright Investor**”), Shunwei Investor and Liyue Investor (the “**Third Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the First Announcement, the Second Announcement and the Third Announcement.

On 29 January 2018, the Company, FutureX Capital Limited (“**FutureX Capital**”), Kingsoft Cloud Group, Certain KSC Shareholder and the Officer entered into a share purchase agreement (the “**Share Purchase Agreement VI**”), pursuant to which, among others, Kingsoft Cloud as the issuer agreed to issue an aggregate of 229,942,410 Series D Preferred Shares and each of the Company and FutureX Capital as the subscribers agreed to subscribe for 114,971,205 Series D Preferred Shares for a respective consideration of US\$100 million (equivalent to approximately HK\$781.79 million), respectively.

On or prior to the completion of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI, all the then shareholders of Kingsoft Cloud will enter into the Restated Shareholders Agreement. For the avoidance of doubt, the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI are independent from each other.

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; (ii) all shares under the share option scheme and all shares already reserved for issuance under the ESOP are issued; and (iii) the Minsheng Warrant is fully exercised, upon completion of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI, Kingsoft Cloud will be owned as to approximately 51.58% by the Company, 4.32% by Liyue Investor, 4.32% by Minsheng Investor, 2.16% by Forebright Investor, 0.43% by Shunwei Investor and 4.21% by FutureX Capital (or the Affiliate(s) of FutureX Capital (as defined below)), and the shareholding of the Company in Kingsoft Cloud will decrease from 51.93% to 51.58%.

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

1. the Share Purchase Agreement VI

Unless specified below, the major terms of the Share Purchase Agreement VI are substantially the same as most of the commercial terms set out in the Share Purchase Agreement, the Share Purchase Agreement II, the Share Purchase Agreement III, the Share Purchase Agreement IV and the Share Purchase Agreement V which are summarized as follows:

Date: 29 January 2018

Parties: Kingsoft Cloud (as the issuer) and other members of Kingsoft Cloud Group

the Company and FutureX Capital (as the subscribers)

Certain KSC Shareholder and the Officer

Subject Matter: Kingsoft Cloud agreed to issue an aggregate of 229,942,410 Series D Preferred Shares, and each of the Company and FutureX Capital agreed to subscribe for 114,971,205 Series D Preferred Shares.

Conditions Precedent: *Conditions to the obligations of Kingsoft Cloud*

The performance of the obligations of Kingsoft Cloud under the Share Purchase Agreement VI is subject to the satisfaction of, on or prior to the completion of the Share Purchase Agreement VI, the conditions, including but not limited to the followings:

- i. all the representations and warranties provided by the Company and FutureX Capital being true, correct and complete in all material respects; and
- ii. other reasonable and customary conditions.

Conditions to the obligations of the Company and FutureX Capital

The performance of the obligations of the Company and FutureX Capital under the Share Purchase Agreement VI is subject to the satisfaction of, on or prior to the completion of the Share Purchase Agreement VI, 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; and
- iii. other reasonable and customary conditions.

Completion:

The completion of the Share Purchase Agreement VI shall take place upon the fulfillment or waiver of the above conditions precedent.

Upon or prior to the completion of the Share Purchase Agreement VI, without consent of the other parties, FutureX Capital shall be entitled to assign all (but not part) of its rights and obligations under the Share Purchase Agreement VI to not more than two of its affiliates (each as an “**Affiliate of FutureX Capital**”) with written evidence to the reasonable satisfaction of Kingsoft Cloud. The Affiliate of FutureX Capital could be (i) a subsidiary of FutureX Capital (“**FutureX Capital Subsidiary**”); (ii) an investment vehicle or an investment fund of which FutureX Capital or FutureX Capital Subsidiary is the holder of management shares or the general partner; or (iii) any other Affiliate of FutureX Capital otherwise agreed by Kingsoft Cloud in writing.

Consideration:

Under the Share Purchase Agreement VI, the aggregate consideration is US\$200 million (equivalent to approximately HK\$1,563.58 million) at the unit price per share of approximately US\$0.87 per Series D Preferred Share (equivalent to approximately HK\$6.80), including US\$100 million (equivalent to approximately HK\$781.79 million) payable by the Company and US\$100 million (equivalent to approximately HK\$781.79 million) payable by FutureX Capital to Kingsoft Cloud for their respective subscriptions of 114,971,205 Series D Preferred Shares.

For the avoidance of doubt, the unit price per share of approximately US\$0.87 (equivalent to approximately HK\$6.80) per Series D Preferred Share is calculated based on the total issued shares of Kingsoft Cloud immediately before the issue of Series D Preferred Shares under the Share Purchase Agreement VI on the assumption that (i) all issued and outstanding preferred shares of Kingsoft Cloud immediately before the issue of Series D Preferred Shares under the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI are fully converted into the KSC Ordinary Shares based on the conversion ratio of 1:1; (ii) all shares under the share option scheme and all shares already reserved for issuance under the ESOP immediately before the issue of Series D Preferred Shares are issued; (iii) the Minsheng Warrant is fully exercised; and (iv) issue of Series D Preferred Shares under the Share Purchase Agreement III, the Share Purchase Agreement IV and the Share Purchase Agreement V is completed and the Series D Preferred Shares so issued are fully converted into the KSC Ordinary Shares based on the conversion ratio of 1:1. Such unit price is a little higher than the subscriptions for the Series D Preferred Shares under the Share Purchase Agreement, the Share Purchase Agreement II, the Share Purchase Agreement III, the Share Purchase Agreement IV and the Share Purchase Agreement V as the unit price per share is approximately US\$0.85 (equivalent to approximately HK\$6.65). The primary reason for the slight difference between the two unit prices was that FutureX Capital is considered to be “latecomer” in the subscriptions for the Series D Preferred Shares as compared to other subscribers. Therefore, such unit price was slightly raised to justify its late subscription.

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 FutureX Capital 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 VI. 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 VI.

2. Restated Shareholders Agreement

Pursuant to the Restated Shareholders Agreement, 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 using the following formula:

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 (with respect to the Series D Preferred Shares subscribed by the holder thereof by exercising the Minsheng Warrant, from the effective date of the Minsheng Warrant provided that Minsheng Warrant has been exercised in full before the redemption) 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

The principal terms of the Series D Preferred Shares are set out in the First Announcement.

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 nine months ended 30 September 2017 <i>RMB million</i>
Net profit/(loss) before taxation	approximately (238.06)	approximately (508.22)	approximately (605.44)
Net profit/(loss) after taxation	approximately (238.06)	approximately (507.02)	approximately (604.58)
Net profit/(loss) excluding extraordinary items before taxation	approximately (238.06)	approximately (475.76)	approximately (614.19)

The total assets and net assets value of Kingsoft Cloud Group based on the unaudited combined management accounts for the nine months ended 30 September 2017 are approximately RMB2,679.09 million and RMB(543.39) million, respectively.

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

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 the 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 TRANSACTIONS

The subscriptions of the Series D Preferred Shares by FutureX Capital and the Company show 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 subscriptions of the Series D Preferred Shares by the Company, the Company will remain as the majority shareholder of Kingsoft Cloud upon completion of the Share Purchase Agreement VI.

The proceeds from the issue of the Series D Preferred Shares under the Share Purchase Agreement VI, being an aggregate of US\$200 million (equivalent to approximately HK\$1,563.58 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 (equivalent to approximately HK\$494.92 million); (iv) cash pledge in favor of the Company 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 VI.

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

6. IMPLICATIONS UNDER THE LISTING RULES

The subscriptions by Liyue Investor, Minsheng Investor, Forebright Investor, Shunwei Investor and FutureX Capital, on an aggregate basis, constitute a deemed disposal under Chapter 14 of the Listing Rules. As the highest percentage ratio in relation to such deemed disposal exceeds 5% but is less than 25%, the deemed disposal constitutes a discloseable transaction of the Company, which is subject to the announcement requirement under Chapter 14 of 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 the chairman and 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 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 Series D Preferred Shares by Kingsoft Cloud to the Company in the Share Purchase Agreement, the Share Purchase Agreement II, the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI on an aggregate basis exceeds 5%, such subscriptions by the Company constitute discloseable transactions and connected transactions of the Company, which are subject to the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, FutureX Capital is a connected person of the Company by virtue of being an associate of Ms. Qian Zhang, a director of Kingsoft Cloud. Therefore, the issue of 114,971,205 Series D Preferred Shares by Kingsoft Cloud to FutureX Capital constitutes a connected transaction of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the issue of 114,971,205 Series D Preferred Shares by Kingsoft Cloud to FutureX Capital exceeds 0.1% but is less than 5%, such transaction constitutes a connected transaction of the Company and is subject to the announcement requirement under Chapter 14A of the Listing Rules. For the avoidance of doubt, the subscriptions of Forebright Investor, Shunwei Investor, Liyue Investor and FutureX Capital under the Share Purchase Agreement III, the Share Purchase Agreement VI, the Share Purchase Agreement V and the Share Purchase Agreement VI are subject to the independent Shareholders' approval.

Pursuant to the Restated Shareholders Agreement, each of FutureX Capital (or the Affiliate(s) of FutureX Capital) 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 ratios in respect of the grant of exit right to FutureX Capital (or the Affiliate(s) of FutureX Capital) exceeds 0.1% but is below 5%, such transaction is subject to the announcement requirement, but exempted from the independent Shareholders' approval under Chapter 14A 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 VI 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 VI and none of them has abstained from voting on the relevant Board resolutions.

The Company will submit the Share Purchase Agreement VI and the transactions contemplated thereunder for the approval of the independent Shareholders at the forthcoming EGM. In view of his interest in Shunwei Investor, Mr. Jun LEI will abstain from voting in favour of the resolution approving the Share Purchase Agreement IV and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no other Shareholders or any of their respective associates have material interest in the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder, thus no other Shareholders or any of their respective associates are required to abstain from voting in favour of the resolutions approving the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder at the EGM.

Gram Capital Limited has been engaged by the Company to act as the independent financial adviser to the independent board committee and the independent Shareholders in respect of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder. Gram Capital Limited is a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

7. DELAY IN DESPATCH OF CIRCULAR

As disclosed in the Third Announcement, the circular in relation to the proposed issue of Series D Preferred Shares by Kingsoft Cloud to the Company, Forebright Investor, Shunwei Investor and Liyue Investor is expected to be despatched to the Shareholders by the end of January 2018. As additional time is required for the preparation and finalization of the information to be contained in the circular, the circular including (i) further details of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V and the Share Purchase Agreement VI; (ii) the recommendation from the independent board committee in respect of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder; (iii) the advice of the independent financial adviser to the independent board committee and the independent Shareholders in respect of the Share Purchase Agreement III, the Share Purchase Agreement IV, the Share Purchase Agreement V, the Share Purchase Agreement VI and the transactions contemplated thereunder; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders by 15 February 2018.

8. 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.

FutureX Capital is principally engaged in equity investments in private companies. As at the date of this announcement, FutureX Capital is wholly owned by Ms. Qian Zhang, a director of Kingsoft Cloud. As such, FutureX Capital is a connected person of the Company by virtue of being an associate of Ms. Qian Zhang pursuant to the Listing Rules.

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\$7.8179, and conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.2373. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$, US\$ or RMB 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, 29 January 2018

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.