

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

---

**FORM F-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

---

**Kingsoft Cloud Holdings Limited**  
(Exact name of Registrant as specified in its charter)

---

**Not Applicable**  
(Translation of Registrant's name into English)

**Cayman Islands**  
(State or other jurisdiction of  
incorporation or organization)

**7372**  
(Primary Standard Industrial  
Classification Code Number)

**Not Applicable**  
(I.R.S. Employer  
Identification Number)

**Kingsoft Tower, No. 33, Xiao Ying West Road,  
Haidian District  
Beijing, 100085, the People's Republic of China  
+86 10 6292 7777**  
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

---

**Cogency Global Inc.**  
122 East 42nd Street, 18th Floor  
New York, NY 10168  
+1 800-221-0102  
(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

*Copies to:*

**Li He, Esq.  
James C. Lin, Esq.  
Davis Polk & Wardwell LLP  
c/o 18th Floor, The Hong Kong  
Club Building  
3A Chater Road, Central  
Hong Kong  
+852 2533-3300**

**David T. Zhang, Esq.  
Steve Lin, Esq.  
Kirkland & Ellis International LLP  
c/o 26th Floor, Gloucester Tower, The Landmark  
15 Queen's Road Central  
Hong Kong  
+852 3761-3300**

---

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 7(a)(2)(B) of the Securities Act.

<sup>†</sup> The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

**CALCULATION OF REGISTRATION FEE**

| Title of each class of securities to be registered   | Proposed maximum aggregate offering price(2)(3) | Amount of registration fee |
|--|---|----------------------------|
| Ordinary shares, par value US\$0.001 per share(1)(2)   | US\$100,000,000                                 | US\$12,980                 |
| (1) American depositary shares issuable upon deposit of ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333- ). Each American depositary share represents ordinary shares.  |   |                            |
| (2) Includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public, and also includes ordinary shares that are issuable upon the exercise of the underwriters' option to purchase additional ADSs. These ordinary shares are not being registered for the purpose of sales outside the United States. |   |                            |
| (3) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.   |   |                            |

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the United States Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion  
Preliminary Prospectus Dated \_\_\_\_\_, 2020

## American Depositary Shares



## Kingsoft Cloud Holdings Limited

Representing \_\_\_\_\_ Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, representing ordinary shares of Kingsoft Cloud Holdings Limited. We are offering a total of \_\_\_\_\_ ADSs, each representing \_\_\_\_\_ of our ordinary shares, par value US\$0.001 per share. The underwriters may also purchase up to \_\_\_\_\_ additional ADSs within 30 days from the date of this prospectus.

Prior to this offering, there has been no public market for the ADSs. We expect the initial public offering price will be between US\$ \_\_\_\_\_ and US\$ \_\_\_\_\_ per ADS. We intend to apply to list the ADSs representing our ordinary shares on the Nasdaq Global Select Market under the symbol "KC."

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We are an "emerging growth company" under the U.S. federal securities laws and will be subject to reduced public company reporting requirements. Investing in our ordinary shares involves risks. See "[Risk Factors](#)" beginning on page 17 of this prospectus.

|   | Per ADS    | Total      |
|---|------------|------------|
| Public offering price                                 | US\$ _____ | US\$ _____ |
| Underwriting discounts and commissions <sup>(1)</sup> | US\$ _____ | US\$ _____ |
| Proceeds, before expenses, to us                      | US\$ _____ | US\$ _____ |

(1) For a description of the compensation payable to the underwriters, see "Underwriting."

The underwriters expect to deliver the ADSs against payment in U.S. dollars in New York, New York on \_\_\_\_\_, 2020.

J.P. Morgan

UBS Investment Bank

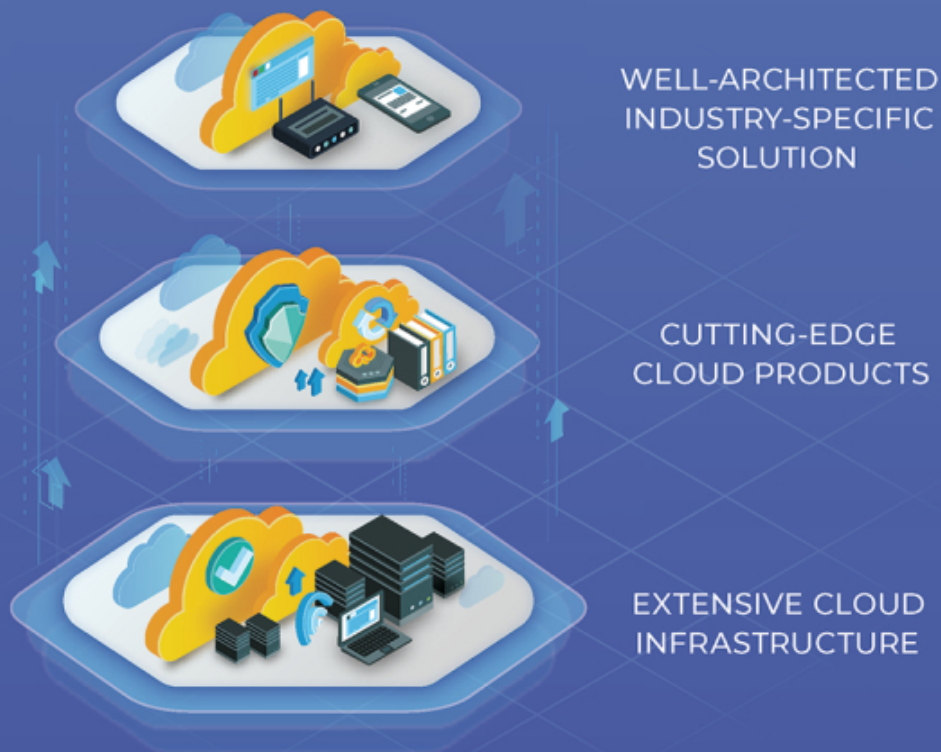
Credit Suisse

CICC

The date of this prospectus is \_\_\_\_\_, 2020.

## Our Mission

# Empower enterprises with cloud services





**NO.1**

independent cloud service provider in China<sup>1</sup>



**TOP 3**

internet cloud service provider in China<sup>1</sup>



**3.96/(1.11) bn**  
(RMB)

revenue and net loss for 2019



**79%**

2-year revenue growth CAGR<sup>2</sup>



**243**

premium customers<sup>3</sup>



**155%**

net dollar retention rate<sup>4</sup>



**>30**

years of experience in providing enterprise services<sup>5</sup>



**1,150**

research and development staff<sup>6</sup>

1. According to Frost & Sullivan in terms of 2019 revenue from IaaS and PaaS public cloud services

2. 2017-2019 revenue CAGR

3. Customers with Annualized Revenues of over RMB700,000.00 in 2019

4. Dividing the 2019 revenues from our Public Cloud Service Premium Customers who were also our Public Cloud Service Premium Customers in 2018, by the revenues from all of our Public Cloud Service Premium Customers in 2018

5. Inherited from Kingsoft Group

6. As of 31/12/2019

## TABLE OF CONTENTS

---

|   | <u>Page</u> |
|---|-------------|
| <a href="#">Prospectus Summary</a>  | 1           |
| <a href="#">Our Corporate Information</a>   | 6           |
| <a href="#">Implications of Being an Emerging Growth Company</a>                                      | 6           |
| <a href="#">Conventions Which Apply to this Prospectus</a>  | 6           |
| <a href="#">The Offering</a>  | 9           |
| <a href="#">Our Summary Consolidated Financial Data and Operating Data</a>                            | 12          |
| <a href="#">Risk Factors</a>  | 17          |
| <a href="#">Special Note Regarding Forward-Looking Statements</a>                                     | 70          |
| <a href="#">Use of Proceeds</a>   | 71          |
| <a href="#">Dividend Policy</a>   | 72          |
| <a href="#">Capitalization</a>  | 73          |
| <a href="#">Dilution</a>  | 76          |
| <a href="#">Enforceability of Civil Liabilities</a>   | 78          |
| <a href="#">Corporate History and Structure</a>   | 80          |
| <a href="#">Selected Consolidated Financial Data</a>  | 86          |
| <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a> | 90          |
| <a href="#">Industry Overview</a>   | 117         |
| <a href="#">Business</a>  | 123         |
| <a href="#">Regulation</a>  | 150         |
| <a href="#">Management</a>  | 160         |
| <a href="#">Principal Shareholders</a>  | 168         |
| <a href="#">Related Party Transactions</a>  | 170         |
| <a href="#">Description of Share Capital</a>  | 173         |
| <a href="#">Description of American Depositary Shares</a>   | 185         |
| <a href="#">Shares Eligible for Future Sale</a>   | 193         |
| <a href="#">Taxation</a>  | 195         |
| <a href="#">Underwriting</a>  | 201         |
| <a href="#">Expenses Relating to this Offering</a>  | 211         |
| <a href="#">Legal Matters</a>   | 212         |
| <a href="#">Experts</a>   | 213         |
| <a href="#">Where You Can Find Additional Information</a>   | 214         |
| <a href="#">Index to Consolidated Financial Statements</a>  | F-1         |

---

We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters have not authorized any other person to provide you with different or additional information. Neither we nor the underwriters are making an offer to sell the ordinary shares in any jurisdiction where the offer or sale is not permitted. This offering is being made in the United States and elsewhere solely on the basis of the information contained in this prospectus. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of the ADSs representing our ordinary shares. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

Until \_\_\_\_\_, 2020 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade the ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and the related notes appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under “Risk Factors,” “Business,” and information contained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” before deciding whether to buy the ADSs. Investors should note that Kingsoft Cloud Holdings Limited, our ultimate Cayman Islands holding company, does not directly own any substantive business operations in the PRC and our businesses in the PRC described in this prospectus are operated through our VIEs.*

### **Our Mission**

Our mission is to empower enterprises with cloud services.

### **Our Business**

We are the largest independent cloud service provider in China, according to Frost & Sullivan, a third-party industry research firm commissioned by us. We have built a comprehensive and reliable cloud platform consisting of extensive cloud infrastructure, cutting-edge cloud products and well-architected industry-specific solutions across public cloud, enterprise cloud and AIoT cloud services, based on which we have achieved a leading position in the cloud market in China. We are the third largest internet cloud service provider in China with a market share of 5.4% in terms of revenue from Infrastructure as a Service, or IaaS, and Platform as a Service, or PaaS, public cloud services in 2019, according to Frost & Sullivan.

Cloud offers a wide variety of benefits, primarily including cost reduction, flexibility, scalability and reliability, and technology innovation, to enterprises compared with the traditional on-premise IT models. As a result of these benefits, global IT spending has seen a structural shift from traditional on-premise IT models to a cloud-based model. In 2018, China has become the second largest cloud market globally in terms of revenue, following the United States, according to Frost & Sullivan. The market size of China’s cloud services grew at a CAGR of 37.7% from 2015 to 2019 and is expected to grow at a CAGR of 28.3% from 2019 to 2024, outpacing the CAGR of 21.3% and 20.3% for the respective periods in the United States, according to Frost & Sullivan. Based on the industries and verticals of customers, China’s cloud service market could be divided into (i) services for internet enterprises, or internet cloud market, and (ii) services for traditional enterprises and public service organizations. The market size of China’s internet cloud market was RMB53.8 billion in 2019 and is expected to reach RMB217.5 billion in 2024, while the market size of China’s cloud market for traditional enterprises and public service organizations is even larger, which was RMB108.0 billion in 2019 and is expected to reach RMB345.9 billion in 2024, according to Frost & Sullivan. In addition, based on the fee model of services, China’s cloud service market could be divided into (i) services charged based on utilization and duration, or public cloud market, and (ii) services charged on a project basis. China’s public cloud market is one of the fastest growing markets in the world. According to Frost & Sullivan, the market size of China’s public cloud market was RMB81.4 billion in 2019 and is expected to reach RMB368.1 billion in 2024, while the market size of cloud services charged on a project basis was RMB80.4 billion in 2019 and is expected to reach RMB195.2 billion in 2024.

Moreover, China’s cloud market is at an early stage with tremendous growth potentials as indicated by the lower market penetration as compared to that in the United States. Being among the existing market leaders who have built significant competitive advantages in a market that has high entry barriers, we are well positioned to capture the large and growing market opportunities brought about by the increased penetration of cloud services into traditional enterprises and public service organizations, application of 5G, AI and IoT, demand for multi-cloud and neutrality, and support by favorable government policies.

Being an independently operated company, focusing on cloud services since our inception, we are able to fully mobilize our resources into the innovation of our business models and provide high-quality services to businesses and organizations of all kind. With our full dedication to cloud business, we are able to avoid potential conflicts of interest with our customers and enhance our neutral position, which in turn gains additional trust from more and more customers.

Leveraging our profound industry insights, we saw significant growth prospects in selected verticals, such as game, video and financial services. We have strategically expanded our footprints into such fast-growing verticals as first-movers and have established a leading market position through relentless execution. We have inherited the “enterprise service DNA” from Kingsoft Group, the widely trusted leading software franchise in China, and have established superior enterprise service capabilities. Benefiting from Kingsoft Group’s over 30 years of experience in providing enterprise services, we value each customer and provide best-in-class customer services covering their entire life-cycle. Such customer-centric service philosophy enables us to achieve increasing brand recognition, a loyal customer base while improving unit economics. We also adopt a premium-customer strategy, focusing on leading enterprises within selected verticals to establish our market presence efficiently. The total number of our Premium Customers increased from 113 in 2017 to 154 in 2018, and further to 243 in 2019. In 2018 and 2019, our net dollar retention rate of Public Cloud Service Premium Customers was 161% and 155%, respectively.

We stay at the forefront of cloud technology development and have built prominent research and development capabilities. We enjoy a skilled talent pool and will continue to invest in research and development to enhance our technology leadership and upgrade our cloud solutions. As of December 31, 2019, our research and development team consisted of 1,150 engineers, researchers, programmers and computer and data scientists, accounting for 62% of our total employees.

We are dedicated to providing safe, reliable, stable and high-quality cloud products and solutions to our customers, covering (i) public cloud services from which we generated majority of our revenues, (ii) enterprise cloud services which experienced fast growth, and (iii) AIoT cloud services which was launched in 2019. We offer public cloud services primarily to internet enterprises and charge our customers based on utilization and duration. We offer enterprise cloud services primarily to traditional enterprises and public service organizations and charge our customers on a project basis.

Attributable to the above, we have achieved superior growth. Our revenues increased by 79.5% from RMB1,236.0 million in 2017 to RMB2,218.2 million in 2018, and further increased by 78.4% to RMB3,956.4 million (US\$568.3 million) in 2019. We have incurred gross loss of RMB118.2 million and RMB200.4 million in 2017 and 2018, respectively, and generated gross profit of RMB7.7 million (US\$1.1 million) in 2019. We have incurred net loss of RMB714.3 million, RMB1,006.4 million and RMB1,111.2 million (US\$159.6 million) in 2017, 2018 and 2019, respectively.

### **Our Strengths**

We believe the following competitive strengths are essential for our continued leadership and differentiate us from our competitors:

- Largest independent cloud service provider in China;
- Strategically selected verticals with high growth;
- Superior enterprise service capabilities;
- Strong customer conversion capabilities and go-to-market efficiencies;



- Proprietary cutting-edge technologies and prominent research and development capabilities; and
- Visionary management team and strong synergies with our strategic shareholders.

### **Our Strategies**

We intend to further achieve superior growth and strengthen our market position by pursuing the following strategies:

- Strengthen our market position in strategically selected verticals;
- Expand into new verticals and grow our customer base;
- Continue to invest in infrastructure and technology;
- Capitalize on scale advantages and improve operational efficiency;
- Enhance our strategic partner ecosystem; and
- Selectively pursue international expansion.

### **Our Challenges**

Investing in our ADSs involves a high degree of risk. You should carefully consider the risks and uncertainties summarized below, the risks described under the “Risk Factors” section beginning on page 17 of, and the other information contained in, this prospectus before you decide whether to purchase our ADSs.

We face risks and uncertainties in realizing our business objectives and executing our strategies, including:

- We have experienced rapid growth and expect our growth to continue, but if we fail to effectively manage our growth, then our business, results of operations and financial condition could be adversely affected;
- We have a history of net loss and we are uncertain about our future profitability;
- To support our business growth, we are continuously optimizing and expanding our infrastructure including data centers, and investing heavily in our research and development efforts, which may negatively impact our cash flow, and may not generate the results we expect to achieve;
- The market in which we participate is competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed;
- We have recorded negative cash flows from operating activities historically. If we fail to collect accounts receivable from our customers in a timely manner, our business operations and financial results may be materially and adversely affected;
- We receive a substantial portion of our revenues from a limited number of customers, and the loss of, or a significant reduction in usage by, one or more of our Premium Customers would result in lower revenues and could harm our business;
- We operate in an emerging and evolving market. If our market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences, our products and solutions may become less competitive;
- Security incidents and attacks on us, our products or solutions, or our global network infrastructure could lead to significant costs and disruptions that could harm our business, financial results, and reputation;

- Export controls and economic or trade restrictions that are imposed on certain of our business partners may affect our business, financial condition and results of operations; and
- If our expansion into new verticals is not successful, our business, prospects and growth momentum may be materially and adversely affected.

### **Corporate History and Structure**

In January 2012, we incorporated Kingsoft Cloud Holdings Limited under the laws of the Cayman Islands as our offshore holding company. In February 2012, we incorporated Kingsoft Cloud Corporation Limited as Kingsoft Cloud Holdings Limited's wholly-owned subsidiary in Hong Kong.

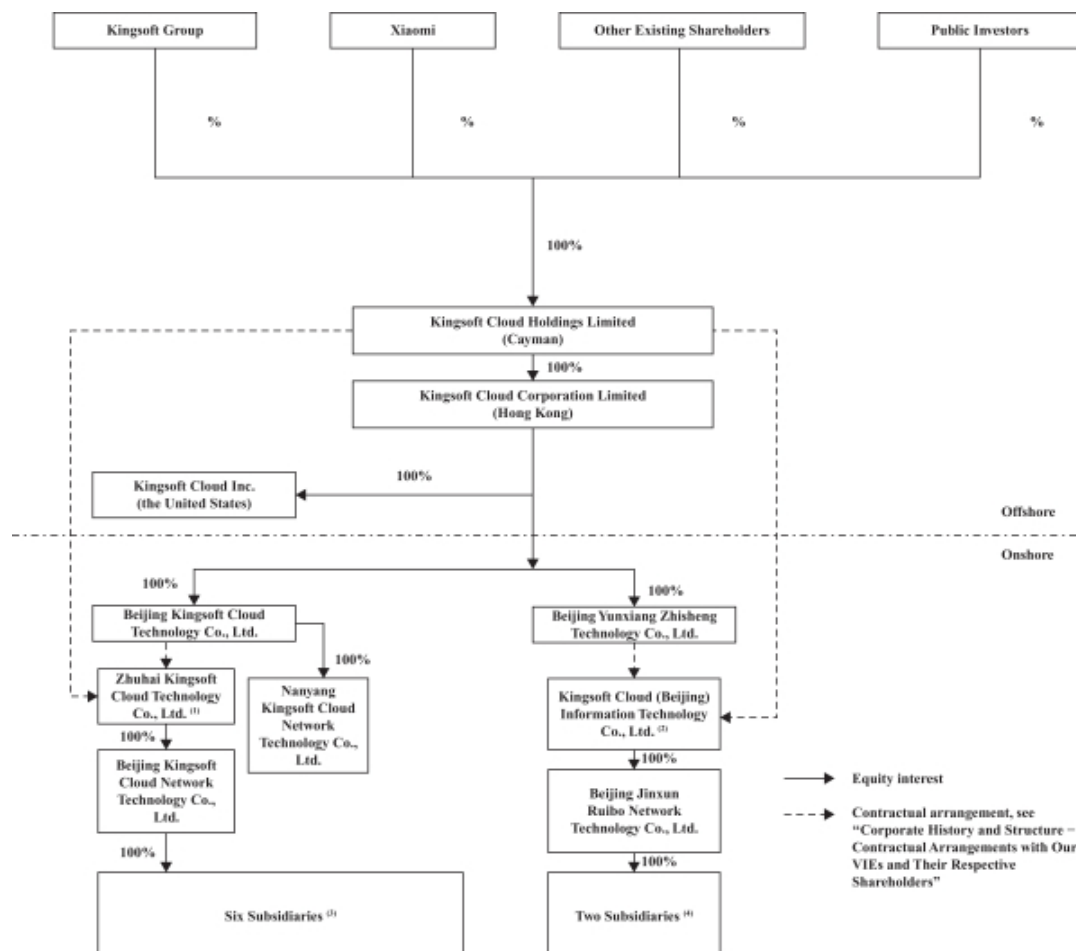
In April 2012, Kingsoft Cloud Corporation Limited incorporated Beijing Kingsoft Cloud Technology Co., Ltd., or Beijing Kingsoft Cloud, as its wholly-owned subsidiary in the PRC. In December 2015, Kingsoft Cloud Corporation Limited incorporated another wholly-owned subsidiary, Beijing Yunxiang Zhisheng Technology Co., Ltd., or Yunxiang Zhisheng, in the PRC. See "Corporate History and Structure—Corporate Structure."

In December 2017, Kingsoft Cloud Corporation Limited incorporated a wholly-owned subsidiary, Kingsoft Cloud Inc., in the United States, to operate cloud service business and conduct research and development on cloud technology and products.

Beijing Kingsoft Cloud entered into a series of contractual arrangements, as amended and restated, with Zhuhai Kingsoft Cloud Technology Co., Ltd., or Zhuhai Kingsoft Cloud, and its wholly-owned subsidiary, Beijing Kingsoft Cloud Network Technology Co., Ltd., or Kingsoft Cloud Network, through which we obtained control over Zhuhai Kingsoft Cloud. In addition, Yunxiang Zhisheng entered into a series of contractual arrangements with Kingsoft Cloud (Beijing) Information Technology Co., Ltd., or Kingsoft Cloud Information, and its wholly-owned subsidiary, Beijing Jinxun Ruibo Technology Co., Ltd., or Jinxun Ruibo, which enable us to obtain control over the Kingsoft Cloud Information to operate value-added telecommunication services. As a result, we are regarded as the primary beneficiary of each of Zhuhai Kingsoft Cloud and Kingsoft Cloud Information. We treat them as our consolidated affiliated entities under U.S. GAAP and have consolidated the financial results of these entities in our consolidated financial statements in accordance with U.S. GAAP. We refer to Beijing Kingsoft Cloud and Yunxiang Zhisheng as our wholly foreign owned entities, or WFOEs, and refer to Zhuhai Kingsoft Cloud, Kingsoft Cloud Information and their subsidiaries, as our variable interest entities, or our VIEs, in this prospectus. For more details and risks related to our VIE structure, please see "Corporate History and Structure—Contractual Arrangements with Our VIEs and the Their Respective Shareholders" and "Risk Factors—Risks Relating to Our Corporate Structure."

**Table of Contents**

The following diagram illustrates our corporate structure, including our significant subsidiaries and VIEs, immediately upon the completion of this offering, assuming no exercise of the underwriters' option to purchase additional ADSs.



**Notes:**

- (1) Shareholders of Zhuhai Kingsoft Cloud are Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Ms. Weiqin Qiu, a family member of a director of Kingsoft Group. Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Ms. Weiqin Qiu are not shareholders of our company. Beijing Kingsoft Digital Entertainment Technology Co., Ltd. is ultimately owned by Ms. Weiqin Qiu and Ms. Peili Lei, a family member of the chairman of our Board.
- (2) Shareholders of Kingsoft Cloud Information are Mr. Yulin Wang (our director and CEO) and Ms. Weiqin Qiu.
- (3) Six subsidiaries are Xiong'an Kingsoft Cloud Information Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Rizhao Kingsoft Cloud Network Technology Co., Ltd., Hainan ChengMai Yunxiang Zhisheng Network Technology Co., Ltd. and Kingsoft Cloud (Tianjin) Technology Development Co., Ltd., all of which are wholly owned by Kingsoft Cloud Network to operate cloud business for certain projects.
- (4) Two subsidiaries are Nanjing Kingsoft Cloud Network Technology Co., Ltd. and Wuhan Kingsoft Cloud Information Technology Co., Ltd., both of which are wholly owned by Jinxun Ruibo to operate cloud business for certain projects.

## OUR CORPORATE INFORMATION

Our principal executive offices are located at Kingsoft Tower, No. 33, Xiao Ying West Road, Haidian District Beijing, 100085, the People's Republic of China. Our telephone number at this address is +86 10 6292 7777. Our registered office in the Cayman Islands is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc. located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

Investors should contact us for any inquiries through the address and telephone number of our principal executive office. Our principal website is <https://www.ksyun.com/>. The information contained on our website is not a part of this prospectus.

## IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

As a company with less than US\$1.07 billion in revenue for the last fiscal year, we qualify as an “emerging growth company” pursuant to the Jumpstart Our Business Startups Act of 2012 (as amended by the Fixing America’s Surface Transportation Act of 2015), or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. Pursuant to the JOBS Act, we have elected to take advantage of the benefits of this extended transition period for complying with new or revised accounting standards as required when they are adopted for public companies. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards.

We will remain an emerging growth company until the earliest of (i) the last day of our fiscal year during which we have total annual gross revenues of at least US\$1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (iii) the date on which we have, during the previous three-year period, issued more than US\$1.0 billion in non-convertible debt; or (iv) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of the ADSs that are held by non-affiliates exceeds US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above. See “Risk Factors—Risks Relating to the ADSs and This Offering—We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.”

## CONVENTIONS WHICH APPLY TO THIS PROSPECTUS

Unless we indicate otherwise, all information in this prospectus reflects the following:

- no exercise by the underwriters of their option to purchase additional ADSs to purchase up to additional ADSs representing ordinary shares from us; and

Except where the context otherwise requires and for purposes of this prospectus only:

- “ADSs” refer to the American depositary shares, each representing ordinary shares;
- “Annualized Revenues” is calculated by dividing the revenues from a customer for the current period by the number of months in the current period and multiplying that amount by 12;
- “ARM” refers to advanced reduced instruction set computing machine;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this prospectus only, Taiwan, Hong Kong and Macau Special Administrative Region;
- “Enterprise Cloud Service Premium Customer” refers to, (i) for a historical year, a customer with annual revenues of over RMB700,000 generated from enterprise cloud services, or (ii) for the current period, a customer with Annualized Revenues of over RMB700,000 generated from enterprise cloud services;
- “GPU” refers to graphics processing unit;
- “Hong Kong” or “HK” refers to the Hong Kong Special Administrative Region of the PRC;
- “IaaS” refers to Infrastructure as a Service, a category of cloud services that provides high-level application programming interface used to dereference various low-level details of underlying network infrastructure like physical computing resources, location, data partitioning, scaling, security, backup, etc.;
- “Independent cloud service providers” refer to cloud service providers that are not belonging to any large-scale conglomerates that are involved in a wide range of businesses where they could potentially compete with their customers;
- “Kingsoft Group” refers to Kingsoft Corporation Limited (HKEx: 3888), our largest shareholder;
- “net dollar retention rate of Public Cloud Service Premium Customers” is calculated by dividing the revenues from our Public Cloud Service Premium Customers, who were also our Public Cloud Service Premium Customers in the previous year, in the indicated period by the revenues from all of our Public Cloud Service Premium Customers in the previous corresponding period;
- “ordinary share” refers to our ordinary shares, par value US\$0.001 per share;
- “PaaS” refers to Platform as a Service, a category of cloud services that provides a platform allowing customers to develop, run, and manage applications without the complexity of building and maintaining the infrastructure typically associated with developing and launching an app;
- “Premium Customer” refers to, (i) for a historical year, a customer with annual revenues of over RMB700,000, or (ii) for the current period, a customer with Annualized Revenues of over RMB700,000;
- “Public Cloud Service Premium Customer” refers to, (i) for a historical year, a customer with annual revenues of over RMB700,000 generated from public cloud services, or (ii) for the current period, a customer with Annualized Revenues of over RMB700,000 generated from public cloud services;
- “RMB” or “Renminbi” refers to the legal currency of the People’s Republic of China;
- “SaaS” refers to Software as a Service, a category of cloud services that provides a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted;
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States;
- “variable interest entities” or “VIEs” refer to the PRC entities of which we have power to control the management, and financial and operating policies and have the right to recognize and receive

substantially all the economic benefits and in which we have an exclusive option to purchase all or part of the equity interests and all or a portion of the assets at the minimum price possible to the extent permitted by PRC law;

- “we,” “us,” “our company,” the “Company,” and “our” refer to Kingsoft Cloud Holdings Limited, a Cayman Islands company and its subsidiaries and, in the context of describing our operations and consolidated financial information, its consolidated variable interest entities, or VIEs; and
- “Xiaomi” refers to Xiaomi Corporation (HKEx: 1810), one of our shareholders.

Unless specifically indicated otherwise or unless the context otherwise requires, all references to our ordinary shares exclude a total of 5,475,254 ordinary shares we repurchased in February 2020 and a total of 170,855,104 ordinary shares issued but deemed to be not outstanding, consisting of : (i) the 167,255,104 ordinary shares underlying share awards under our share incentive plans that are issued but deemed to be not outstanding and held by TMF Trust (HK) Limited, as trustee of the share awards, and (ii) the 3,600,000 ordinary shares underlying share awards under our share incentive plans that are issued but deemed to be not outstanding and held by River Jade Holdings Limited, a British Virgin Islands company ultimately controlled by Mr. Wang, assuming that the underwriters will not exercise their option to purchase additional ADSs.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at RMB6.9618 to US\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2019. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. On April 10, 2020, the noon buying rate for Renminbi was RMB7.0341 to US\$1.00.

This prospectus contains information derived from various public sources and certain information from an industry report in March 2020, as supplemented, that was commissioned by us and prepared by Frost & Sullivan, a third-party industry research firm, to provide information regarding our industry and market position in China. Such information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to variety of factors, including those described in the “Risk Factors” section. These and other factors could cause results to differ materially from those expressed in these publications and reports.

## THE OFFERING

|   |   |
|---|---|
| Offering price range  | We currently estimate that the initial public offering price will be between US\$ and US\$ per ADS.   |
| ADSs offered by us  | ADSs (or ADSs if the underwriters exercise their option to purchase additional ADSs in full).   |
| The ADSs  | <p>Each ADS represents ordinary shares, par value US\$0.001 per share. The depositary will hold the ordinary shares underlying the ADSs with its custodian. You will have rights as provided in the deposit agreement.</p> <p>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares, after deducting its fees and expenses, in accordance with the terms set forth in the deposit agreement.</p> <p>You may surrender the ADSs to the depositary for cancellation to receive ordinary shares. The depositary will charge you fees for any cancellation.</p> <p>We may amend or terminate the deposit agreement without your consent. If you continue to hold the ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended.</p> <p>To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.</p> |
| Ordinary shares   | <p>We will issue ordinary shares represented by the ADSs in this offering.</p> <p>All options, regardless of grant dates, will entitle holders to the equivalent number of ordinary shares once the vesting and exercising conditions on such share-based compensation awards are met.</p> <p>See “Description of Share Capital.”</p>   |
| Ordinary shares outstanding immediately after this offering | ordinary shares, par value US\$0.001 per share (or ordinary shares if the underwriters exercise their option to purchase additional ADSs in full).  |
| Option to purchase additional ADSs                          | We have granted to the underwriters the right to purchase up to an additional ADSs from us within 30 days of the date of this prospectus in connection with the offering.   |

|                                  |  |
|----------------------------------|--|
| Listing                          | We intend to apply to list the ADSs representing our ordinary shares on the Nasdaq Global Select Market, or Nasdaq under the symbol “KC.”  |
| Use of proceeds                  | <p>We expect to receive net proceeds of approximately US\$            million from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds for the following purposes:</p> <ul style="list-style-type: none"><li>• approximately 50% to further invest in upgrading and expanding our infrastructure;</li><li>• approximately 25% to further invest in technology and product development, especially in artificial intelligence, big data, cloud technologies and internet of things;</li><li>• approximately 15% to fund the expansion of our ecosystem and international presence; and</li><li>• approximately 10% to supplement our working capital for general corporate purposes.</li></ul>  |
| Lock-up                          | We, our directors, executive officers, existing shareholders and holders of share-based awards have agreed with the underwriters not to offer, sell, or dispose of any shares of our share capital or securities convertible into or exchangeable or exercisable for any shares of our share capital during the 180-day period following the date of this prospectus. See “Shares Eligible for Future Sale” and “Underwriting” for more information.   |
| Payment and settlement           | The underwriters expect to deliver the ADSs against payment therefor through the facilities of The Depository Trust Company on            , 2020.  |
| Depository                       | The Bank of New York Mellon.   |
| Assured Entitlement Distribution | <p>Pursuant to Practice Note 15 under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited, in connection with this offering, Kingsoft Corporation Limited, or Kingsoft Group, intends to make available to its shareholders an “assured entitlement” to a certain portion of our ordinary shares.</p> <p>As our ordinary shares are not expected to be listed on any stock exchange, Kingsoft Group intends to effect the Assured Entitlement Distribution by providing to its shareholders a “distribution in specie.” The distribution will be made without any consideration being paid by Kingsoft Group’s shareholders. Kingsoft Group’s shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the United States or are U.S. persons, or are otherwise ineligible holders, will only receive cash in the Assured Entitlement Distribution.</p> |



Kingsoft Group currently intends to provide an assured entitlement with an aggregate of approximately 0.35% to 0.50% of the total issued shares of us upon completion of this offering. The Assured Entitlement Distribution will only be made if this offering is completed.

The distribution in specie of ADSs by Kingsoft Group are not part of this offering.

Taxation

For Cayman, PRC and U.S. federal income tax considerations with respect to the ownership and disposition of the ADSs, see "Taxation."

Risk Factors

See "Risk Factors" and other information included in this prospectus for discussions of the risks relating to investing in the ADSs. You should carefully consider these risks before deciding to invest in the ADSs.

Unless otherwise indicated, all information contained in this prospectus assumes no exercise of the option granted to the underwriters to purchase up to additional ADSs, if any, in connection with the offering.

## OUR SUMMARY CONSOLIDATED FINANCIAL DATA AND OPERATING DATA

The following summary consolidated statements of operations for the years ended December 31, 2017, 2018 and 2019, summary consolidated balance sheet data as of December 31, 2018 and 2019 and summary consolidated cash flow data for the years ended December 31, 2017, 2018 and 2019 have been derived from audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Summary Consolidated Financial Data section together with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

|  | 2017               |                | 2018               |                | 2019               |                  |
|--|--------------------|----------------|--------------------|----------------|--------------------|------------------|
|  | RMB                | %              | RMB                | %              | RMB                | US\$             |
| (in thousands, except for percentages, shares and per share data)        |                    |                |                    |                |                    |                  |
| <b>Selected Consolidated Statements of Operation:</b>                    |                    |                |                    |                |                    |                  |
| <b>Revenues</b>  |                    |                |                    |                |                    |                  |
| Public cloud services  | 1,202,485          | 97.3           | 2,110,513          | 95.1           | 3,458,843          | 496,832          |
| Enterprise cloud services  | 15,271             | 1.2            | 94,369             | 4.3            | 486,308            | 69,854           |
| Others   | 18,211             | 1.5            | 13,290             | 0.6            | 11,202             | 1,609            |
| <b>Total revenues</b>  | <b>1,235,967</b>   | <b>100.0</b>   | <b>2,218,172</b>   | <b>100.0</b>   | <b>3,956,353</b>   | <b>568,295</b>   |
| <b>Cost of revenues</b>  | <b>(1,354,153)</b> | <b>(109.6)</b> | <b>(2,418,562)</b> | <b>(109.0)</b> | <b>(3,948,644)</b> | <b>(567,187)</b> |
| <b>Gross (loss)/profit</b>   | <b>(118,186)</b>   | <b>(9.6)</b>   | <b>(200,390)</b>   | <b>(9.0)</b>   | <b>7,709</b>       | <b>1,108</b>     |
| <b>Operating expenses:</b>   |                    |                |                    |                |                    |                  |
| Selling and marketing expenses   | (115,861)          | (9.4)          | (191,671)          | (8.6)          | (317,426)          | (45,595)         |
| General and administrative expenses                                      | (93,649)           | (7.6)          | (146,846)          | (6.6)          | (238,648)          | (34,280)         |
| Research and development expenses  | (399,209)          | (32.3)         | (440,518)          | (19.9)         | (595,169)          | (85,491)         |
| <b>Total operating expenses</b>  | <b>(608,719)</b>   | <b>(49.3)</b>  | <b>(779,035)</b>   | <b>(35.1)</b>  | <b>(1,151,243)</b> | <b>(165,366)</b> |
| <b>Operating loss</b>  | <b>(726,905)</b>   | <b>(58.8)</b>  | <b>(979,425)</b>   | <b>(44.2)</b>  | <b>(1,143,534)</b> | <b>(164,258)</b> |
| Interest income  | 19,628             | 1.6            | 116,500            | 5.3            | 78,612             | 11,292           |
| Interest expense   | (36,410)           | (2.9)          | (38,826)           | (1.8)          | (4,925)            | (707)            |
| Foreign exchange gain/(loss)   | 25,863             | 2.1            | (102,202)          | (4.6)          | (38,961)           | (5,596)          |
| Changes in fair value of financial instruments                           | 3,016              | 0.2            | 6,404              | 0.3            | —                  | —                |
| Other income, net  | 1,226              | 0.1            | 739                | 0.0            | 6,612              | 950              |
| <b>Loss before income taxes</b>  | <b>(713,582)</b>   | <b>(57.7)</b>  | <b>(996,810)</b>   | <b>(44.9)</b>  | <b>(1,102,196)</b> | <b>(158,319)</b> |
| Income tax expense   | (668)              | (0.1)          | (9,632)            | (0.4)          | (9,003)            | (1,293)          |
| <b>Net loss</b>  | <b>(714,250)</b>   | <b>(57.8)</b>  | <b>(1,006,442)</b> | <b>(45.3)</b>  | <b>(1,111,199)</b> | <b>(159,612)</b> |
| Accretion to redemption value of redeemable convertible preferred shares | (605,515)          | (49.0)         | (742,472)          | (33.5)         | (49,725)           | (7,143)          |
| <b>Net loss attributable to ordinary shareholders</b>                    | <b>(1,319,765)</b> | <b>(106.8)</b> | <b>(1,748,914)</b> | <b>(78.8)</b>  | <b>(1,160,924)</b> | <b>(166,755)</b> |
| <b>Net earnings per share:</b>   |                    |                |                    |                |                    |                  |
| Basic and diluted  | (1.66)             | —              | (2.20)             | —              | (1.31)             | (0.19)           |
| <b>Shares used in the net loss per share computation:</b>                |                    |                |                    |                |                    |                  |
| Basic and diluted  | 793,430,000        | —              | 793,430,000        | —              | 889,521,200        | 889,521,200      |
| <b>Other comprehensive income/(loss), net of tax of nil:</b>             |                    |                |                    |                |                    |                  |
| Foreign currency translation adjustments                                 | (89,414)           | —              | 401,820            | —              | 64,598             | 9,279            |
| Comprehensive loss   | (803,664)          | —              | (604,622)          | —              | (1,046,601)        | (150,333)        |
| Accretion to redemption value of redeemable convertible preferred shares | (605,515)          | —              | (742,472)          | —              | (49,725)           | (7,143)          |
| <b>Comprehensive loss attributable to ordinary shareholders</b>          | <b>(1,409,179)</b> | <b>—</b>       | <b>(1,347,094)</b> | <b>—</b>       | <b>(1,096,326)</b> | <b>(157,476)</b> |

## Table of Contents

Note:

(1) Share-based compensation expense was allocated as follows:

|                                     | For the Year Ended December 31, |               |                |               |
|-------------------------------------|---------------------------------|---------------|----------------|---------------|
|                                     | 2017                            | 2018          | 2019           |               |
|                                     | RMB                             | RMB           | RMB            | US\$          |
|                                     | (in thousands)                  |               |                |               |
| Cost of revenues                    | 6,551                           | 3,565         | 8,509          | 1,222         |
| Selling and marketing expenses      | 12,618                          | 5,889         | 37,808         | 5,431         |
| General and administrative expenses | 25,741                          | 11,167        | 31,988         | 4,595         |
| Research and development expenses   | 46,099                          | 26,320        | 42,974         | 6,173         |
| <b>Total</b>                        | <b>91,009</b>                   | <b>46,941</b> | <b>121,279</b> | <b>17,421</b> |

The following table presents our summary consolidated balance sheet data as of December 31, 2018 and 2019.

|  | As of December 31, |                    |                  |
|--|--------------------|--------------------|------------------|
|  | 2018               | 2019               |                  |
|  | RMB                | RMB                | US\$             |
|  | (in thousands)     |                    |                  |
| <b>Summary Consolidated Balance Sheet Data:</b>                      |                    |                    |                  |
| Cash and cash equivalents  | 1,507,071          | 2,023,263          | 290,624          |
| Accounts receivable, net of allowance                                | 541,584            | 1,347,481          | 193,554          |
| Short-term investments   | 2,208,105          | 225,425            | 32,380           |
| <b>Total current assets</b>  | <b>4,734,409</b>   | <b>4,149,739</b>   | <b>596,074</b>   |
| Property and equipment, net  | 1,043,155          | 1,720,974          | 247,202          |
| <b>Total assets</b>  | <b>5,859,199</b>   | <b>6,031,821</b>   | <b>866,418</b>   |
| Accounts payable   | 720,805            | 1,254,589          | 180,210          |
| Accrued expenses and other current liabilities                       | 423,634            | 949,213            | 136,346          |
| <b>Total current liabilities</b>                                     | <b>1,436,887</b>   | <b>2,419,991</b>   | <b>347,610</b>   |
| <b>Total liabilities</b>   | <b>1,756,622</b>   | <b>2,494,548</b>   | <b>358,320</b>   |
| <b>Total mezzanine equity</b>  | <b>7,345,688</b>   | <b>7,734,532</b>   | <b>1,110,997</b> |
| <b>Total shareholders' deficit</b>                                   | <b>(3,243,111)</b> | <b>(4,197,259)</b> | <b>(602,899)</b> |
| <b>Total liabilities, mezzanine equity and shareholders' deficit</b> | <b>5,859,199</b>   | <b>6,031,821</b>   | <b>866,418</b>   |

The following table presents our summary consolidated cash flow data for the years ended December 31, 2017, 2018 and 2019.

|  | For the Year Ended December 31, |             |           |          |
|--|---------------------------------|-------------|-----------|----------|
|  | 2017                            | 2018        | 2019      |          |
|  | RMB                             | RMB         | RMB       | US\$     |
|  | (in thousands)                  |             |           |          |
| Net cash used in operating activities                        | (134,527)                       | (383,110)   | (439,132) | (63,074) |
| Net cash (used in)/generated from investing activities       | (1,820,636)                     | (1,173,559) | 883,247   | 126,870  |
| Net cash generated from financing activities                 | 1,861,177                       | 2,435,832   | 64,507    | 9,266    |
| Net (decrease)/increase in cash and cash equivalents         | (93,986)                        | 879,163     | 508,622   | 73,062   |
| Cash and cash equivalents at beginning of the year           | 706,012                         | 573,437     | 1,507,071 | 216,477  |
| Effect of exchange rate changes on cash and cash equivalents | (38,589)                        | 54,471      | 7,570     | 1,085    |
| Cash and cash equivalents at end of the year                 | 573,437                         | 1,507,071   | 2,023,263 | 290,624  |

#### Non-GAAP Financial Measure

In evaluating our business, we consider and use certain non-GAAP measures, adjusted gross (loss)/profit, adjusted gross margin, adjusted EBITDA and adjusted EDITDA margin, as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define adjusted gross (loss)/profit as gross (loss)/profit excluding share-based compensation allocated in the cost of revenues, and we define adjusted gross margin as adjusted (loss)/profit as a percentage of revenues. We define adjusted net loss as net loss excluding share-based compensation, foreign exchange (gain)/loss, changes in fair value of financial instruments and other (income)/expense, net. We define adjusted EBITDA as adjusted net loss excluding interest income, interest expense, income tax expense and depreciation and amortization, and we define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenues. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of these non-GAAP measures facilitates investors' assessment of our operating performance.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using these non-GAAP financial measures is that they do not reflect all items of income and expense that affect our operations. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

We compensate for these limitations by reconciling these non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

## Table of Contents

The following tables reconcile our adjusted gross (loss)/profit, adjusted net loss and adjusted EBITDA in 2017, 2018 and 2019 to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which are gross (loss)/profit and net loss:

|  | For the Year Ended December 31, |                  |               |              |
|--|---------------------------------|------------------|---------------|--------------|
|  | 2017                            | 2018             | 2019          |              |
|  | RMB                             | RMB              | RMB           | US\$         |
|  | (in thousands)                  |                  |               |              |
| <b>Gross (loss)/profit</b>                               | <b>(118,186)</b>                | <b>(200,390)</b> | <b>7,709</b>  | <b>1,108</b> |
| Adjustments:   |                                 |                  |               |              |
| Share-based compensation (allocated in cost of revenues) | 6,551                           | 3,565            | 8,509         | 1,222        |
| <b>Adjusted gross (loss)/profit</b>                      | <b>(111,635)</b>                | <b>(196,825)</b> | <b>16,218</b> | <b>2,330</b> |

|                              | For the Year Ended December 31, |              |            |
|------------------------------|---------------------------------|--------------|------------|
|                              | 2017                            | 2018         | 2019       |
|                              | %                               |              |            |
| <b>Gross margin</b>          | <b>(9.6)</b>                    | <b>(9.0)</b> | <b>0.2</b> |
| <b>Adjusted gross margin</b> | <b>(9.0)</b>                    | <b>(8.9)</b> | <b>0.4</b> |

|  | For the Year Ended December 31, |                    |                    |                  |
|--|---------------------------------|--------------------|--------------------|------------------|
|  | 2017                            | 2018               | 2019               |                  |
|  | RMB                             | RMB                | RMB                | US\$             |
|  | (in thousands)                  |                    |                    |                  |
| <b>Net loss</b>                                | <b>(714,250)</b>                | <b>(1,006,442)</b> | <b>(1,111,199)</b> | <b>(159,612)</b> |
| Adjustment:                                    |                                 |                    |                    |                  |
| Share-based compensation                       | 91,009                          | 46,941             | 121,279            | 17,421           |
| Foreign exchange (gain)/loss                   | (25,863)                        | 102,202            | 38,961             | 5,596            |
| Changes in fair value of financial instruments | (3,016)                         | (6,404)            | —                  | —                |
| Other (income)/expense, net                    | (1,226)                         | (739)              | (6,612)            | (950)            |
| <b>Adjusted net loss</b>                       | <b>(653,346)</b>                | <b>(864,442)</b>   | <b>(957,571)</b>   | <b>(137,545)</b> |
| Adjustments:                                   |                                 |                    |                    |                  |
| Interest income                                | (19,628)                        | (116,500)          | (78,612)           | (11,292)         |
| Interest expense                               | 36,410                          | 38,826             | 4,925              | 707              |
| Income tax expense                             | 668                             | 9,632              | 9,003              | 1,293            |
| Depreciation and amortization                  | 297,647                         | 412,352            | 604,581            | 86,843           |
| <b>Adjusted EBITDA</b>                         | <b>(338,249)</b>                | <b>(520,132)</b>   | <b>(417,674)</b>   | <b>(59,994)</b>  |

|                                 | For the Year Ended December 31, |               |               |
|---------------------------------|---------------------------------|---------------|---------------|
|                                 | 2017                            | 2018          | 2019          |
|                                 | %                               |               |               |
| <b>Net loss margin</b>          | <b>(57.8)</b>                   | <b>(45.4)</b> | <b>(28.1)</b> |
| <b>Adjusted net loss margin</b> | <b>(52.9)</b>                   | <b>(39.0)</b> | <b>(24.2)</b> |
| <b>Adjusted EBITDA margin</b>   | <b>(27.4)</b>                   | <b>(23.4)</b> | <b>(10.6)</b> |

### Key Operating Metrics

Our total revenues generated from Premium Customers amounted to RMB1,158.5 million, RMB2,114.2 million and RMB3,853.3 million (US\$553.5 million) in 2017, 2018 and 2019, respectively, accounting for 93.7%, 95.3% and 97.4% of our total revenues in the same periods, respectively. Specifically, our total revenues

## [Table of Contents](#)

generated from Public Cloud Service Premium Customers amounted to RMB1,144.4 million, RMB2,021.3 million and RMB3,358.5 million (US\$482.4 million) in 2017, 2018, and 2019, respectively, accounting for 95.2%, 95.8% and 97.1% of our total public cloud service revenues in the same periods, respectively. Our total revenues generated from Enterprise Cloud Service Premium Customers amounted to RMB14.1 million, RMB92.9 million and RMB481.0 million (US\$69.1 million) in 2017, 2018 and 2019, respectively, accounting for 92.7%, 98.4% and 98.9% of our total enterprise cloud service revenues in the same periods, respectively.

The following table presents our key operating data for the periods indicated.

|  | For the Year Ended<br>December 31, |      |      |
|--|------------------------------------|------|------|
|  | 2017                               | 2018 | 2019 |
| <b>Public Cloud Services</b>   |                                    |      |      |
| Number of Public Cloud Service Premium Customers                                   | 112                                | 139  | 175  |
| Net dollar retention rate of Public Cloud Service Premium Customers <sup>(1)</sup> | —                                  | 161% | 155% |
| <b>Enterprise Cloud Services</b>   |                                    |      |      |
| Number of Enterprise Cloud Service Premium Customers                               | 2                                  | 17   | 67   |
| <b>Total</b>   |                                    |      |      |
| Number of Premium Customers  | 113                                | 154  | 243  |
| Average revenues per Premium Customer (RMB in million)                             | 10.3                               | 13.7 | 15.9 |

Note:

- (1) Net dollar retention rate of Public Cloud Service Premium Customers is calculated by dividing the revenues from our Public Cloud Service Premium Customers, who were also our Public Cloud Service Premium Customers in the previous year, in the indicated period by the revenues from all of our Public Cloud Service Premium Customers in the previous corresponding period.

## RISK FACTORS

*You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below and our consolidated financial statements and related notes, before making an investment in the ADSs. Any of the following risks and uncertainties could have a material adverse effect on our business, financial condition and results of operations. The market price of the ADSs could decline significantly as a result of any of these risks and uncertainties, and you may lose all or part of your investment. When determining whether to invest, you should also refer to the other information contained in this prospectus, including our financial statements and the related notes thereto. You should also carefully review the cautionary statements referred to under “Forward-looking Statements.” Our actual results could differ materially and adversely from those anticipated in this prospectus.*

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

***We have experienced rapid growth and expect our growth to continue, but if we fail to effectively manage our growth, then our business, results of operations and financial condition could be adversely affected.***

We have experienced substantial growth in our business since inception. Our total revenues have increased from RMB1,236.0 million in 2017 to RMB2,218.2 million in 2018, and further increased to RMB3,956.4 million (US\$568.3 million) in 2019. This growth has placed and may continue to place significant demands on our managerial, administrative, operational, financial and other resources. Furthermore, we intend to grow by expanding our business, increasing market penetration of our existing solutions and products and developing new ones. To manage this growth, we must develop and improve our existing administrative and operational systems, our financial and management controls, and further expand, train and manage our work force. In addition, the expansion of our systems and infrastructure will require us to commit substantial financial, operational and management resources before our revenues increase and without any assurances that our revenues will increase. Moreover, continued growth could strain our ability to maintain reliable service levels for our customers. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline and investors’ perceptions of our business and prospects may be adversely affected and the market price of the ADSs could decline.

Moreover, our limited operating history may not be indicative of our future growth or financial results. There is no assurance that we will be able to maintain our historical growth rates in future periods. We began operations in 2012 and much of our growth has occurred in recent years. As a result, our business model has not been fully proven, which subjects us to a number of uncertainties, including our ability to continue our growth.

***We have a history of net loss and we are uncertain about our future profitability.***

We have incurred net loss of RMB714.3 million, RMB1,006.4 million and RMB1,111.2 million (US\$159.6 million) in 2017, 2018 and 2019, respectively. We cannot assure you that we will be able to generate net profits in the future. Our net loss has resulted primarily from our cost of revenues and investments made to grow our business, such as, in research and development efforts. We expect our costs and expenses to increase in absolute amounts as we continue to grow our business. Moreover, we intend to continue to invest heavily in the foreseeable future in expanding our infrastructure, improving our technologies, hiring qualified research and development personnel and offering additional solutions and products, which is expected to cause our cost of revenues and research and development expenses to increase continuously and rapidly. We also plan to invest heavily in sales, marketing and branding efforts. Moreover, as we become a public company upon the completion of this offering, we may incur significantly more expenses for legal, accounting, and other administrative and compliance affairs. These efforts may be more costly than we expect and our revenues may not increase sufficiently to offset the expenses, which may result in significantly increased operating and net loss in the short term with no assurance that we will eventually achieve our intended long-term benefits or profitability.

***To support our business growth, we are continuously optimizing and expanding our infrastructure including data centers, and investing heavily in our research and development efforts, which may negatively impact our cash flow, and may not generate the results we expect to achieve.***

Our technological capabilities and infrastructure are critical to our success. We have been continuously optimizing and expanding our infrastructure and investing heavily in our research and development efforts. Our research and development expenses increased from RMB399.2 million in 2017 to RMB440.5 million in 2018, and further increased to RMB595.2 million (US\$85.5 million) in 2019. Moreover, our IDC costs increased from RMB1,033.2 million in 2017 to RMB1,890.5 million in 2018, and further increased to RMB2,856.6 million (US\$410.3 million) in 2019. The industry in which we operate is subject to rapid technological changes and is evolving quickly in terms of technological innovation. We need to invest significant resources, including financial and human resources, in research and development to lead technological advances in order to make our solutions and products innovative and competitive in the market. As a result, we expect that our research and development expenses will continue to increase. Furthermore, development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our development results. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the technology has been and will continue to be developed, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. New technologies in our industry could render our technologies, our infrastructure or solutions that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related development costs, which could result in a decline in our revenues, profitability and market share.

***The market in which we participate is competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed.***

The cloud service market is competitive and rapidly evolving. The principal competitive factors in our market include completeness of product offerings, level of customization of solutions, credibility with developers, global reach, ease of integration and programmability, product features, platform scalability, reliability, security and performance, brand awareness and reputation, the strength of sales and marketing efforts, customer support, as well as the cost of deploying and using our products.

Some of our existing competitors and potential competitors have larger scale, greater brand name recognition, longer operating histories, more established customer relationships and greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. In addition, some competitors may offer products, solutions or services that address one or a limited number of functions at lower prices, with greater depth than our products or in different geographies. Our current and potential competitors may develop and market new products, solutions and services with comparable functionality to ours, and this could force us to decrease prices in order to remain competitive. With the introduction of new products, solutions and services and new market entrants, we expect competition to intensify in the future. In addition, some of our customers may choose to use our products and solutions and our competitors' products and solutions at the same time.

***We have recorded negative cash flows from operating activities historically. If we fail to collect accounts receivable from our customers in a timely manner, our business operations and financial results may be materially and adversely affected.***

We have experienced net cash outflow from operating activities. We recorded net cash used in operating activities of RMB134.5 million, RMB383.1 million and RMB439.1 million (US\$63.1 million) in 2017, 2018 and 2019, respectively. The cost of continuing operations could further reduce our cash position, and an increase in our net cash outflow from operating activities could adversely affect our operations by reducing the amount of cash available to meet the capital needs for our daily operation and future business expansion.

We typically extend to our customers credit terms ranging from 30 to 180 days, resulting in accounts receivable. We generally make a credit assessment of our customers before entering into an agreement with



## [Table of Contents](#)

them. Nevertheless, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each customer. Furthermore, we also serve customers in certain rapidly evolving and competitive industries, some of which have also been highly regulated, such customers' financial soundness is subject to changes to the industry trend or relevant laws and regulations, which is beyond our control. Any change in our customers' business and financial conditions may affect our collection of accounts receivable. Any delay in payment or failed payment may adversely affect our liquidity and cash flows, which in turn cause material adverse effects on our business operations and financial results.

***We receive a substantial portion of our revenues from a limited number of customers, and the loss of, or a significant reduction in usage by, one or more of our Premium Customers would result in lower revenues and could harm our business.***

Our future success is dependent on establishing and maintaining successful relationships with a diverse set of customers. We currently receive a substantial portion of our revenues from a limited number of customers. In 2017, 2018 and 2019, our total revenues generated from Premium Customers accounted for approximately 93.7%, 95.3% and 97.4% of our total revenues in the same periods, respectively. Revenues generated from our three largest customers accounted for 27% (Xiaomi), 19% and 10%, respectively, of our total revenues in 2017; 25% (Xiaomi), 24% and 11%, respectively, of our total revenues in 2018; and 31%, 14% (Xiaomi) and 12%, respectively, of our total revenues in 2019. It is likely that we will continue to be dependent upon a limited number of customers for a significant portion of our revenues for the foreseeable future and, in some cases, the portion of our revenues attributable to one single customer may increase in the future. The loss of one or more Premium Customers or a reduction in usage by any Premium Customers would reduce our revenues. If we fail to maintain existing customers or develop relationships with new customers, our business would be harmed.

***We operate in an emerging and evolving market. If our market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences, our products and solutions may become less competitive.***

The cloud service market is at an early stage of development. There are uncertainties over the size and rate at which this market will grow, as well as whether our solutions and products will be widely adopted. Moreover, the cloud industry, including public cloud and enterprise cloud, are subject to rapid technological change, evolving industry standards, changing regulations, as well as changing customer needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. If we are unable to develop new solutions and products that satisfy our customers and provide enhancements and new features for our existing products that keep pace with rapid technological and industry change, our business, results of operations and financial condition could be adversely affected. If new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively.

Our platform must also integrate with a variety of network, hardware, software platforms and technologies, and we need to continuously modify and enhance our products and platform to adapt to changes and innovation. For example, if customers adopt new software platforms or infrastructure, we may be required to develop new versions of our products to be compatible with those new software platforms or infrastructure. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. Any failure of our products and platform to operate effectively with evolving or new software platforms and technologies could reduce the demand for our products. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected.

***Security incidents and attacks on our platform, products or solutions, or our global network infrastructure could lead to significant costs and disruptions that could harm our business, financial results, and reputation.***

Our business is dependent on providing our customers with safe, reliable and high-quality cloud services. Maintaining the security and availability of our infrastructure, systems, platform, network, and the security of information we hold is a critical issue for us and our customers. Attacks on our customers and our own network are frequent and take a variety of forms, including DDoS attacks, infrastructure attacks, botnets, malicious file attacks, cross-site scripting, credential abuse, ransomware, viruses, worms, and malicious software programs. Malicious actors can attempt to fraudulently induce employees or suppliers to disclose sensitive information through spamming, phishing, or other tactics. In addition, unauthorized parties may attempt to gain physical access to our facilities in order to infiltrate our information systems. We may be subject to cyber-attacks from third parties. Since our customers share our multi-tenant architecture, material attacks on any one of our customers could have a negative effect on other customers. These attacks have significantly increased the bandwidth used on our platform and have strained our network. If attacks like these were to occur in the future and if we do not have the systems and processes in place to respond to them, our business could be harmed.

In recent years, cyber-attacks have increased in size, sophistication, and complexity, increasing exposure for our customers and us. We may become an attractive target for attacks on our infrastructure intended to destabilize, overwhelm, or shut down our platform. The costs incurred by us to avoid or alleviate cyber or other security problems and vulnerabilities will be significant. However, our efforts to address these problems and vulnerabilities may not be successful. Any significant breach of our security measures could:

- lead to the dissemination of proprietary information or sensitive, personal, or confidential data about us, our employees, or our customers—including personally identifiable information of individuals involved with our customers and their end-users;
- lead to interruptions or degradation of performance in our platform, products and solutions;
- threaten our ability to provide our customers with access to our platform, products and solutions, and negatively affect our abilities to retain existing customers;
- generate negative publicity about us;
- result in litigation and increased legal liability or fines; or
- lead to governmental inquiry or oversight.

The occurrence of any of these events could harm our business or damage our brand and reputation, lead to customer credits, loss of customers, higher expenses, and possibly impede our present and future success in retaining and attracting new customers. Security incidents or attacks on our infrastructure would be damaging to our reputation and could harm our business.

Similar security risks exist with respect to our business partners and our third-party suppliers for information technology support services and administrative functions. As a result, we are subject to the risk that cyber-attacks on our business partners and third-party suppliers may adversely affect our business even if an attack or breach does not directly impact our systems. It is also possible that security breaches sustained by our competitors could result in negative publicity for our entire industry that indirectly harms our reputation and diminishes demand for our platform.

***Export controls and economic or trade restrictions that are imposed on certain of our business partners or their suppliers may affect our business, financial condition and results of operations.***

The U.S. government has added several Chinese companies and institutions to the Entity List under the Export Administration Regulations, and imposed targeted economic and trade restrictions on them that, if not waived, will limit their access to U.S.-origin goods and technologies, as well as goods and technologies that

## [Table of Contents](#)

contain a significant portion of U.S.-origin goods and technologies. We believe the immediate and direct impacts on our business resulting from such restrictions are limited, because our sales to the entities on the Entity List have represented a negligible portion of our results of operations. Nonetheless, given the important role played by such Chinese high-tech companies on the Entity List in the global supply chain or in China for industries including telecommunications, information technology infrastructure, artificial intelligence and IoTs, prolonged restrictions against such companies could cause a material negative impact to all such industries, which may in turn materially and adversely affect our business, financial condition and results of operations. Similar or more expansive restrictions that may be imposed on our business partners or their suppliers by the U.S. or other jurisdictions in the future may materially and adversely affect such business partners or their suppliers, which would in turn affect our business.

Although we have started to adopt procedures to comply with U.S. trade laws and regulations, such laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are out of our control or heightened by national security concerns. Such potential restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our technology, products and solutions, hinder the stability of our supply chain, and may result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders that we cease or modify our existing business practices, any of which may have a material and adverse effect on our business, financial condition and results of operations.

### ***If our expansion into new verticals is not successful, our business, prospects and growth momentum may be materially and adversely affected.***

Leveraging our top-notch infrastructure resources and years of technology accumulation, we are able to provide innovative integrated cloud solutions specifically designed to address the diversified needs of our customers across different verticals. We have a track record of successfully expanding into and becoming a leader in new verticals. We cannot assure you, however, that we will be able to maintain this momentum in the future. Expanding solution categories involves new risks and challenges. Our lack of familiarity with new verticals may make it more difficult for us to keep pace with the evolving customer demands and preferences. In addition, there may be one or more existing market leaders in any vertical that we decide to expand into. Such companies may be able to compete more effectively than us by leveraging their experience in doing business in that markets as well as their deeper industry insight and greater brand recognition among customers. We will need to comply with new laws and regulations applicable to these businesses, the failure of which would adversely affect our reputation, business, results of operations and financial condition. Expansion into any new vertical may place significant strain on our management and resources, and failure to expand successfully could have a material adverse effect on our business and prospects.

### ***Our business is subject to natural disasters, extreme weather conditions, health epidemics and other catastrophic incidents, and to interruption by man-made problems such as power disruptions, computer viruses, data security breaches or terrorism.***

China has in the past experienced significant natural disasters, including earthquakes, extreme weather conditions, as well as health scares related to epidemic diseases, and any similar event could materially impact our business in the future. If a disaster or other disruption were to occur in the future that affects the regions where we operate our business, our operations could be materially and adversely affected due to loss of personnel and damage to property. Even if we are not directly affected, such a disaster or disruption could affect the operations or financial conditions of our customers, which could harm our results of operations.

In addition, our business could be affected by public health epidemics, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus or other disease. In late December 2019, a strain of SARS-CoV-2, which causes the COVID-19 disease, was reported to have surfaced in

## [Table of Contents](#)

Wuhan, China. On January 30, 2020, the World Health Organization reportedly declared this COVID-19 outbreak a health emergency of international concern. On February 28, 2020, the World Health Organization reportedly increased the assessment of the risk of spread and the risk of impact of COVID-19 to very high at global level. In March 2020, the World Health Organization declared the COVID-19 a pandemic. With an aim to contain the COVID-19 outbreak, the PRC government has imposed various strict measures across the PRC including, but not limited to, travel restrictions, mandatory quarantine requirements, and postponed resumption of business operations. Considering the features of our cloud services, in particular, our public cloud services which are generally offered in a continual and long term, and majority of our employees are located in Beijing, our headquarters, we are adapted to flexible working style and are able to provide services to our customers remotely and promptly during the COVID-19 outbreak, but a few of our enterprise cloud service customers may experience business disruption as a result of those measures to contain the COVID-19 outbreak, resulting in potential delay of certain enterprise cloud service projects. Additionally, as COVID-19 continues to evolve into a worldwide health crisis, it has adversely affected the global economy and financial markets, such as significant declines in the global stock markets. If the COVID-19 outbreak is not effectively controlled in a short period of time, our business and results of operations could be adversely affected to the extent the COVID-19 outbreak harms the China or world economy generally. In addition, our business and results of operations could also be adversely affected to the extent the COVID-19 outbreak harms the business of our customers, who may experience reduced business volume, delay or suspend procurement of cloud services, or reduce their IT spending, which in turn may have a negative impact on the demands for our products and solutions. The extent to which the COVID-19 outbreak impacts our financial condition and results of operations for the full year of 2020 cannot be reasonably estimated at this time and will depend on future developments that currently cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 outbreak and the actions to contain the COVID-19 outbreak or treat its impact, and the impact on the economic growth and business of our customers for the foreseeable future, among others. Any future outbreak of public health epidemics may restrict economic activities in affected regions, resulting in reduced business volume, disrupt our business operations and adversely affect our results of operations.

Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, such as power disruptions, computer viruses, data security breaches or terrorism, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations and financial condition.

***If we are not able to maintain and enhance our brand and increase market awareness of us, or effectively develop and expand our marketing and sales capabilities, then our ability to attract new customers may be harmed and our business, results of operations and financial condition may be adversely affected.***

We believe that maintaining and enhancing the “Kingsoft Cloud” brand identity and increasing market awareness of our company, products and solutions, is critical to achieving widespread acceptance of our products and solutions, to strengthen our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand will depend largely on our continued marketing efforts, our ability to continue to offer high quality products and services, our ability to maintain relationships with bandwidth and hardware suppliers, our ability to be thought leaders in the cloud service market and our ability to successfully differentiate our products and platform from competing products and services. Our brand promotion and thought leadership activities may not be successful or yield increased revenues. In addition, independent industry analysts often provide reviews of our products and competing products and services, which may significantly influence the perception of our products in the marketplace. If these reviews are negative or not as strong as reviews of our competitors’ products and services, then our brand may be harmed.

Any malicious or inadvertent negative allegations made by the media or other parties about the foregoing or other aspects of our company, including but not limited to our shareholders, management, business, compliance

with law, financial condition or prospects, whether with merit or not, could severely hurt our reputation and harm our business and results of operations.

We may receive complaints from our customers on our products, pricing and customer support. If we do not handle customer complaints effectively, our brand and reputation may suffer, our customers may lose confidence in us and they may reduce or cease their use of our products. In addition, our customers may post and discuss on social media about our products, solutions and relevant services, including our products and platform. Our success depends, in part, on our ability to generate positive customer feedback and minimize negative feedback on social media channels where existing and potential customers seek and share information. If actions we take or changes we make to our products, solutions or platform upset these customers, their online commentary could negatively affect our brand and reputation. Complaints or negative publicity about us, our products, solutions or platform could materially and adversely impact our ability to attract and retain customers, our business, results of operations and financial condition.

As we also provide services to a wide range of enterprise clients and institutions, negative publicity about such counterparties, including any failure by them to adequately protect customer information, to comply with applicable laws and regulations or to otherwise meet required quality and service standards could harm our reputation.

The promotion of our brand also requires us to make substantial expenditures, and we anticipate that these expenditures will increase as our market becomes more competitive and as we expand into new markets. To the extent that these activities increase revenues, the increased revenues still may not be enough to offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, then our business may not grow, we may see our pricing power reduced relative to competitors and we may lose customers, all of which would adversely affect our business, results of operations and financial condition.

***Our business depends on customers increasing their use of our products and solutions, and any loss of customers or decline in their use of our products and solutions could materially and adversely affect our business, results of operations and financial condition.***

Our ability to grow and generate incremental revenues depends, in part, on our ability to maintain and grow our relationships with existing customers and to have them increase their usage of our platform. If our customers do not increase their use of our products, then our revenues may decline and our results of operations may be harmed. Substantially all of our customers do not have long-term contractual financial commitments to us. We cannot accurately predict customers' usage levels and the loss of customers or reductions in their usage levels of our products may each have a negative impact on our business, results of operations and financial condition. Reductions in usage from existing customers and the loss of customers could cause our net dollar retention rate to decline in the future if customers are not satisfied with our products, the value proposition of our products or our ability to otherwise meet their needs and expectations. Further, some of our customers may choose to develop their own solutions that do not include our products, or adopt a multi-cloud strategy decreasing usage of our products. They may also demand reductions in pricing as their usage of our products increases, which could have an adverse impact on our gross margin. If a significant number of customers cease using, or reduce their usage of our products, then we may not be able to achieve our growth target, and may need to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenues from customers. Such additional sales and marketing expenditures could adversely affect our business, results of operations and financial condition.

***A significant portion of our revenues were derived from customers in a limited number of industries. The intensifying competition, change in sector trend and landscape and government policies may have a direct impact on those industries and negatively affect the stability of our clients, which may subsequently have negative impact on our business.***

A significant portion of our revenues were derived from customers engaged in a limited number of industries in China, some of which are emerging and highly competitive, such as video and game. Any change in the competitive landscape, market trend or user behaviors in such sectors may have a negative impact on our customers, thus harm their ability to make payments and maintain and increase the usage of our products and solutions. In addition, some of these industries in China are highly regulated by the PRC government and numerous regulatory authorities of the central PRC government are empowered to issue and implement regulations governing various aspects of these industries. As the laws and regulations are evolving and some of them are relatively new, changes to the current laws and regulations may harm our business and results of operation. In addition, interpretation and enforcement of such laws and regulations involve significant uncertainty. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violations of applicable laws and regulations. If these laws and regulations or the uncertainty associated with their interpretation negatively impact the industries where our customers operate, our business may be adversely affected as well.

***If the adoption of our cloud products and solutions by our customers is slower than we expected, our business, results of operations and financial condition may be adversely affected.***

Our business has relied on the adoption of our cloud products and solutions by a broad array of customers. Our ability to further increase our customer base, and achieve broader market acceptance of our products and solutions will depend, in part, on our ability to effectively organize, focus and train our sales and marketing personnel. Our ability to achieve significant revenue growth in the future will depend, in part, on our ability to recruit, train and retain a sufficient number of experienced sales professionals. Our recent hires and planned hires may not become as productive as quickly as we expect and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we do business.

As we seek to increase the adoption of our products and solutions by our customers, we may incur higher costs and longer sales cycles. The decision to adopt our products and solutions may require the approval of multiple technical and business decision makers, including security, compliance, procurement, operations and IT. In addition, while customers may quickly deploy our products and solutions on a limited basis before they will commit to deploying our products and solutions at scale, they often require extensive education about our products and solutions and significant customer support time, engage in protracted pricing negotiations and seek to secure readily available development resources.

***We require a significant amount of capital to fund our operations and respond to business opportunities. If we cannot obtain sufficient capital on acceptable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.***

We may make investments from time to time in product development, technologies, branding, sales and marketing to remain competitive. In the past, our principal sources of liquidity included bank loans, loans from Kingsoft Group and the proceeds received from the issuance and sale of our preferred shares. See “Description of Share Capital—History of Securities Issuances.” Our ability to obtain additional financing in the future is subject to a number of uncertainties, including those relating to:

- our future business development, financial condition and results of operations;
- general market conditions for financing activities; and
- macro-economic and other conditions in China and elsewhere.

## [Table of Contents](#)

Although we expect to rely less on financing support from our existing shareholders and rely increasingly on net cash provided by operating activities and financing through capital markets and commercial banks for our liquidity needs as our business continues to grow and as we become a public company, we cannot assure you that we will be successful in our efforts to diversify our sources of capital. If we cannot obtain sufficient capital, we may not be able to implement our growth strategies, and our business, financial condition and results of operations may be materially and adversely affected.

We may be unable to obtain additional capital in a timely manner or on acceptable terms or at all. In addition, due to future capital needs and other business reasons, we may need to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

***Our ability to maintain customer satisfaction depends in part on the consistency and quality of our customer support services through the product cycle. Failure to maintain continuous and high-quality customer support could have an adverse effect on our business, results of operation, and financial condition.***

We believe that customer satisfaction is key to our business. In order to deliver high-level customer satisfaction, we must successfully assist our customers in deploying and continuing to use our products and solutions, resolving performance issues, addressing interoperability challenges with the customers' existing IT infrastructure, and responding to security threats, cyber-attacks and performance and reliability problems that may arise from time to time. The IT architecture of our customers, particularly the larger organizations, are very complex and may require high levels of focused support to effectively utilize our platform and products. Because our platform and products are designed to be highly configurable and to rapidly implement customers' reconfigurations, customer errors in configuring our platform and products can result in significant disruption to our customers. Our support organization will face additional challenges associated with our international operations, including those associated with delivering support and documentation in languages other than Chinese and English. Increased demand for customer support, without corresponding increases in revenues, could increase our costs and adversely affect our business, results of operations, and financial condition.

There can be no assurance that we will be able to hire sufficient personnel as and when needed, particularly if our sales exceed our internal forecasts. To the extent that we are unsuccessful in hiring, training, and retaining adequate support resources, our ability to provide high-quality and timely support to our customers will be negatively impacted, and our customers' satisfaction with our network could be adversely affected. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could adversely affect our reputation, business, results of operations, and financial condition, particularly with respect to our large enterprise customers.

***We employ a pricing model and strategy that subjects us to various challenges that could make it difficult for us to derive sufficient value from our customers.***

We generally charge public cloud service customers on a monthly basis based on utilization and duration. We generally charge enterprise cloud service customers on a project basis. Such pricing model requires us to undertake significant projections and planning on our costs. If our projections and plans differ significantly from those actually incurred, our business could be harmed. We do not know whether our current or potential customers or the market in general will continue to accept this pricing model going forward and, if it fails to gain acceptance, our business could be harmed. In addition, if our competitors adopt new pricing models that become more attractive to customers, our business could be harmed.

We also generally rely on telecommunication operators for network bandwidth and third parties servers or server racks based on expected usage from our customers. In certain of our arrangements with such

telecommunication operators, we have made minimum purchase commitments to secure bandwidth resources, which may be underutilized. For example, in April 2020, we entered into a non-cancelable one-year internet data center service agreement, pursuant to which we have a contractual minimum purchase commitment amounting to RMB240.0 million and we shall pay additional fees for usages above the committed amount. Such costs are fixed in nature for some amount of time, so it may not be possible to reduce the costs in a timely manner if the usage from our customers declines. If our customers use our platform in a manner that is inconsistent with how we have invested in bandwidth, servers, and racks, our business could be harmed. In addition, we have historically adopted an aggressive pricing strategy to gain a certain share in the market. To the extent that such strategy helps us increase revenues, the increased revenues still may not be enough to offset the increased cost and expenses we incur. Moreover, we may have to keep the price of our products and solutions being on par with our competitors to remain in our competitive position. If we are not able to advance our technologies and effectively control costs, our business, results of operation and financial condition may be negatively affected.

***Defects or errors in our products or solutions could diminish demand for our products or solutions, harm our business and results of operations and subject us to liability.***

Our customers use our products for important aspects of their businesses, and any errors, defects or disruptions to our products and any other performance problems with our products could damage our customers' businesses and, in turn, hurt our brand and reputation. We provide regular updates to our products, which have in the past contained, and may in the future contain, undetected errors, failures, vulnerabilities and bugs when first introduced or released. Real or perceived errors, failures or bugs in our products could result in negative publicity, loss of or delay in market acceptance of our platform, loss of competitive position, lower customer retention or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. In addition, we may not carry insurance to compensate us for any losses that may result from claims arising from defects or disruptions in our products. As a result, our reputation and our brand could be harmed, and our business, results of operations and financial condition may be adversely affected.

In addition, our solutions and products must interoperate with our customers' existing internal networks and infrastructure. These complex internal systems are developed, delivered, and maintained by the customer and a myriad of vendors and service providers. As a result, the components of our customers' infrastructure have different specifications, rapidly evolve, utilize multiple protocol standards, include multiple versions and generations of products, and may be highly customized. We must be able to interoperate and provide products to customers with highly complex and customized internal networks, which requires careful planning and execution between our customers, our customer support teams and, in some cases, our channel partners. Further, when new or updated elements of our customers' infrastructure or new industry standards or protocols are introduced, we may have to update or enhance our technologies and infrastructure to allow us to continue to provide our products to customers. Our competitors or other vendors may refuse to work with us to allow their products to interoperate with our platform and products, which could make it difficult for our platform and products to function properly in customer internal networks and infrastructures that include these third-party products.

We may not deliver or maintain interoperability quickly or cost-effectively, or at all. These efforts require capital investment and engineering resources. If we fail to maintain compatibility of our solutions, platform and products with our customers' internal networks and infrastructures, our customers may not be able to fully utilize our solutions, platform and products, and we may, among other consequences, lose or fail to increase our market share and experience reduced demand for our products, which would materially harm our business, results of operations, and financial condition.



***Our sales and onboarding cycles with customers can be long and unpredictable, and our sales and onboarding efforts require considerable time and expense, which may adversely affect our business, results of operations and financial condition.***

The timing of our sales with our enterprise customers and related revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for these customers. In addition, for our enterprise customers, the lengthy sales cycle for the evaluation and implementation of our products and solutions may also cause us to experience a delay between expenses for such sales efforts and the generation of corresponding revenues. The length of our sales cycle for these enterprise customers, from initial evaluation to payment, can range from one to six months and can vary substantially from customer to customer. We may have to expend significant money and resources before recognizing revenues from those enterprise customers.

Similarly, the onboarding and ramping process with new enterprise customers can take several months. As the purchase of our products can be dependent upon customer initiatives, our sales cycle can extend to even longer periods of time. Customers frequently require considerable time to evaluate, test, and qualify our product offering prior to entering into or expanding a contract commitment. During the sales cycle, we expend significant time and money on sales and marketing and contract negotiation activities, which may not result in a completed sale. Additional factors that may influence the length and variability of our sales cycle include:

- the effectiveness of our sales force, particularly new salespeople, as we increase the size of our sales force;
- the discretionary nature of customers' purchasing decisions and budget cycles;
- customers' procurement processes, including their evaluation of our products and solutions;
- economic conditions and other factors affecting customer budgets;
- the regulatory environment in which our customers operate;
- integration complexity for a customer deployment;
- the customer's familiarity with cloud products and solutions;
- evolving customer demands; and
- competitive conditions.

***We face challenges from the evolving regulatory environment and user attitude toward data privacy and protection. Actual or alleged failure to comply with data privacy and protection laws and regulations could materially and adversely affect our business and results of operations.***

We operate in the regulatory environment in which data privacy and protection is evolving. We cannot assure you that relevant governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect the cloud service industry, our clients and us. Regulatory investigations, restrictions, penalties and sanctions, whether targeted at us or not, may negatively affect the market environment in which we operate, our existing or potential clients, and our products and services, which may in turn have a material adverse effect on our business, results of operations and financial condition. It is also possible that we may become subject to additional or new laws and regulations regarding data privacy and protection in connection with the data we have access to and the data products and services we provide to our clients. Moreover, we may become subject to regulatory requirements as a result of utilization of our products and services by residents of, or travelers who visit, certain jurisdictions, such as the General Data Protection Regulation of the European Union, or the GDPR. Complying with additional or new regulatory requirements could force us to incur substantial costs or require us to change our business practices. Moreover, if a high profile security breach occurs with respect to our competitors, people may lose trust in the security of cloud service providers generally, including us, which could damage the reputation of the industry, result in heightened regulation and strengthened regulatory enforcement and adversely affect our business and results of operations.

We expect that we will continue to face uncertainty as to whether our efforts to comply with evolving obligations under global data protection, privacy and security laws will be sufficient. For example, during a inspection conducted by Ministry of Industry and Information Technology of People's Republic of China ("MIIT") in September 2019, the Cybersecurity Administration Office of MIIT found that certain functions of our cybersecurity system did not satisfy relevant requirements imposed by the telecommunications authority and our user data system did not provide sufficient data and privacy protection. We are currently implementing certain rectification measures in accordance with the inspection results. Any failure or perceived failure by us to comply with applicable laws and regulations could result in reputational damage or proceedings or actions against us by governmental authorities, individuals or others. These proceedings or actions could subject us to significant civil or criminal penalties and negative publicity, require us to change our business practices, increase our costs and materially harm our business, prospects, financial condition and results of operations. In addition, our current and future relationships with customers, vendors and other third parties could be negatively affected by any proceedings or actions against us or current or future data protection obligations imposed on them under applicable law, including the GDPR. Furthermore, a data breach affecting personal information could result in significant legal and financial exposure and reputational damage that could potentially have an adverse effect on our business.

***Our business partners and customers may be subject to regulations related to the handling and transfer of certain types of sensitive and confidential information. Any failure of our partners or customers to comply with applicable laws and regulations would harm our business, results of operations and financial condition.***

Our business partners and customers that use our products may be subject to privacy- and data protection-related laws and regulations that impose obligations in connection with the collection, processing and use of personal data, financial data, health data or other similar data.

Any failure or perceived failure by our business partners or customers to comply with applicable laws and regulations could result in their reputational damage or governmental investigations, inquiries, enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity, which may harm our business partnership and have a negative impact on our business.

### ***We could be harmed by data loss or other security breaches***

Because we process, store, and transmit large amounts of data, including personal information, failure to prevent or mitigate risks of data loss or other security breaches, including breaches of our vendors' or customers' technology and systems, could expose us or our customers to a risk of loss or misuse of such information, adversely affect our operating results, result in litigation or potential liability for us, deter customers or sellers from using our stores and services, and otherwise harm our business and reputation. We use third-party technology and systems for a variety of reasons, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back-office support, and other functions. Some of our systems have experienced past security breaches, and, although they did not have a material adverse effect on our operating results, there can be no assurance of a similar result in the future. Although we have developed systems and processes that are designed to protect customer information and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party vendor or customer, such measures cannot provide absolute security. Moreover, in the event of a major system disruption, hardware malfunction or damages to data centers and servers caused by technologies failures, natural disasters or man-made problems, we may experience significant loss of data which would materially and adversely affect our business, financial condition and results of operations.

***Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our products and solutions, and could adversely affect our business, results of operations and financial condition.***

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communications and business applications. Chinese or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our products and platform in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, or result in reductions in the demand for internet-based products and services such as our products and platform. In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by “viruses,” “worms,” and similar malicious programs. If the use of the internet is reduced as a result of these or other issues, then demand for our products could decline, which could adversely affect our business, results of operations and financial condition.

***We may have insufficient computing resources, transmission bandwidth and storage space, which could result in disruptions and our business, results of operations and financial condition could be adversely affected.***

Our operations are dependent in part upon transmission bandwidth provided by third-party telecommunications network providers, access to data centers to house our servers and other computing resources. There can be no assurance that we are adequately prepared for unexpected increases in bandwidth and data center demands by our customers. The bandwidth we have contracted to use or the data centers we have established may become unavailable for a variety of reasons, including service outages, payment disputes, network providers going out of business, natural disasters, networks imposing traffic limits, or governments adopting regulations that impact network operations. In some regions, bandwidth providers have their own services that compete with us, or they may choose to develop their own services that will compete with us. These bandwidth providers may become unwilling to sell us adequate transmission bandwidth at fair market prices, if at all. This risk is heightened where market power is concentrated with one or a few major networks. We also may be unable to move quickly enough to augment capacity to reflect growing traffic or security demands. Failure to put in place the capacity we require could result in a reduction in, or disruption of, service to our customers and ultimately a loss of those customers. Such a failure could result in our inability to acquire new customers demanding capacity not available on our platform.

***Our services rely on the stable performance of servers, and any disruption to our servers due to internal and external factors could diminish demand for our products or solutions, harm our business, our reputation and results of operations and subject us to liability.***

We rely in part upon the stable performance of our servers for provision of our solutions, products and services. Any disruption to our servers may happen due to internal and external factors, such as inappropriate maintenance, defects in the servers, cyber-attacks targeted at us, occurrence of catastrophic events or human errors. Such disruption could result in negative publicity, loss of or delay in market acceptance of our solutions and products, loss of competitive position, lower customer retention or claims by customers for losses sustained by them. In such an event, we may need to expend additional resources to help with recovering. In addition, we may not carry insurance to compensate us for any losses that may result from claims arising from disruption in servers. As a result, our reputation and our brand could be harmed, and our business, results of operations and financial condition may be adversely affected.

***Our use of open source or third-party software could negatively affect our ability to sell our products and solutions, and subject us to possible litigation.***

Our products and platform incorporate open source software, and we expect to continue to incorporate open source software in our products and platform in the future. Courts have interpreted few of the licenses applicable to open source software, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products and platform. Moreover, although we have implemented policies to regulate the use and incorporation of open source software into our products and platform, we cannot be certain that we have not incorporated open source software in our products or platform in a manner that is inconsistent with such policies. If we or our employees fail to comply with open source licenses, we may be subject to certain requirements, including requirements that we offer our products that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from generating revenues from customers using products that contained the open source software and required to comply with onerous conditions or restrictions on these products. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products and platform and to re-engineer our products or platform or discontinue offering our products to customers in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional research and development resources to re-engineer our products or platform, could result in customer dissatisfaction and may adversely affect our business, results of operations and financial condition.

***Our reliance on a limited number of suppliers for certain essential services could adversely affect our ability to manage our business effectively and harm our business.***

We rely on a limited number of suppliers for certain essential services to operate our network and provide solutions and products to our customers. For example, we generally rely on a limited number of suppliers to purchase the servers that we use and we ordinarily purchase these equipment on a purchase-order basis. We also rely on a limited number of suppliers for bandwidth and racks. We may experience shortages in components or delays in delivery, including as a result of natural disasters, increased demand in the industry or our suppliers lacking sufficient rights to supply the servers or IDCs in all jurisdictions in which we operate.

Our reliance on these suppliers exposes us to risks, including reduced control over production costs and constraints based on the then current availability, terms, and pricing of these services. We generally do not have any long-term contracts guaranteeing supply with these suppliers. If our supply of certain services is disrupted or delayed, there can be no assurance that additional supplies or services can serve as adequate replacements or that supplies will be available on terms that are favorable to us, if at all. Moreover, even if we can identify adequate replacements on substantially similar terms, our business could be adversely affected until those efforts were completed. Any disruption or delay in the supply of our hardware components may delay the opening of new network facilities, limit capacity expansion or replacement of defective or obsolete equipment at existing network facilities, or cause other constraints on our operations that could damage our customer relationships.

On January 17, 2017, the Ministry of Industry and Information Technology promulgated Notice on Cleaning Up and Regulating the Internet Access Service Market, or the Notice on the Internet Access Service, which prohibits the “multi-level sublease” and requires that IDC enterprises shall not sublease the IP address, bandwidth or other network access resources they have obtained from basic telecommunication operators to other enterprises for operating businesses of IDC, Internet service provider (ISP) or others. According to the Notice on the Internet Access Service, enterprises engaged in the businesses of IDC, ISP or content delivery network shall conduct comprehensive self-inspection, rectify violations of the relevant regulations in a timely manner to ensure

their business operations are in compliance with the applicable laws and regulations and the network facilities and network access resources are used in a compliant manner. The regulatory authorities shall urge enterprises in violation of the relevant regulations to make rectifications in a timely manner and take stern actions in accordance with the laws against the enterprises that refuse to make such rectifications, and such enterprises may fail to pass the annual inspection, or the licenses or permits of such enterprises may not be renewed upon expiration and their cooperation with the basic telecommunications operators may be adversely affected under serious circumstances. Due to the evolving regulatory environment and the fact that there is no further interpretations or applications from the competent authorities on such laws and regulations, we cannot be certain whether the supply of IP address and bandwidth from IDC suppliers to us will be determined as “multi-sublease” and prohibited by the competent regulatory authorities. If our historical or current cooperation with third-party IDC suppliers are determined as non-compliant activities, we may no longer be able to collaborate with such IDC suppliers. Furthermore, it remains unclear whether we, as the sublessee, may also be subject to penalties if we were unable to implement effective rectification measures if required by the regulatory authority. If so, our business, financial condition, results of operations and prospects could be materially and adversely affected. As of the date of this prospectus, we have not received any notice from a regulatory authority that would require us to suspend or rectify our current business cooperation with the IDC suppliers.

***We rely on channel partners to distribute some of our products and solutions or provide certain support services. If our channel partners’ access to our platform, products and solutions is interrupted or delayed for any reason, or they fail to deliver quality services to the satisfaction of our customers, our business and results of operation may be harmed.***

Some of our public service customers rely on their agents when selecting suppliers or service providers, to save them from the efforts of directly negotiating with a large number of different suppliers or service providers. We work closely with these agents as our channel partners and leverage their understanding of end users’ demands, thereby developing tailored marketing strategies. Before a public service customer launches a project for cloud solutions, it typically lays out the goals it plans to achieve and the budget for the project and engages a third-party agent, which will provide various types of assistance in project implementation, such as advising on financing plan, selecting suppliers, managing construction and integrating work products of different suppliers. If our channel partners fail to continuously provide high quality services to our customers, our business may be harmed.

Any interruption or delay in our channel partners’ access to our platform, products and solutions will negatively impact our customers. Our customers depend on the continuous availability of our network for the delivery and use of our products and solutions. If all or a portion of our network were to fail, our customers and partners could lose access to the internet until such disruption is resolved or they deploy disaster recovery options that allow them to bypass our network. The adverse effects of any network interruptions on our reputation and financial condition may be heightened due to the nature of our business and our customers’ expectation of continuous and uninterrupted internet access and low tolerance for interruptions of any duration. While we do not consider them to have been material, we have experienced, and may in the future experience, network disruptions and other performance problems due to a variety of factors.

***Strategic transactions, including acquisitions and investments, may divert our management’s attention and result in debt or dilution to our shareholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions.***

We may evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We also may cooperate with other business partners to expand our products and platform, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies.

Any acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies,

## [Table of Contents](#)

products, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their products or services are not easily adapted to work with our platform, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Acquisitions may also disrupt our business, divert our resources and require significant management attention that would otherwise be available for development of our existing business. The anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown risks or liabilities. Moreover, we may record significant impairments on our investments, which could have a material adverse effect on our results of operations.

Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to complete these transactions may often be subject to approvals that are beyond our control. Consequently, these transactions, even if announced, may not be completed. For one or more of those transactions, we may:

- issue additional equity securities that would dilute our existing shareholders;
- use cash that we may need in the future to operate our business;
- incur large charges or substantial liabilities;
- incur debt on terms unfavorable to us or that we turn out to be unable to repay;
- encounter difficulties in retaining key employees of the acquired company or integrating diverse software codes or business cultures; and
- become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

The occurrence of any of these foregoing could adversely affect our business, results of operations and financial condition.

***Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent pool of talents that supports our existing operations and future growth. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.***

Our future success depends heavily on the continued contributions of our senior management, many of whom are difficult to replace. In particular, we rely on the expertise, experience and vision of our senior management team. If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected.

Additionally, our future success also depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key employees. In particular, we rely on our top notch research and development team to develop our advanced algorithms and technologies and our experienced sales personnel to maintain relationship with our customers. In order to compete for talents, we may need to offer higher compensation, better trainings and more attractive career opportunities and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain a qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

***If we fail to implement and maintain an effective system of internal controls to remediate our material weakness over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of the ADSs may be materially and adversely affected.***

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources with which we address our internal control over financial reporting. In connection with the audits of our consolidated financial statements as of December 31, 2018 and 2019 and for the years ended December 31, 2017, 2018 and 2019, we and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is our company’s lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of U.S. GAAP and SEC rules. We are in the process of implementing a number of measures to address the material weakness. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Internal Control Over Financial Reporting.” However, we cannot assure you that these measures may fully address the material weakness and deficiencies in our internal control over financial reporting or that we may conclude that they have been fully remediated.

Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, will require that we include a report from management on the effectiveness of our internal control over financial reporting in our second annual report on Form 20-F after becoming a public company. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally speaking, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our businesses, financial condition, results of operations and prospects, as well as the trading price of our ADSs, may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

***We are in the process of expanding our international operations, which exposes us to significant regulatory, economic and political risks, the failure to handle which may adversely affect our business, results of operations and financial condition.***

We see great potentials in expanding our business and promoting our products and solutions globally. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in China. Because of our limited experience with international operations, as well as developing and managing sales in international markets, our international expansion efforts may not be successful.

In addition, we will face risks in doing business internationally that could adversely affect our business, including:

- the difficulty of managing and staffing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with numerous international locations;
- our ability to effectively price our products in competitive international markets;
- new and different sources of competition;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- higher or more variable network service provider fees outside of China;
- the need to adapt and localize our products for specific countries;
- the need to offer customer support in various languages;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- difficulties with differing technical and environmental standards, data privacy and telecommunications regulations and certification requirements outside China, which could prevent customers from deploying our products or limit their usage;
- compliance with various anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act and United Kingdom Bribery Act of 2010;
- tariffs and other non-tariff barriers, such as quotas and local content rules;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates, which could increase the price of our products outside of China, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into RMB;
- restrictions on the transfer of funds;
- deterioration of political relations between China and other countries; and
- political or social unrest or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location.

In particular, to pursue international expansion, we will focus on “Belt and Road” countries, where the cloud markets are less saturated and present more attractive opportunities. “Belt and Road” initiative refers to China’s proposal to build “Silk Road Economic Belt” and “21st Century Maritime Silk Road” in cooperation with related



## [Table of Contents](#)

countries across Asia, Europe and Africa, focusing on promoting policy coordination, connectivity of infrastructure and facilities, unimpeded trade, financial integration, and strengthened people-to-people ties through a consultative process and joint efforts, with the goal of bringing benefits to all. When focusing on “Belt and Road” countries, our failures in such specific countries due to, among others, political, economic and social instability, and changes in the competitive landscape in the local cloud service market, may have adverse impact on our internal expansion strategy.

Also, costs from our international expansion efforts and network service provider fees outside of China may be generally higher than domestic rates, our gross margin for international customers may be typically lower than our gross margin for domestic customers. As a result, our gross margin may be impacted and fluctuate as we expand our operations and customer base worldwide.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

***Our services to highly regulated organizations are subject to a number of challenges and risks, the failure to handle which may adversely affect our business, results of operations and financial condition.***

We serve customers in highly regulated industries such as financial services, healthcare and other public service sectors, sales to which are subject to a number of challenges and risks. Selling to such highly regulated organizations can be highly competitive, expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. Public service contracting requirements may change and in doing so restrict our ability to sell into public service sector until we comply with the revised requirements. Demand and payment for our services are affected by public service sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public service sector demand for our services. In addition, demand of public service customers for our products and solutions may be reduced or diminished upon the completion of this offering subject to the future relationship between China and the United States.

Further, highly regulated organizations may demand shorter contract terms or other contractual provisions that differ from our standard arrangements, including terms that can lead those customers to obtain broader rights in our services than would be standard. Such organizations may have statutory, contractual, or other legal rights to terminate contracts with us or our channel partners due to a default or for other reasons, and any such termination may harm our business. In addition, these organizations may be required to publish the rates we negotiate with them, which could harm our negotiating leverage with other potential customers and in turn harm our business.

***We or our business partners with which we collaborate are subject to anti-corruption, anti-bribery, and similar laws, and noncompliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.***

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other anti-corruption, anti-bribery, anti-money laundering, and similar laws in China, the United States and other countries in which we conduct activities. Anti-corruption and anti-bribery laws, which have been enforced aggressively and are interpreted broadly, prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the public sector. We leverage our business partners, including channel partners, to sell our products and solutions and host many of our facilities for our network. We may also rely on our business partners to conduct our business abroad. We and our business partners may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of our business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities. Further, some of our international sales activity

occurs, and some of our network infrastructure or data center is located, in parts of the world that are recognized as having a greater potential for business practices that violate anti-corruption, anti-bribery, or similar laws.

We cannot assure you that all of our employees and agents have complied with, or in the future will comply with, our policies and applicable law. The investigation of possible violations of these laws, including internal investigations and compliance reviews that we may conduct from time to time, could have a material adverse effect on our business. Noncompliance with these laws could subject us to investigations, severe criminal or civil sanctions, settlements, prosecution, loss of export privileges, suspension or debarment from Chinese government contracts and other contracts, other enforcement actions, the appointment of a monitor, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, whistleblower complaints, adverse media coverage and other consequences. Other internal and government investigations, regulatory proceedings, or litigation, including private litigation filed by our shareholders, may also follow as a consequence. Any investigations, actions, or sanctions could materially harm our reputation, business, results of operations, and financial condition. Further, the promulgation of new laws, rules or regulations or new interpretations of current laws, rules or regulations could impact the way we do business in other countries, including requiring us to change certain aspects of our business to ensure compliance, which could reduce revenues, increase costs, or subject us to additional liabilities.

***Certain of our products and solutions are subject to telecommunications-related regulations, and future legislative or regulatory actions could adversely affect our business, results of operations and financial condition.***

Some of our products and solutions are subject to existing or potential telecommunication laws and regulations in China. If we do not comply with these rules and regulations, we could be subject to enforcement actions, fines, loss of licenses and possibly restrictions on our ability to operate or offer certain of our products. Any enforcement action by the competent authorities, which may be a public process, would hurt our reputation in the industry, possibly impair our ability to sell our products to customers and could adversely affect our business, results of operations and financial condition.

If we do not comply with any current or future rules or regulations that apply to our business, we could be subject to substantial fines and penalties, and we may have to restructure our offerings, exit certain markets or raise the price of our products. In addition, any uncertainty regarding whether particular regulations apply to our business, and how they apply, could increase our costs or limit our ability to grow. Any of the foregoing could adversely affect our business, results of operations and financial condition. For example, the Notice on the Internet Access Service provides that a company possessing the corresponding telecommunications business operation license should deploy the IDC engine room and server and provide ISP access services in the local place covered under its license. We may be ordered to rectify our illegal activities, subject to confiscation of illegal gains, fines or business suspension, or may be required to obtain additional license or approvals, and we cannot assure you that we will be able to timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future.

***Activities of our customers or the content of their websites and other internet properties could subject us to liability.***

Through our network, we provide a wide variety of products that enable our customers to exchange information, conduct business, and engage in various online activities both domestically and internationally. Our customers may use our platform and products in violation of applicable law or in violation of our terms of service or the customer's own policies. The existing laws relating to the liability of providers of online products and services for activities of their users are highly unsettled and in flux both within China and internationally. We are currently and, in the future, may be subject to lawsuits and/or liability arising from the conduct of our customers. Additionally, the conduct of our customers may subject us to regulatory enforcement actions and/or liability. We may be a defendant in a number of lawsuits both in China and abroad, alleging copyright infringement based on

## [Table of Contents](#)

content that is made available through our customers' websites. There can be no assurance that we will not face litigation in the future or that we will prevail in any litigation we may face. An adverse decision in one or more of these lawsuits could materially and adversely affect our business, results of operations, and financial condition.

Litigations may subject us to claims arising from activities of our customers and content on their websites for large potential damages based on a significant number of online occurrences under statutory or other damage theories. Such claims may result in liability that exceeds our ability to pay. Even if claims against us are ultimately unsuccessful, defending against such claims will increase our legal expenses and divert management's attention from the operation of our business, which could materially and adversely impact our business and results of operations.

Policies and laws in this area remain highly dynamic, and we may face additional theories of intermediary liability in various jurisdictions. For example, the European Union (the EU) recently approved a copyright directive that will impose additional obligations on online platforms and failure to comply could give rise to significant liability. Other new laws like this, may also expose internet companies to significant liability. We may incur additional costs to comply with these new laws, which may have an adverse effect on our business, results of operations, and financial condition.

***Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers or otherwise harm our business.***

Our business is subject to regulation by various governmental agencies in China, including agencies responsible for monitoring and enforcing compliance with various legal obligations, such as value-added telecommunication laws and regulations, privacy and data protection-related laws and regulations, intellectual property laws, employment and labor laws, workplace safety, environmental laws, consumer protection laws, governmental trade laws, import and export controls, anti-corruption and anti-bribery laws, and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in China. These laws and regulations impose added costs on our business. Noncompliance with applicable regulations or requirements could subject us to:

- investigations, enforcement actions, and sanctions;
- mandatory changes to our network and products;
- disgorgement of profits, fines, and damages;
- civil and criminal penalties or injunctions;
- claims for damages by our customers or channel partners;
- termination of contracts;
- loss of intellectual property rights;
- failure to obtain, maintain or renew certain licenses, approvals, permits, registrations or filings necessary to conduct our operations; and
- temporary or permanent debarment from sales to public service organizations.

If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations, and financial condition could be adversely affected. In addition, responding to any action will likely result in a significant diversion of our management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could materially harm our business, results of operations, and financial condition.

## [Table of Contents](#)

Additionally, companies in the technology industry have recently experienced increased regulatory scrutiny. Any reviews by regulatory agencies or legislatures may result in substantial regulatory fines, changes to our business practices, and other penalties, which could negatively affect our business and results of operations. Changes in social, political, and regulatory conditions or in laws and policies governing a wide range of topics may cause us to change our business practices. Further, our expansion into a variety of new fields also could raise a number of new regulatory issues. These factors could negatively affect our business and results of operations in material ways.

Moreover, we are exposed to the risk of misconduct, errors and failure to functions by our management, employees and parties that we collaborate with, who may from time to time be subject to litigation and regulatory investigations and proceedings or otherwise face potential liability and penalties in relation to noncompliance with applicable laws and regulations, which could harm our reputation and business.

***We may in the future be subject to legal proceedings and litigation, including intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business. Our business may be adversely affected if it is alleged or determined that our technology infringes the intellectual property rights of others.***

The cloud service industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets, and other intellectual property rights. Companies in the cloud service industry are often required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Our technologies may not be able to withstand any third-party claims or rights against their use. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenues and against which our patents may therefore provide little or no deterrence. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot obtain license or develop technology for any infringing aspect of our business, we would be forced to limit or stop selling products impacted by the claim or injunction or cease business activities covered by such intellectual property, and may be unable to compete effectively. Any inability to obtain license of third-party technology in the future would have an adverse effect on our business or operating results, and would adversely affect our ability to compete. We may also be contractually obligated to indemnify our customers in the event of infringement of a third party's intellectual property rights. We may receive demands for such indemnification from time to time. Responding to such claims, including those currently pending, regardless of their merit, can be time-consuming, costly to defend in litigation, and damage our reputation and brand.

Lawsuits are time-consuming and expensive to resolve and they divert management's time and attention. We may not have insurance to cover potential claims of this type or to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits, and the results of any such actions may harm our business.

***We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.***

Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under patent and other intellectual property laws in China and foreign jurisdictions so that we can prevent others from using our inventions and proprietary information. As of the date of this prospectus, we have registered 98 patents, 166 trademarks, 184 copyrights, and 117 domain names in China and overseas. See "Business—Intellectual Property." There can be no assurance that any patents that have been issued or that may be issued in the future will provide significant protection for our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business, results of operations and financial condition may be adversely affected.

## [Table of Contents](#)

We have obtained license from Kingsoft Group to use some of its registered trademarks during their terms of registration, including “” and “Kingsoft Cloud,” and some of its trademarks, which are still in the process of registration applications, during the period of such applications and the term of the registrations if such trademarks have been registered afterwards. We have also obtained license from Kingsoft Group to use some of its registered patents during their terms of registration. See “Related Party Transactions — Transactions with Kingsoft Group.” However, we cannot assure you that Kingsoft Group will continue to authorize us to use the trademarks and patents, and if they do not, our business may be materially and adversely impacted. For example, if we are not authorized by Kingsoft Group to use such trademarks, we may not be able to use the relevant brand names and domain names, which may materially harm our market awareness and brand recognition.

There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file trademark applications and patent applications, will be adequate to protect our business. We may have to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, results of operations and financial condition. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant’s own intellectual property. Any of our patents, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation.

We also rely, in part, on confidentiality agreements and non-compete agreements with our business partners, employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently with us lacking an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, to the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

We cannot be certain that our means of protecting our intellectual property and proprietary rights will be adequate or that our competitors will not independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, results of operations and financial condition could be adversely affected.

### ***Significant impairment of our long-lived assets could materially impact our financial position and results of our operations.***

We have recorded a significant amount of long-lived assets, primarily including our property and equipment. We evaluate our long-lived assets for impairment whenever events or changes in circumstances, such as a significant adverse change to market conditions that will impact the future use of the assets, indicate that the carrying amount of an asset may not be fully recoverable. When these events occur, we evaluate the recoverability of long-lived assets by comparing the carrying amount of the assets to the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, we recognize an impairment loss based on the excess of the carrying amount of the assets over their fair value. The application of long-lived asset

impairment test requires significant management judgment. If our estimates and judgments are inaccurate, the fair value determined could be inaccurate and the impairment may not be adequate, and we may need to record additional impairments in the future. We did not record any impairment of our long-lived assets in 2017, 2018 and 2019. However, we may record impairments on long-lived assets in the future. Any significant impairment losses charged against our long-lived assets could have a material adverse effect on our results of operations.

***We expect fluctuations in our financial results and key metrics, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors, our ADSs price and the value of your investment could decline.***

Our operating results, as well as our key metrics have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance and period-to-period comparisons of our operating results and key metrics may not be meaningful. In addition to the other risks described herein, factors that may affect our operating results include the following:

- fluctuations in demand for or pricing of our solutions and products;
- our ability to attract new customers;
- our ability to retain our existing customers;
- fluctuations in the usage of our products by our customers, which is directly related to the amount of revenues that we recognize from our customers;
- fluctuations in customer delays in purchasing decisions in anticipation of new products or product enhancements by us or our competitors;
- changes in customers' budgets and in the timing of their budget cycles and purchasing decisions;
- the timing of customer payments and any difficulty in collecting accounts receivable from customers;
- potential and existing customers choosing our competitors' products or developing their own products in-house;
- timing of new functionality of our existing platform;
- our ability to control costs, including our operating expenses;
- the amount and timing of payment for operating expenses, particularly research and development and sales and marketing expenses, including commissions;
- the amount and timing of non-cash expenses, including share-based compensation, impairment of long-lived assets, and other non-cash charges;
- the amount and timing of costs associated with recruiting, training, and integrating new employees;
- the effects of acquisitions or other strategic transactions;
- expenses in connection with acquisitions or other strategic transactions;
- general economic conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers participate;
- the ability to maintain our relationship with business partners;
- the impact of new accounting pronouncements;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers;

## [Table of Contents](#)

- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our platform; and
- awareness of our brand and our reputation in our target markets.

Any of the foregoing and other factors may cause our results of operations to vary significantly. If our quarterly results of operations fall below the expectations of investors and securities analysts who follow our shares, the price of our ADSs could decline substantially, and our business could be harmed.

***The estimates of market opportunity, forecasts of market growth included in this prospectus may prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business. Even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.***

Market opportunity estimates and growth forecasts included in this prospectus are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunities are subject to change over time, and there is no guarantee that any particular number or percentage of addressable companies covered by our market opportunities estimates will purchase our products and solutions at all or generate any particular level of revenues for us. Even if the market in which we compete meets the size estimates and growth forecasted in this prospectus, our business could fail to grow for a variety of reasons, including reasons outside of our control, such as competition in our industry.

***We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations and financial condition.***

The value of the Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation subsided and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. While appreciating approximately by 6% against the U.S. dollar in 2017, the Renminbi in 2018 depreciated approximately by 5% against the U.S. dollar. Since October 1, 2016, the RMB has joined the International Monetary Fund's basket of currencies that make up the Special Drawing Right, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and there is no guarantee that the RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Substantially all of our revenues and costs are denominated in Renminbi. We are a holding company and we rely on dividends paid by our operating subsidiaries in China for our cash needs. Any significant revaluation of Renminbi may materially and adversely affect our results of operations and financial position reported in Renminbi when translated into U.S. dollars, and the value of, and any dividends payable on, the ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars we receive from this offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount.

***We have granted, and may continue to grant, share-based awards, and our share-based awards are subject to accelerated vesting upon a public offering, which will increase our share-based compensation and may have an adverse effect on our results of operations.***

We have adopted various equity incentive plans, including a share option scheme adopted in February 2013 (as amended in June 2013, May 2015 and December 2016), or the 2013 Share Option Scheme, and a share award scheme adopted in February 2013 (as amended in January 2015, March 2016, June 2016, December 2018 and November 2019), or the 2013 Share Award Scheme. We account for compensation costs for all share-based awards using a fair-value based method and recognize expenses in our consolidated statements of comprehensive loss in accordance with U.S. GAAP. The maximum aggregate number of shares that we are authorized to issue pursuant to the 2013 Share Option Scheme is 209,750,000. The maximum aggregate number of shares that we are authorized to issue pursuant to the 2013 Share Award Scheme is 215,376,304 shares. As of the date of this prospectus, options to purchase a total of 127,656,000 ordinary shares, and 125,532,976 awards, have been granted and are outstanding, under such plans. In 2017, 2018 and 2019, we recorded RMB91.0 million, RMB46.9 million and RMB121.3 million (US\$17.4 million), respectively, in share-based compensation expenses. We will recognize a one-time share-based compensation expense of approximately RMB88.6 million (US\$12.7 million) for share-based awards subject to accelerated vesting upon the completion of this offering. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards in the future. As a result, our expenses associated with share-based compensation will increase, which may have an adverse effect on our results of operations.

***Increases in labor costs in the PRC may adversely affect our business and results of operations.***

China's economy has experienced increases in labor costs in recent years. China's overall economy and the average wage in China are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our staff costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to our customers by increasing prices for our products or services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Compared with its predecessors, the current Labor Contract Law of the PRC imposes stricter requirements on employers in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts, further increasing our labor-related costs such as by limiting our ability to terminate some of our employees or otherwise change our employment or labor practices in a cost-effective manner. In addition, as the interpretation and implementation of labor-related laws and regulations are still developing, we cannot assure you that our employment practices have been or will at all times be deemed in compliance with the labor-related laws and regulations in China. If we are subject to severe penalties in connection with labor disputes or government investigations, our business, financial condition and results of operations will be adversely affected.

***We face certain risks relating to the real properties that we lease, which may adversely affect our business.***

We lease real properties for our office and other uses in China. Some of the ownership certificates or other similar proofs of certain leased properties have not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. As of the date of this prospectus, we are not



## [Table of Contents](#)

aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties, in which event we could only initiate the claim against the lessors under relevant lease agreements for indemnities for their breach of the relevant leasing agreements. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be interrupted.

The lease agreements for some of our leased properties have not been registered with the PRC governmental authorities as required by the PRC laws. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the PRC government authorities to rectify such noncompliance and, if such noncompliance were not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities ranging from RMB1,000 and RMB10,000 for our lease agreements that have not been registered with the relevant PRC governmental authorities.

As of the date of this prospectus, we are not aware of any regulatory or governmental actions, claims or investigations being contemplated or any challenges by third parties to our use of our leased properties the lease agreements of which have not been registered with the government authorities. However, we cannot assure you that the government authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

### ***We currently do not have any business insurance coverage.***

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. Currently, we do not have any business liability or disruption insurance to cover our operations, which is a general market practice in cloud service industry. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

### ***We may be required to change our registered address or relocate our operating offices under PRC law.***

Under PRC law, the registered address of a company shall be its main premises for business operations. If a company intends to set up other premises for business operation outside its registered address, the company shall register those premises for business operation as branch offices with the relevant local market regulation authorities at the place where the premises are located and obtain business licenses for them as branch offices.

Currently, some of our subsidiaries have set up premises for business operations outside their registered addresses as the operating addresses, and use these premises as the main premises for business operations. We may not be able to change the registered address of our subsidiaries to its operating addresses or register such premises as branch offices in a timely manner or at all due to complex procedural requirements and relocation of branch offices from time to time. In the future, we may expand our business to additional locations in China and we may fail to update the registered address for our subsidiaries or register those premises as branch offices in a timely manner. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including but not limited to fines, being listed on the List of Enterprises with Serious Illegal and Dishonest Acts and publicized to the public. As of the date of this prospectus, we have not received any regulatory or governmental penalties in relation to the registered address of our subsidiaries. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

## **RISKS RELATING TO OUR RELATIONSHIPS WITH KINGSOFT GROUP AND XIAOMI**

***If we are no longer able to benefit from our business cooperation with Kingsoft Group or Xiaomi and its ecosystem, our business may be adversely affected.***

Kingsoft Group, our major shareholder, is a leading software company in China. Mr. Jun Lei, our chairman of the Board, exercises significant influence over Kingsoft Group as he currently serves the chairman of the board and a non-executive director of Kingsoft Group and is deemed to be interested in 25.7% of total issued shares in Kingsoft Group. Xiaomi, another major shareholder of our company and controlled by Mr. Jun Lei, is a leading internet company providing smartphones and smart hardware connected by an IoT platform. Our business has benefited from Kingsoft Group's and Xiaomi's brand names, strong market positions and ecosystems. We cooperate with Kingsoft Group and Xiaomi in various areas, such as cross-referrals and devices for AIoT solutions. We cannot assure you that we will be able to continue to benefit from our relationships with Kingsoft Group and Xiaomi in the future. To the extent that we cannot maintain our relationships with Kingsoft Group and Xiaomi on terms favorable to us, or at all, we will need to find replacement for services and device providers, which may not be done in a timely manner and/or on commercially reasonable terms, or at all, and we may lose access to key strategic assets, which could result in material and adverse effects on our business and results of operations.

***Kingsoft Group and Xiaomi are our existing customers, from which we received a portion of revenues. Failure to maintain the relationships with them would result in lower revenues and could adversely impact our business, operation results and financial conditions.***

We have derived, and believe that we will continue to derive, a portion of our revenues from Kingsoft Group and Xiaomi. Revenues from Kingsoft Group in the aggregate accounted for 4.0%, 3.5% and 2.8% of our total revenues in 2017, 2018 and 2019, respectively. Revenues from Xiaomi in the aggregate accounted for 27.0%, 24.6% and 14.4% of our total revenues in 2017, 2018 and 2019, respectively. We cannot assure you that we will be able to maintain the customer relationships with Kingsoft Group and Xiaomi in the future. Any failure to maintain close relationships with them will result in declines in our revenues, which could have an adverse effect on our business, results of operations and financial condition.

***We have no experience operating as a stand-alone public company.***

We have no experience conducting our operations as a stand-alone public company. After we become a stand-alone public company upon the completion of this offering, we will face enhanced administrative and compliance requirements, which may result in substantial costs. In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the regulatory and other requirements applicable to public companies, including those relating to corporate governance, internal control, listing standards, and investor relations issues. We cannot guarantee that we will be able to do so in a timely and effective manner.

***Any negative developments in Kingsoft Group's or Xiaomi's market position, brand recognition or financial condition may materially and adversely affect our reputation, business, results of operations and financial condition.***

We have benefited, and expect to continue to benefit, significantly from Kingsoft Group's and Xiaomi's strong brand recognitions, which enhance our reputation and credibility. Any negative publicity associated with Kingsoft Group or Xiaomi, or any negative development with respect to their market positions, financial conditions or compliance with applicable legal or regulatory requirements will likely have an adverse impact on our reputation and brand. If Kingsoft Group's or Xiaomi's market position weakens, the effectiveness of our sales and marketing through them may be impaired, which may in turn have a negative impact on our business, financial condition and results of operations. See "Related Party Transactions" for more information about our related party transactions with Kingsoft Group and Xiaomi.

***Certain existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.***

Two of our principal shareholders, Kingsoft Group and Xiaomi, are our affiliates and have substantial influence over our company. Upon the completion of this offering, Kingsoft Group will beneficially own % of our outstanding shares and Xiaomi will beneficially own % of our outstanding shares. Mr. Jun Lei, one of our directors, also serves as the chairman and a non-executive director at Kingsoft Group, and serves as the chairman, the chief executive officer and the executive director at Xiaomi. Mr. Tao Zou, one of our directors, also serves as an executive director and the chief executive officer at Kingsoft Group. Mr. Shou Zi Chew, one of our directors, also serves as the president of international, executive director and the chief financial officer at Xiaomi. Upon the completion of this offering, Mr. Jun Lei, Mr. Tao Zou and Mr. Shou Zi Chew together will beneficially own an aggregate of % of our outstanding shares. Upon completion of this offering, none of our other directors or executive officers will hold any position at Kingsoft Group or Xiaomi.

They may take actions that are not in the best interest of us or our other shareholders and conflicts of interest between them and us may arise as a result of their operation of or investment in businesses that compete with us. Such concentration of ownership and corporate governance mechanism may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs in this offering. In addition, such significant concentration of share ownership and corporate governance mechanism may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise. For more information regarding Kingsoft Group and Xiaomi, see "Principal Shareholders."

***We may have conflicts of interest with Kingsoft Group or Xiaomi and we may not be able to resolve such conflicts on terms favorable to us.***

Conflicts of interest may arise between Kingsoft Group or Xiaomi and us in a number of areas relating to our ongoing relationships. Potential conflicts of interest that we have identified mainly include the following:

- Collaboration with Kingsoft Group and Xiaomi. We have a number of cooperation arrangements with Kingsoft Group and Xiaomi, respectively. These collaboration arrangements may be less favorable to us than similar arrangements negotiated between unaffiliated third parties.
- Allocation of business opportunities. There may arise business opportunities in the future that both we, Kingsoft Group and Xiaomi are interested in and which may complement each of our respective businesses. Kingsoft Group and Xiaomi hold a large number of business interests, some of which may directly or indirectly compete with us. Kingsoft Group and Xiaomi may decide to take up business opportunities itself, which would prevent us from taking advantage of those opportunities.
- Sale of shares in our company. Subject to its lock-up arrangements with us and the underwriters in this offering and applicable securities laws, Kingsoft Group or Xiaomi may decide to sell all or a portion of the shares that they hold in our company to a third party, including to one of our competitors, thereby giving that third party substantial influence over our business and our affairs. Such a sale could be contrary to the interests of our employees or our other shareholders or holders of the ADSs.
- Developing business relationships with Kingsoft Group's and Xiaomi's competitors. We may be limited in our ability to do business with Kingsoft Group's and Xiaomi's competitors, which may limit our ability to serve the best interests of our company and our other shareholders or holders of the ADSs.
- Our directors may have conflicts of interest. Certain of our directors are also employees of Kingsoft Group or Xiaomi. These relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for Kingsoft Group, Xiaomi and us.

Kingsoft Group and Xiaomi may from time to time make strategic decisions that they believe are in the best interests of their businesses, which may be different from the decisions that we would have made on our own. Kingsoft Group's and Xiaomi's decisions with respect to us or our business may favor Kingsoft Group and Xiaomi and therefore the Kingsoft Group and Xiaomi shareholders, which may not necessarily be aligned with our interests and the interests of our other shareholders. Kingsoft Group and Xiaomi may make decisions that may disrupt or discontinue our collaborations with Kingsoft Group and Xiaomi. If Kingsoft Group and Xiaomi were to compete with us, our business, financial condition, results of operations and prospects could be materially and adversely affected. Although we will become a stand-alone public company upon the completion of this offering and will have an audit committee, consisting of independent non-executive directors, to review and approve all proposed related party transactions, including those between Kingsoft Group or Xiaomi and us, we may not be able to resolve all potential conflicts of interest, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder.

***There might be discrepancies between our continuing disclosures on our financial and operating results and those of Kingsoft Group due to differences in accounting policies and data consolidation on the group level.***

As a listed company on the Stock Exchange of Hong Kong, Kingsoft Group has been required to disclose its consolidated financial results. As a subsidiary controlled by and an important business unit of Kingsoft Group, our historical financial results have been included in the consolidated financial statements of Kingsoft Group under IFRS since our inception. The financial results disclosed in this prospectus and those to be disclosed or to be furnished to SEC after the completion of this offering are prepared in accordance with U.S. GAAP and may not be consistent with Kingsoft Group's financial statements due to different accounting policies.

## **RISKS RELATING TO OUR CORPORATE STRUCTURE**

***If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.***

Foreign investment in the value-added telecommunication services industry in China is extensively regulated and subject to numerous restrictions. Pursuant to the list of special management measures for the market entry of foreign investment, or the 2019 Negative List, published by the National Development and Reform Commission and the Ministry of Commerce on June 30, 2019 and effective on July 30, 2019, with a few exceptions, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication services provider and any primary foreign investor must have experience in providing value-added telecommunications services overseas and maintain a good track record.

We are a Cayman Islands company and our wholly-owned PRC subsidiaries are currently considered as foreign-invested enterprises. Accordingly, our PRC subsidiaries are not eligible to provide value-added telecommunication services in China. To ensure strict compliance with the PRC laws and regulations, we conduct such business activities through Zhuhai Kingsoft Cloud and Kingsoft Cloud Information, our VIEs. We have entered into a series of contractual arrangements with our VIEs and their shareholders, which enable us to (i) exercise effective control over our VIEs, (ii) receive substantially all of the economic benefits and absorb substantially all of the economic losses of our VIEs, and (iii) have an exclusive option to purchase all or part of the equity interests and assets in our VIEs when and to the extent permitted by PRC law. As a result of these contractual arrangements, we have control over and are the primary beneficiary of our VIEs and hence consolidate their financial results as our VIEs under U.S. GAAP. See "Corporate History and Structure" for further details.

If the PRC government finds that our contractual arrangements do not comply with its restrictions on foreign investment in the value-added telecommunication services, or if the PRC government otherwise finds

## [Table of Contents](#)

that we, our VIEs, or any of their subsidiaries are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the MIIT and SAMR, would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on our operation through any transactions between our PRC subsidiaries and our VIEs;
- imposing fines, confiscating the income from our PRC subsidiaries or our VIEs, or imposing other requirements with which our PRC subsidiaries or our VIEs may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIEs;
- deregistering the equity pledges of our VIEs, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIEs; or
- restricting or prohibiting our use of the proceeds of this offering to finance our business and operations in China.

Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of our VIEs that most significantly impact its economic performance and/or our failure to receive the economic benefits from our VIEs, we may not be able to consolidate the VIEs in our consolidated financial statements in accordance with U.S. GAAP.

### ***Uncertainties exist with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and its implementing rules and how they may impact our business, financial condition and results of operations.***

The variable interest entity structure has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. The Ministry of Commerce published a discussion draft of the proposed Foreign Investment Law in January 2015, or the 2015 Draft FIL, according to which, variable interest entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately “controlled” by foreign investors. In March 2019, the PRC National People’s Congress promulgated the Foreign Investment Law, and in December 2019, the State Council promulgated the Implementing Rules of the Foreign Investment Law of the People’s Republic of China, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both became effective from January 1, 2020 and replaced the major existing laws and regulations governing foreign investment in the PRC. Pursuant to the Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Foreign Investment Law and the Implementing Rules do not introduce the concept of “control” in determining whether a company would be considered as a foreign-invested enterprise, nor do they explicitly provide whether the variable interest entity structure would be deemed as a method of foreign investment. However, the Foreign Investment Law has a catch-all provision that includes into the definition of “foreign investments” made by foreign investors in China in other methods as specified in laws, administrative regulations, or as stipulated by the State Council, and as the Foreign Investment Law and the Implementing Rules

## [Table of Contents](#)

are newly adopted and relevant government authorities may promulgate more laws, regulations or rules on the interpretation and implementation of the Foreign Investment Law, the possibility cannot be ruled out that the concept of “control” as stated in the 2015 Draft FIL may be embodied in, or the variable interest entity structure adopted by us may be deemed as a method of foreign investment by, any of such future laws, regulations and rules. If our consolidated VIEs were deemed as a foreign-invested enterprise under any of such future laws, regulations and rules, and any of the businesses that we operate would be in the “negative list” for foreign investment and therefore be subject to foreign investment restrictions or prohibitions, further actions required to be taken by us under such laws, regulations and rules may materially and adversely affect our business, financial condition and results of operations. Furthermore, if future laws, administrative regulations or rules mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, business, financial condition and results of operations.

***We rely on contractual arrangements with our VIEs and their respective shareholders for a large portion of our business operations, which may not be as effective as direct ownership in providing operational control.***

We have relied and expect to continue to rely on contractual arrangements with Zhuhai Kingsoft Cloud and Kingsoft Cloud Information and their respective shareholders to operate our business in China. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. For example, our VIEs and their respective shareholders could breach their contractual arrangements with us by, among other things, failing to conduct their operations in an acceptable manner or taking other actions that are detrimental to our interests. The revenues contributed by our VIEs and their subsidiaries constituted substantially all of our revenues in 2017, 2018 and 2019. If our VIEs cease to transfer economic benefits to us, our business, results of operations and financial condition would be materially and adversely affected, and the price of our ADSs may decline significantly.

If we had direct ownership of our VIEs, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIEs and their respective shareholders of their respective obligations under the contracts to exercise control over our VIEs. The shareholders of our VIEs may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate a certain portion of our business through the contractual arrangements with our VIEs and their respective shareholders. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation or other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our VIEs and their respective shareholders may not be as effective in controlling our business operations as direct ownership.

***Any failure by our VIEs or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.***

If our VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements that give us effective control over our business operations in the PRC and may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure will be effective under PRC law. For example, if the shareholders of our VIEs refuse to transfer their equity interest in

## [Table of Contents](#)

our VIEs to our PRC subsidiaries or their designee after we exercise the purchase option pursuant to these contractual arrangements, or if they otherwise act in bad faith or otherwise fail to fulfill their contractual obligations, we may have to take legal actions to compel them to perform their contractual obligations. In addition, if there are any disputes or governmental proceedings involving any interest in such shareholders' equity interests in our VIEs, our ability to exercise shareholders' rights or foreclose the share pledges according to the contractual arrangements may be impaired. If these disputes or proceedings were to impair our control over our VIEs, we may not be able to maintain effective control over our business operations in the PRC and thus would not be able to continue to consolidate our VIEs' financial results, which would in turn result in a material adverse effect on our business, operations and financial condition.

***Our contractual arrangements are governed by PRC law. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures, which may not protect you as much as those of other jurisdictions, such as the United States.***

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIEs, and our ability to conduct our business may be negatively affected. See “—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could materially and adversely affect us.”

***The shareholders of our VIEs may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.***

The shareholders of our VIEs may have actual or potential conflicts of interest with us. These shareholders may not remain as shareholders of our VIEs, or may breach, or cause our VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs, which would have a material and adverse effect on our ability to effectively control our VIEs and receive economic benefits from them, which may result in deconsolidation of our VIEs. For example, the shareholders may be able to cause our agreements with our VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor. Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company. If we cannot resolve any conflict of interest or dispute between us and these shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

***Contractual arrangements in relation to our VIEs may be subject to scrutiny by the PRC tax authorities and they may determine that we, our subsidiaries or our VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment.***

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the



transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between our VIEs, our subsidiaries and us were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the income of our VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIEs for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose interests and/or other penalties on our VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIEs' tax liabilities increase or if it is required to pay interests and/or other penalties on the adjusted but unpaid taxes.

***We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by our VIEs, which could severely disrupt our business, render us unable to conduct some or all of our business operations and constrain our growth.***

As part of our contractual arrangements with our VIEs, our VIEs hold certain assets, licenses and permits that are critical to our business operations, including the Value-added Telecommunications Business Operation License and the Online Culture Operating Permit. The contractual arrangements contain terms that specifically obligate our VIEs' shareholders to ensure the valid existence of the VIEs and restrict the disposal of material assets of the VIEs. However, in the event the VIEs' shareholders breach the terms of these contractual arrangements and voluntarily liquidate any of our VIEs, or any of our VIEs declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of or encumbered without our consent, we may be unable to conduct some or all of our business operations or otherwise benefit from the assets held by the VIEs, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, under the contractual arrangements, our VIEs may not, in any manner, sell, transfer, mortgage or dispose of their material assets or legal or beneficial interests in the business without our prior consent. If any of our VIEs undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of the assets of the VIEs, thereby hindering our ability to operate our business as well as constrain our growth.

## **RISKS RELATING TO DOING BUSINESS IN CHINA**

***A severe or prolonged downturn in the PRC or global economy could materially and adversely affect our business, results of operations and financial condition.***

The global macroeconomic environment is facing challenges, including the economic slowdown in the Eurozone since 2014, potential impact of the United Kingdom's exit from the European Union on January 31, 2020, and the adverse impact on the global economies and financial markets as the COVID-19 outbreak continues to evolve into a worldwide health crisis in 2020. The growth of the PRC economy has slowed down since 2012 compared to the previous decade and the trend may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine, Syria and North Korea. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes, and the trade disputes between the United States and China. The ongoing trade tensions between the United States and China may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Economic conditions in China are sensitive to global economic conditions, changes in domestic economic and political policies, and the expected or perceived overall economic growth rate in China. While the economy



in China has grown significantly over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing in recent years. Although growth of China's economy remained relatively stable, there is a possibility that China's economic growth may materially decline in the near future. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition.

***Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.***

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. While the Chinese economy has experienced significant growth over past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and results of operations, lead to a reduction in demand for our services and adversely affect our competitive position. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations.

***Uncertainties with respect to the PRC legal system could materially and adversely affect us.***

The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the PRC legal system is based on written statutes and prior court decisions have limited value as precedents. Since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules may not be uniform and enforcement of these laws, regulations and rules involves uncertainties. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us. Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we may not be aware of our violation of

any of these policies and rules until sometime after the violation. In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

In particular, PRC laws and regulations concerning the cloud service industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations and avoid conducting any non-compliant activities under the applicable laws and regulations, the PRC government authorities may promulgate new laws and regulations regulating the cloud service industry in the future. We cannot assure you that our practice would not be deemed to violate any new PRC laws or regulations relating to cloud services. Moreover, developments in the cloud service industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies that may limit or restrict cloud service market players like us, which could materially and adversely affect our business and operations.

***You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the prospectus based on foreign laws.***

We are a company incorporated under the laws of the Cayman Islands, we conduct substantially all of our operations in China, and substantially all of our assets are located in China. In addition, all our senior executive officers reside within China for a significant portion of the time and most are PRC nationals. As a result, it may be difficult for our shareholders to effect service of process upon us or those persons inside China. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

***We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.***

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including for services of any debt we may incur. The ability of our PRC subsidiaries to pay dividends and other distributions on equity, in turn, depends on the payment they receive from our VIEs as service fees pursuant to certain contractual arrangements among our PRC subsidiaries, our VIEs and our VIEs' shareholders entered into to comply with certain restrictions under PRC law on foreign investment. For more information about such contractual arrangements, see "Corporate History and Structure—Contractual Arrangements with Our VIEs and Their Respective Shareholders."

Our PRC subsidiaries' ability to distribute dividends is based upon their distributable earnings. Current PRC regulations permit our PRC subsidiaries to pay dividends to their respective shareholders only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries, our VIEs and their subsidiaries are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of each of their registered capitals. These reserves are not distributable as cash dividends. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us. Any limitation on the ability of our PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

To address the persistent capital outflow and the RMB's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China and the State Administration of Foreign Exchange, or SAFE, have

implemented a series of capital control measures in the subsequent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, the Circular on Promoting the Reform of Foreign Exchange Management and Improving Authenticity and Compliance Review, or the SAFE Circular 3, issued on January 26, 2017, provides that the banks shall, when dealing with dividend remittance transactions from domestic enterprise to its offshore shareholders of more than US\$50,000, review the relevant board resolutions, original tax filing form and audited financial statements of such domestic enterprise based on the principal of genuine transaction. The PRC government may continue to strengthen its capital controls and our PRC subsidiaries' dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. Pursuant to the tax agreement between Mainland China and the Hong Kong Special Administrative Region, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Under administrative guidance, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (iii) it must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Nonresident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax. Instead, nonresident enterprises and their withholding agents may, by self-assessment and on confirmation that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-tax filing examinations by the relevant tax authorities. Accordingly, our Hong Kong subsidiary may be able to benefit from the 5% withholding tax rate for the dividends it receives from our PRC subsidiaries, if it satisfies the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations. However, if the relevant tax authorities consider the transactions or arrangements we have are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable withholding tax in the future. Accordingly, there is no assurance that the reduced 5% will apply to dividends received by our Hong Kong subsidiary from our PRC subsidiaries. This withholding tax will reduce the amount of dividends we may receive from our PRC subsidiaries.

***The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.***

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application which will then be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or VIEs. If any employee

obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

***PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries and to make loans to our VIEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business.***

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and our VIEs. We may make loans to our PRC subsidiaries and VIEs subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries in China.

Any loans to our PRC subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities investments other than banks' principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, effective June 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

On October 23, 2019, SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation, or Circular 28, which took effect on the same day. Circular 28, subject to certain conditions, allows foreign-invested enterprises whose business scope does not include investment, or non-investment foreign-

invested enterprises, to use their capital funds to make equity investments in China. Since Circular 28 was issued only recently, its interpretation and implementation in practice are still subject to substantial uncertainties.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or VIEs or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or VIEs when needed. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

***Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.***

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and VIEs to pay off their respective debt in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

***Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.***

Among other things, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that MOFCOM be notified in advance of any change of control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the NPC which became effective in 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed. In addition, PRC national security review rules which became effective in September 2011 require acquisitions by foreign investors of PRC companies engaged in military related or certain other industries that are crucial to national security be subject to security review before consummation of any such acquisition. We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to

complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the competent governmental authority, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

***PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.***

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, to replace the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles, or SAFE Circular 75, which ceased to be effective upon the promulgation of SAFE Circular 37. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

SAFE Circular 37 requires registration with, and approval from, Chinese government authorities in connection with direct or indirect control of an offshore entity by PRC residents. The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in the offshore special purpose vehicles, or SPVs, by means of acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. In addition, any PRC resident who is a direct or indirect shareholder of an SPV is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE. If any PRC shareholder of such SPV fails to make the required registration or to update the previously filed registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiary in China. On February 13, 2015, the SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which became effective on June 1, 2015. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

These regulations may have a significant impact on our present and future structuring and investment. We have requested or intend to take all necessary measures to require our shareholders who to our knowledge are PRC residents to make the necessary applications, filings and amendments as required under these regulations. We further intend to structure and execute our future offshore acquisitions in a manner consistent with these regulations and any other relevant legislation. However, because it is presently uncertain how the SAFE regulations and any future legislation concerning offshore or cross-border transactions will be interpreted and implemented by the relevant government authorities in connection with our future offshore financings or acquisitions, we cannot provide any assurances that we will be able to comply with, qualify under, or obtain any approvals required by the regulations or other legislation. Furthermore, we cannot assure you that any PRC shareholders of our company or any PRC company into which we invest will be able to comply with those requirements. Any failure or inability by such individuals or entities to comply with SAFE regulations may subject us to fines or legal sanctions, such as restrictions on our cross-border investment activities or our PRC subsidiaries' ability to distribute dividends to, or obtain foreign exchange-denominated loans from, our company or prevent us from making distributions or paying dividends. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

***Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. In addition, SAFE Circular 37 stipulates that PRC residents who participate in a share incentive plan of an overseas non-publicly-listed special purpose company may register with SAFE or its local branches before they obtain the incentive shares or exercise the share options. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been or will be granted incentive shares or options are or will be subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions, and there may be additional restrictions on the ability of them to exercise their stock options or remit proceeds gained from sale of their stock into the PRC. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See “Regulation—Regulation Related to Stock Incentive Plans.”

***If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.***

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with its “de facto management body” within the PRC is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation, or SAT, issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and



human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe our company is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that our company or any of our offshore subsidiaries is a PRC resident enterprise for enterprise income tax purposes, our company or the relevant offshore subsidiaries will be subject to PRC enterprise income on its worldwide income at the rate of 25%. Furthermore, if we are treated as a PRC tax resident enterprise, we will be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares, if such gain is treated as derived from a PRC source. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether our non-PRC shareholders would, in practice, be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares.

***We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, which may have a material adverse effect on our financial condition and results of operations.***

On December 10, 2009, the SAT issued the circular of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Incomes from Equity Transfers of Non-Resident Enterprises, or SAT Circular 698, which came into effect on January 1, 2008. Circular 698 addressed tax treatments on China equities transferred (directly or indirectly) by non-residents. China tax authorities have been empowered to disregard interposed entities if they are considered lack of reasonable commercial purpose and the whole indirect share transaction will be treated as direct share transfer with PRC capital gain tax liabilities arise.

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Bulletin 7, which came into effect on February 3, 2015, but will also apply to cases where their PRC tax treatments are not yet concluded. SAT Bulletin 7 redefines the applicable scope to expand the subject of the indirect share transfers to China taxable assets which includes equity investments in PRC resident enterprises, assets of Chinese establishment and immovable properties in China. In addition, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Where a non-resident enterprise transfers taxable assets in China indirectly by disposing of the equity interests of an overseas holding company, which is an Indirect Transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity whose equity is transferred, may report such Indirect Transfer to the



## [Table of Contents](#)

relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Bulletin 7 and/or SAT Bulletin 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under SAT Bulletin 7 and/or SAT Bulletin 37. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

***The audit report included in this prospectus is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.***

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, you are deprived of the benefits of such inspection.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or CSRC, and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. However, it remains unclear what further actions, if any, the SEC and the PCAOB will take to address the problem.

This lack of the PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

## [Table of Contents](#)

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, in June 2019, a bipartisan group of lawmakers introduced bills in both houses of the U.S. Congress, which if passed, would require the SEC to maintain a list of issuers for which PCAOB is not able to inspect or investigate an auditor report issued by a foreign public accounting firm. The proposed Ensuring Quality Information and Transparency for Abroad-Based Listings on our Exchanges (EQUITABLE) Act prescribes increased disclosure requirements for these issuers and, beginning in 2025, the delisting from U.S. national securities exchanges such as the Nasdaq of issuers included on the SEC's list for three consecutive years. Enactment of this legislation or other efforts to increase U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including us, and the market price of the ADSs could be adversely affected. It is unclear if this proposed legislation would be enacted. Furthermore, there has been recent media reports on deliberations within the U.S. government regarding potentially limiting or restricting China-based companies from accessing U.S. capital markets. If any such deliberations were to materialize, the resulting legislation may have material and adverse impact on the stock performance of China-based issuers listed in the United States.

### ***Proceedings instituted by the SEC against Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.***

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' audit work papers with respect to certain PRC-based companies that are publicly traded in the United States.

On January 22, 2014, the administrative law judge, or the ALJ, presiding over the matter rendered an initial decision that each of the firms had violated the SEC's rules of practice by failing to produce audit papers and other documents to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months.

On February 6, 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. Under the terms of the settlement, the underlying proceeding against the four China-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019. While we cannot predict if the SEC will further challenge the four China-based accounting firms' compliance with U.S. laws in connection with U.S. regulatory requests for audit work papers or if the results of such a challenge would result in the SEC imposing penalties such as suspensions, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be adversely affected. A determination that we have not timely filed financial statements in compliance with the SEC requirements could ultimately lead to the delisting of our ADSs from the Nasdaq or the termination of the registration of our ADSs under the Securities Exchange Act of 1934, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

## **RISKS RELATING TO THE ADSs AND THIS OFFERING**

### ***An active trading market for our ordinary shares or the ADSs may not develop and the trading price for the ADSs may fluctuate significantly.***

We have been approved to list the ADSs on the Nasdaq. We have no current intention to seek a listing for our ordinary shares on any stock exchange. Prior to the completion of this offering, there has been no public

## [Table of Contents](#)

market for the ADSs or our ordinary shares, and we cannot assure you that a liquid public market for the ADSs will develop. If an active public market for the ADSs does not develop following the completion of this offering, the market price and liquidity of the ADSs may be materially and adversely affected. The initial public offering price for the ADSs was determined by negotiation between the underwriters and us based upon several factors, and we can provide no assurance that the trading price of the ADSs after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of their ADSs.

### ***The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.***

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including but not limited to the following:

- variations in our net revenues, earnings and cash flows;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- announcements of new regulations, rules or policies relevant to our business;
- additions or departures of key personnel;
- our major shareholders' business performance and reputation;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

### ***Because our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.***

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience an immediate and substantial dilution, representing a difference between the initial public offering price and our net tangible

## [Table of Contents](#)

book value, after giving effect to the net proceeds we receive from this offering. See “Dilution” for a more complete description of how the value of your investment in the ADSs will be diluted upon the completion of this offering.

***If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.***

The trading market for the ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades the ADSs or publishes inaccurate or unfavorable research about our business, the market price for the ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

***The sale or availability for sale of substantial amounts of ADSs could adversely affect their market price.***

Sales of substantial amounts of ADSs in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in this offering will be freely tradable without restriction or further registration under the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lockup agreements. There will be           ADSs (representing           ordinary shares) issued and outstanding immediately after this offering, or           ADSs (representing           ordinary shares) if the underwriters exercise their option to purchase additional ADSs in full. In connection with this offering, we, our directors, executive officers, existing shareholders and holders of share awards not to sell any ordinary shares or ADSs for 180 days after the date of this prospectus without the prior written consent of the representatives of the underwriters. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority, Inc. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs. See “Underwriting” and “Shares Eligible for Future Sale” for a more detailed description of the restrictions on selling our securities after this offering.

***Techniques employed by short sellers may drive down the market price of the ADSs.***

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller’s interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies that have substantially all of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

## [Table of Contents](#)

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in the ADSs could be greatly reduced or even rendered worthless.

***Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on a price appreciation of the ADSs for a return on your investment.***

We currently intend to retain most, if not *all*, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our Board of Directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board of Directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in the ADSs.

***The approval of the China Securities Regulatory Commission may be required in connection with this offering under PRC law.***

The M&A Rules purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval, and any failure to obtain or delay in obtaining CSRC approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

Fangda Partners, our PRC legal counsel, has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for the approval of this offering and the listing and trading of our ADSs on the Nasdaq because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation, (ii) we established the WFOE by means of direct investment and not through a merger or acquisition of the equity or assets of a “PRC domestic company” as such term is defined under the M&A Rules; and (iii) no provision in the M&A Rules classifies the contractual arrangements under the VIE Agreements as a type of acquisition transaction falling under the M&A Rules.

However, our PRC legal counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering, and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC legal counsel, and hence we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such approval requirement could have a material adverse effect on the trading price of the ADSs.

***You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.***

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2020 Revision) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England and Wales, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. Moreover, while under Delaware law, controlling shareholders owe fiduciary duties to the companies they control and their minority shareholders, under Cayman Islands law, our controlling shareholders do not owe any such fiduciary duties to our company or to our minority shareholders. Accordingly, our controlling shareholders may exercise their powers as shareholders, including the exercise of voting rights in respect of their shares, in such manner as they think fit.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association that will become effective immediately prior to completion of this offering to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we

## [Table of Contents](#)

choose to follow home country practice, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Description of Share Capital—Differences in Corporate Law.”

### ***Certain judgments obtained against us by our shareholders may not be enforceable.***

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands and substantially all of our assets are located outside of the United States. Substantially all of our current operations are conducted in China. In addition, most of our current directors and officers are nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforceability of Civil Liabilities.” However, the deposit agreement gives you the right to submit claims against us to binding arbitration, and arbitration awards may be enforceable against us and our assets in China even when court judgments are not.

### ***Our post-offering memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.***

We will adopt an amended and restated memorandum and articles of association that will become effective immediately prior to the completion of this offering. Our post-offering amended and restated memorandum and articles of association, will contain certain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions, including a provision that grants authority to our board of directors to establish and issue from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares without action by our shareholders, the terms and rights of that series. These provisions could have the effect of depriving our shareholders and ADSs holders of the opportunity to sell their shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

### ***ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.***

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is

## [Table of Contents](#)

generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other owners or holders of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other owners or holders may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depository. If a lawsuit is brought against us or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or the ADSs serves as a waiver by any owners or holders of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

***The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the ordinary shares underlying your ADSs.***

As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our post-IPO memorandum and articles of association provide that we may (but are not obliged to) each year hold a general meeting as our annual general meeting. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the ordinary shares underlying your ADSs indirectly by giving voting instructions to the depository in accordance with the provisions of the deposit agreement. Upon receipt of your voting instructions, the depository may try to vote the ordinary shares underlying your ADSs in accordance with your instructions. If we do not instruct the depository to ask for your instructions, the depository may still vote in accordance with instructions you give, but it is not required to do so. You will not be able to directly exercise any right to vote with respect to the underlying ordinary shares unless you cancel the ADSs, withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to enable you to cancel the ADSs, withdraw the shares underlying your ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our post offering memorandum and articles of association that will become effective immediately prior to completion of this offering, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from canceling the ADSs, withdrawing the ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly.

Where any matter is to be put to a vote at a general meeting, the depository will notify you of the upcoming vote and to deliver our voting materials to you, if we ask it to do so. We cannot assure you that you will receive the voting material in time to ensure you can direct the depository to vote the shares underlying your ADSs. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to



## [Table of Contents](#)

direct how the shares underlying your ADSs are voted and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

### ***You may experience dilution of your holdings due to the inability to participate in rights offerings.***

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. However, we cannot make such rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depository will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depository may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of the ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

### ***You may be subject to limitations on the transfer of your ADSs.***

Your ADSs are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depository may close its books in emergencies, and on weekends and public holidays. The depository may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depository are closed, or at any time if we or the depository thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

### ***We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.***

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from requirements applicable to other public companies that are not emerging growth companies, including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we remain an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

### ***We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.***

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

## [Table of Contents](#)

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

***As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.***

As a Cayman Islands exempted company listed on the Nasdaq, we are subject to corporate governance listing standards of Nasdaq. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. We currently intend to follow Cayman Islands corporate governance practices in lieu of the corporate governance requirements of the Nasdaq that listed companies must have a majority of independent directors and that the audit committee consist of at least three members. To the extent that we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

***There can be no assurance that we will not be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the current or any future taxable year, which could result in adverse U.S. federal income tax consequences to U.S. investors in our ADSs or ordinary shares.***

In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income, or (ii) 75% or more of its gross income consists of passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it directly held its proportionate share of the assets of the other corporation and directly earned its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash and cash-equivalents are passive assets for these purposes. Goodwill is generally characterized as an active asset to the extent it is associated with business activities that produce active income.

Based on the current and expected composition of our income and assets and value of our assets, including goodwill, which is based, in part, on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, our PFIC status for any taxable year is an annual determination that can be made only after the end of that taxable year and will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of the ADSs, which could be volatile). Because we will hold a substantial amount of cash and cash-equivalents following this offering, our PFIC status for any taxable year may also depend on how, and how quickly, we use our liquid assets and the cash. If our market capitalization declines significantly while we continue to hold a substantial amount of cash and cash-equivalents for any taxable year, we could be a PFIC for that year. Moreover, it is not entirely clear how the contractual arrangements between us and our VIEs will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIEs are not treated as owned by us for these purposes. Accordingly, there can be no assurance that we will not be a PFIC for our current or any future taxable year. If we were a PFIC for any taxable year during which a U.S. taxpayer owned our ADSs or ordinary shares, the U.S. taxpayer generally would be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and “excess distributions” and additional reporting requirements. See “Taxation—Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

***If a U.S. person is treated as owning 10% or more of our ADSs or ordinary shares, such person may be subject to adverse U.S. federal income tax consequences.***

If a U.S. person is treated as owning 10% or more of the value or voting power of our ADSs or ordinary shares, such person generally will be treated as a “United States shareholder” with respect to each “controlled foreign corporation,” or “CFC,” in our group (if any). A CFC is a non-U.S. corporation more than 50% of the stock (by vote or value) of which is owned (directly, indirectly or constructively) by “United States shareholders.” We are not actually controlled by “United states shareholders” for purposes of the CFC rules. However, under certain ownership attribution rules, we could be treated as constructively controlled by U.S. subsidiaries of Kingsoft Group (our controlling shareholder) for purposes of these rules, and therefore we and our subsidiaries may be treated as CFCs. A United States shareholder of a CFC may be subject to additional U.S. federal income tax liabilities and reporting requirements. We do not intend to monitor whether we are or any of our non-U.S. subsidiaries is treated as a CFC for any purpose of the U.S. Internal Revenue Code or whether any investor is treated as a United States shareholder with respect to any of these entities or to furnish to any United States shareholders any information that may be necessary to comply with any applicable CFC rules. U.S. investors should consult their tax advisers regarding the potential application of these rules in their particular circumstances.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains statements that constitute forward-looking statements. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our goals and growth strategies;
- our future business development, results of operations and financial condition;
- relevant government policies and regulations relating to our business and industry;
- our expectation regarding the use of proceeds from this offering;
- general economic and business conditions in China; and
- assumptions underlying or related to any of the foregoing.

You should read thoroughly this prospectus and the documents that we refer to in this prospectus with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this prospectus include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

This prospectus also contains statistical data and estimates that we obtained from industry publications and reports generated by third-party providers of market intelligence. These industry publications and reports generally indicate that the information contained therein was obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we believe that the publications and reports are reliable, we have not independently verified the data.

## USE OF PROCEEDS

We expect to receive total estimated net proceeds from this offering of approximately US\$                      million, or approximately US\$                      million if the underwriters exercise their option to purchase additional ADSs in full, based on the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

We intend to use the net proceeds for the following purposes:

- approximately 50% to further invest in upgrading and expanding our infrastructure;
- approximately 25% to further invest in technology and product development, especially in artificial intelligence, big data, cloud technologies and internet of things;
- approximately 15% to fund the expansion of our ecosystem and international presence; and
- approximately 10% to supplement our working capital for general corporate purposes.

If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. In utilizing the proceeds from this offering, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, and to our consolidated VIEs only through loans, and only if we satisfy the applicable government registration and approval requirements. We cannot assure you that we will be able to meet these requirements on a timely basis, if at all. See “Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries and to make loans to our VIEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

Pending use of the net proceeds, we intend to hold our net proceeds in short-term, interest-bearing, financial instruments or demand deposits.

## DIVIDEND POLICY

We have not previously declared or paid any cash dividend or dividend in kind and we have no plan to declare or pay any dividends in the near future on our shares or the ADSs representing our ordinary shares. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Regulation—Regulation Related to Foreign Exchange and Dividend Distribution—Regulation on Dividend Distribution.”

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, net of the fees and expenses payable thereunder. See “Description of American Depositary Shares.”

## CAPITALIZATION

The table below sets forth our capitalization as of December 31, 2019:

- on an actual basis;
- on a pro forma basis to reflect (i) the automatic conversion of all outstanding convertible preferred shares and redeemable convertible preferred shares including the 22,035,999 Series D+ redeemable convertible preferred shares that were issued in January 2020 on a one-for-one basis immediately prior to the completion of this offering, (ii) the repurchase of 5,475,254 ordinary shares in February 2020, (iii) the recognition of a one-time share-based compensation expense for share-based awards subject to accelerated vesting upon the completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the automatic conversion of all outstanding convertible preferred shares and redeemable convertible preferred shares including the 22,035,999 Series D+ redeemable convertible preferred shares that were issued in January 2020 on a one-for-one basis immediately prior to the completion of this offering, (ii) the repurchase of 5,475,254 ordinary shares in February 2020, (iii) the recognition of a one-time share-based compensation expense for share-based awards subject to accelerated vesting upon the completion of this offering, and (iv) the issuance and sale of ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US\$ per ADS being the mid-point of the estimated range of the initial offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us (assuming the underwriters do not exercise their option to purchase additional ADSs).

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

|   | As of December 31, 2019 |         |           |      |                          |      |
|---|-------------------------|---------|-----------|------|--------------------------|------|
|   | Actual                  |         | Pro forma |      | Pro forma as adjusted(1) |      |
|   | RMB                     | US\$    | RMB       | US\$ | RMB                      | US\$ |
| (in thousands)  |                         |         |           |      |                          |      |
| <b>Mezzanine equity</b>   |                         |         |           |      |                          |      |
| Series B convertible preferred shares (par value of US\$0.001 per share; 153,603,600 shares authorized, issued and outstanding on an actual basis, and none outstanding on a pro forma or a pro forma as adjusted basis)            | 337,268                 | 48,446  | —         | —    |                          |      |
| Series C redeemable convertible preferred shares (par value of US\$0.001 per share; 185,665,192 shares authorized, issued and outstanding on an actual basis, and none outstanding on a pro forma or a pro forma as adjusted basis) | 1,043,147               | 149,839 | —         | —    |                          |      |

## Table of Contents

|  | Actual             |                  | As of December 31, 2019 |                | Pro forma as adjusted(1) |      |
|--|--------------------|------------------|-------------------------|----------------|--------------------------|------|
|  | RMB                | US\$             | Pro forma               |                | RMB                      | US\$ |
|  |                    |                  | RMB                     | US\$           |                          |      |
|  | (in thousands)     |                  |                         |                |                          |      |
| Series D redeemable convertible preferred shares (par value of US\$0.001 per share; 842,738,782 shares authorized, issued and outstanding on an actual basis, and none outstanding on a pro forma or a pro forma as adjusted basis)                                    | 5,965,273          | 856,858          | —                       | —              |                          |      |
| Series D+ redeemable convertible preferred shares (par value of US\$0.001 per share; 77,125,997 shares authorized, 55,089,998 issued and outstanding on an actual basis, and none outstanding on a pro forma or a pro forma as adjusted basis)                         | 388,844            | 55,854           | —                       | —              |                          |      |
| <b>Total mezzanine equity</b>  | <b>7,734,532</b>   | <b>1,110,997</b> | <b>—</b>                | <b>—</b>       |                          |      |
| Series A convertible preferred shares (par value of US\$0.001 per share; 458,116,000 shares authorized, issued and outstanding on an actual basis, and none outstanding on a pro forma or a pro forma as adjusted basis)   | 123,186            | 17,695           | —                       | —              |                          |      |
| Ordinary shares (par value of US\$0.001 per share; 1,282,750,429 shares authorized; 1,077,086,304 shares issued, 894,711,200 shares outstanding on an actual basis, 2,282,750,429 shares authorized; 2,618,874,298 shares issued and outstanding on a pro forma basis) | 5,558              | 798              | 17,564                  | 2,522          |                          |      |
| Additional paid-in capital(2)  | 91,746             | 13,178           | 8,155,075               | 1,171,405      |                          |      |
| Accumulated deficit  | (4,902,097)        | (704,142)        | (4,990,701)             | (716,869)      |                          |      |
| Accumulated other comprehensive income   | 484,348            | 69,572           | 484,348                 | 69,572         |                          |      |
| <b>Total shareholders' (deficit)/equity(2)</b>   | <b>(4,197,259)</b> | <b>(602,899)</b> | <b>3,666,286</b>        | <b>526,630</b> |                          |      |
| <b>Total capitalization</b>  | <b>3,537,273</b>   | <b>508,098</b>   | <b>3,666,286</b>        | <b>526,630</b> |                          |      |

Notes:

- (1) The pro forma as adjusted information discussed above is illustrative only. Our additional paid-in capital, total shareholders' (deficit)/equity and total capitalization following the completion of this offering are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing.



---

## Table of Contents

- (2) Assuming the number of ADSs offered by us as set forth on the cover page of this prospectus remains the same, and after deduction of underwriting discounts and commissions and the estimated offering expenses payable by us, a US\$1.00 change in the assumed initial public offering price of US\$                      per ADS (the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus) would, in the case of an increase, increase and, in the case of a decrease, decrease each of additional paid-in capital, total shareholders' (deficit)/equity and total capitalization by US\$                      million.

## DILUTION

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of December 31, 2019 was approximately US\$507.0 million, or US\$0.57 per ordinary share and US\$                      per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share as adjusted from the initial public offering price per ordinary shares.

Without taking into account any other changes in such net tangible book value after December 31, 2019, other than to give effect to (i) the conversion of all of our preferred shares into ordinary shares on a one-to-one basis which will occur automatically immediately prior to the completion of this offering, (ii) the repurchase of 5,475,254 ordinary shares in February 2020, (iii) the recognition of one-time share-based compensation expense for share-based awards subject to accelerated vesting upon the completion of this offering, and (iv) our issuance and sale of                      ADSs offered in this offering at an assumed initial public offering price of US\$                      per ADS, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2019 would have been approximately US\$                      million, or US\$                      per ordinary share and US\$                      per ADS, to existing shareholders and an immediate dilution in net tangible book value of US\$                      per ordinary share, or US\$                      per ADS, to purchasers of ADSs in this offering.

The following table illustrates the dilution at the assumed initial public offering price per ordinary share is US\$                      and all ADSs are exchanged for ordinary shares:

|   |          |
|---|----------|
| Initial public offering price   | US\$     |
| Net tangible book value per ordinary share as of December 31, 2019  | US\$0.57 |
| Pro forma net tangible book value per ordinary share after giving effect to the automatic conversion of our preferred shares and the repurchase of ordinary shares  | US\$     |
| Pro forma as adjusted net tangible book value per ordinary share as adjusted to give effect to the automatic conversion of all of our outstanding preferred shares, the repurchase of ordinary shares and this offering | US\$     |
| Amount of dilution in net tangible book value per ordinary share to new investors in this offering  | US\$     |
| Amount of dilution in net tangible book value per ADS to new investors in this offering   | US\$     |

The pro forma information discussed above is illustrative only.

The following table summarizes, on a pro forma basis as of December 31, 2019, the differences between the existing shareholders and the new investors with respect to the number of ordinary shares purchased from us in this offering, the total consideration paid and the average price per ordinary share paid at the initial public offering price of US\$                      per ADS before deducting underwriting discounts and commissions and estimated

## [Table of Contents](#)

offering expenses. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs granted to the underwriters.

|                       | <u>Ordinary Shares Purchased</u> |                | <u>Total Consideration</u>                               |                | <u>Average Price</u>                | <u>Average Price</u> |
|-----------------------|----------------------------------|----------------|--|----------------|-------------------------------------|----------------------|
|                       | <u>Number</u>                    | <u>Percent</u> | <u>Amount (in</u><br><u>thousands of</u><br><u>US\$)</u> | <u>Percent</u> | <u>Per Ordinary</u><br><u>Share</u> | <u>Per ADS</u>       |
|                       |                                  |                |  |                | <u>US\$</u>                         | <u>US\$</u>          |
| Existing shareholders |                                  |                |  |                |                                     |                      |
| New investors         |                                  |                |  |                |                                     |                      |
| Total                 |                                  |                |  |                |                                     |                      |

The discussion and tables above also assume no exercise of any stock options outstanding as of the date of this prospectus. The maximum aggregate number of ordinary shares that may be issued under our share incentive plans is 425,126,304 shares. As of the date of this prospectus, there are 127,656,000 ordinary shares issuable upon exercise of outstanding share options under our share incentive plans. To the extent that any of these options are exercised, there will be further dilution to new investors.

## ENFORCEABILITY OF CIVIL LIABILITIES

### Cayman Islands

We are incorporated under the laws of the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and executive officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed Cogency Global Inc. as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Conyers Dill & Pearman, our counsel as to Cayman Islands law, and Fangda Partners, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Conyers Dill & Pearman has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment in personam obtained in federal or state courts in the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such

## [Table of Contents](#)

courts did not contravene the rules of natural justice of the Cayman Islands, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

However, the Cayman Islands courts are unlikely to enforce a punitive judgment of a United States court predicated upon the civil liability provisions of the federal securities laws in the United States without retrial on the merits if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that may be regarded as fines, penalties or punitive in nature.

## **PRC**

We have been advised by Fangda Partners, our PRC legal counsel, that there is uncertainty as to whether the courts of the PRC would enforce judgments of United States courts or Cayman Islands courts obtained against us or these persons predicated upon the civil liability provisions of the United States federal and state securities laws. Fangda Partners has further advised us that the recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against us in the PRC, if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. However, it would be difficult for foreign shareholders to establish sufficient nexus to the PRC by virtue only of holding the ADSs or ordinary shares.

## CORPORATE HISTORY AND STRUCTURE

### Our Corporate History

In January 2012, we incorporated Kingsoft Cloud Holdings Limited under the laws of the Cayman Islands as our offshore holding company. In February 2012, we incorporated Kingsoft Cloud Corporation Limited as Kingsoft Cloud Holdings Limited's wholly-owned subsidiary in Hong Kong.

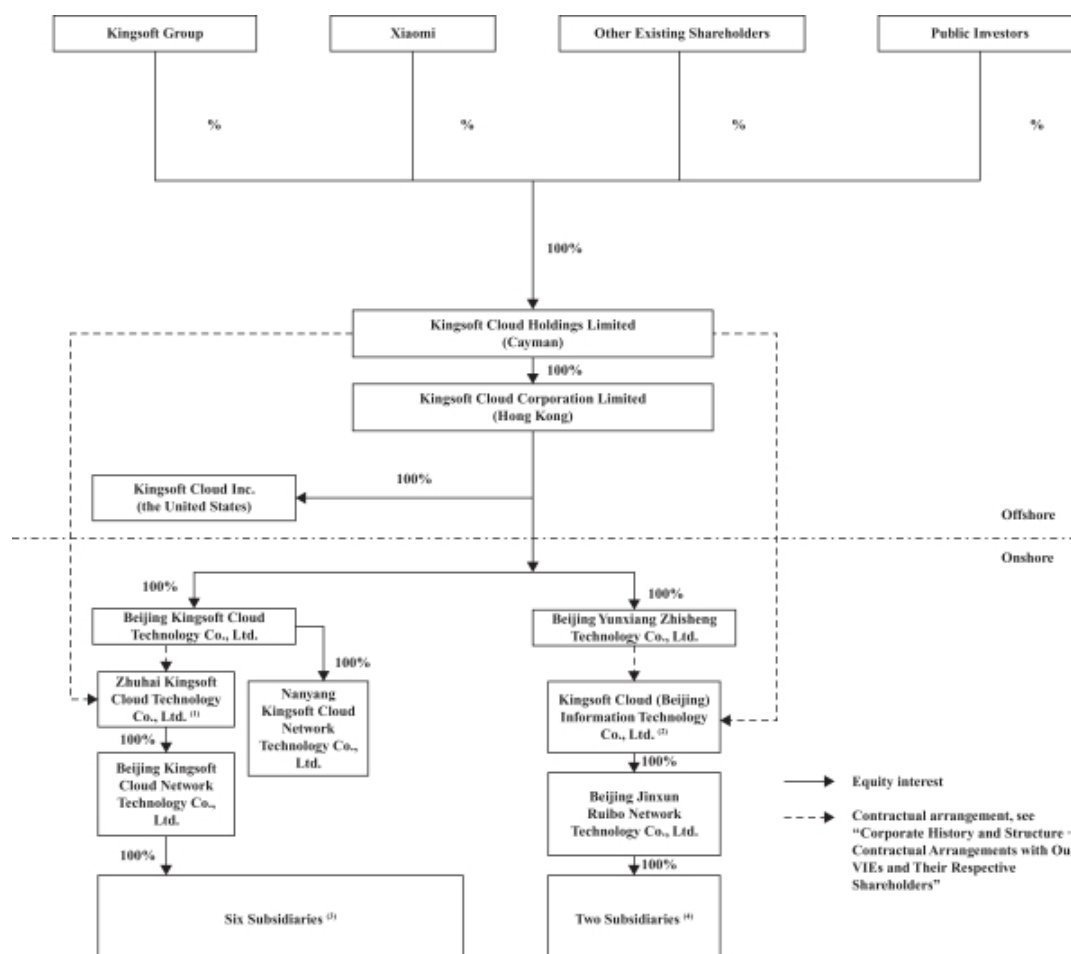
In April 2012, Kingsoft Cloud Corporation Limited incorporated Beijing Kingsoft Cloud Technology Co., Ltd., or Beijing Kingsoft Cloud, as its wholly-owned subsidiary in the PRC. In December 2015, Kingsoft Cloud Corporation Limited incorporated another wholly-owned subsidiary, Beijing Yunxiang Zhisheng Technology Co., Ltd., or Yunxiang Zhisheng, in the PRC. See “—Corporate Structure.”

In December 2017, Kingsoft Cloud Corporation Limited incorporated a wholly-owned subsidiary, Kingsoft Cloud Inc., in the United States, to operate cloud service business and conduct research and development on cloud technology and products.

Beijing Kingsoft Cloud entered into a series of contractual arrangements, as amended and restated, with Zhuhai Kingsoft Cloud Technology Co., Ltd., or Zhuhai Kingsoft Cloud, and its wholly-owned subsidiary, Beijing Kingsoft Cloud Network Technology Co., Ltd., or Kingsoft Cloud Network, through which we obtained control over Zhuhai Kingsoft Cloud. In addition, Yunxiang Zhisheng entered into a series of contractual arrangements with Kingsoft Cloud (Beijing) Information Technology Co., Ltd., or Kingsoft Cloud Information, and its wholly-owned subsidiary, Beijing Jinxun Ruiibo Technology Co., Ltd., or Jinxun Ruiibo, which enable us to obtain control over the Kingsoft Cloud Information to operate value-added telecommunication services. As a result, we are regarded as the primary beneficiary of each of Zhuhai Kingsoft Cloud and Kingsoft Cloud Information. We treat them as our consolidated affiliated entities under U.S. GAAP and have consolidated the financial results of these entities in our consolidated financial statements in accordance with U.S. GAAP. We refer to Beijing Kingsoft Cloud and Yunxiang Zhisheng as our wholly foreign owned entities, or WFOEs, and to Zhuhai Kingsoft Cloud, Kingsoft Cloud Information and their subsidiaries as our variable interest entities, or our VIEs, in this prospectus. For more details and risks related to our VIE structure, please see “—Contractual Arrangements with Our VIEs and the Their Respective Shareholders” and “Risk Factors—Risks Relating to Our Corporate Structure.”

**Corporate Structure**

The following diagram illustrates our corporate structure, including our significant subsidiaries and VIEs, immediately upon the completion of this offering, assuming no exercise of the underwriters’ option to purchase additional ADSs.



Notes:

- (1) Shareholders of Zhuhai Kingsoft Cloud are Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Ms. Weiqin Qiu, a family member of a director of Kingsoft Group. Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Ms. Weiqin Qiu are not shareholders of our company. Beijing Kingsoft Digital Entertainment Technology Co., Ltd. is ultimately owned by Ms. Weiqin Qiu and Ms. Peili Lei, a family member of the chairman of our Board.
- (2) Shareholders of Kingsoft Cloud Information are Mr. Yulin Wang (our director and CEO) and Ms. Weiqin Qiu.
- (3) Six subsidiaries are Xiong'an Kingsoft Cloud Information Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Rizhao Kingsoft Cloud Network Technology Co., Ltd., Hainan ChengMai Yunxiang Zhisheng Network Technology Co., Ltd. and Kingsoft Cloud (Tianjin) Technology Development Co., Ltd., all of which are wholly owned by Kingsoft Cloud Network to operate cloud business for certain projects.
- (4) Two subsidiaries are Nanjing Kingsoft Cloud Network Technology Co., Ltd. and Wuhan Kingsoft Cloud Information Technology Co., Ltd., both of which are wholly owned by Jinxun Ruibo to operate cloud business for certain projects.

## **Contractual Arrangements with Our VIEs and Their Respective Shareholders**

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunication services. We are a company registered in the Cayman Islands. Our PRC subsidiaries, Beijing Kingsoft Cloud and Yunxiang Zhisheng, are considered foreign-invested enterprises. To comply with PRC laws and regulations, we primarily conduct our business in China through our VIEs, Zhuhai Kingsoft Cloud and Kingsoft Cloud Information, and their subsidiaries, based on a series of contractual arrangements. As a result of these contractual arrangements, we exert effective control over, and are considered the primary beneficiary of, our VIEs and consolidate their operating results in our financial statements under U.S. GAAP.

The following is a summary of the contractual arrangements by and among Beijing Kingsoft Cloud, Zhuhai Kingsoft Cloud, the shareholders of Zhuhai Kingsoft Cloud and the contractual arrangements by and among Yunxiang Zhisheng, Kingsoft Cloud Information and the shareholders of Kingsoft Cloud Information. For the complete text of these contractual arrangements, please see the copies filed as exhibits to the registration statement filed with the SEC of which this prospectus forms a part.

### ***Exclusive Consultation and Technical Service Agreement***

Under the exclusive consultation and technical service agreement dated November 9, 2012, as amended and supplemented on November 29, 2019, Beijing Kingsoft Cloud has agreed to exclusively provide the following services (among others) to Zhuhai Kingsoft Cloud:

- the licensing of software, copyrights and know-how legally owned by Beijing Kingsoft Cloud;
- the provision of comprehensive consultancy services related to business operation, management and technology;
- the development, maintenance and updates of hardware and database;
- the development of application software and related operational support and updates;
- the provision of technical training for employees;
- the collection and research of technical information; and
- the provision of other related services as required by Zhuhai Kingsoft Cloud from time to time.

Zhuhai Kingsoft Cloud has agreed to annually pay service fees equal to 100% of its revenues for the year deducting costs in the same period as agreed by both parties, and pay service fees for certain services as required by Zhuhai Kingsoft Cloud from time to time. The service fees are adjustable at the sole discretion of Beijing Kingsoft Cloud. The exclusive consultation and technical service agreement shall remain effective for 20 years from November 9, 2012 unless expressly provided otherwise or Beijing Kingsoft Cloud unilaterally decides to terminate the exclusive consultation and technical service agreement. Beijing Kingsoft Cloud can unilaterally renew this agreement for a further period determined by itself.

On July 18, 2018, Kingsoft Cloud Information and Yunxiang Zhisheng entered into an exclusive consultation and technical service agreement, which was later amended and supplemented on November 29, 2019 and contains terms substantially similar to the exclusive consultation and technical service agreement described above.

### ***Loan Agreements***

On June 20, 2014, Ms. Weiqin Qiu and Beijing Kingsoft Cloud entered into a loan agreement, as amended and supplemented on November 29, 2019, under which Beijing Kingsoft Cloud agreed to provide Ms. Weiqin Qiu interest-free loans. Under these loan agreements, the loans shall be repaid by transferring Ms. Weiqin Qiu's equity interest in Zhuhai Kingsoft Cloud to Beijing Kingsoft Cloud or its designee or through such other method as Beijing Kingsoft Cloud shall determine.



## [Table of Contents](#)

On July 18, 2018, Mr. Yulin Wang and Ms. Weiqin Qiu entered into a loan agreement with Yunxiang Zhisheng, under which Yunxiang Zhisheng agreed to provide Mr. Yulin Wang and Ms. Weiqin Qiu an interest-free loan. This agreement was later amended and supplemented on November 29, 2019, and contains terms substantially similar to the loan agreements described above.

### ***Equity Pledge Agreement***

Each of Ms. Weiqin Qiu and Beijing Kingsoft Digital Entertainment Technology Co., Ltd., or Kingsoft Digital, the shareholders of Zhuhai Kingsoft Cloud, has entered into an equity pledge agreement with Beijing Kingsoft Cloud and Zhuhai Kingsoft Cloud on June 20, 2014. Under the equity pledge agreement, Ms. Weiqin Qiu and Kingsoft Digital pledged their respective equity interest in Zhuhai Kingsoft Cloud to Beijing Kingsoft Cloud to secure obligations under the applicable loan agreements, exclusive purchase option agreement, shareholder voting right trust agreement, and exclusive consultation and technical service agreement. Ms. Weiqin Qiu and Kingsoft Digital further agreed not to transfer or pledge their equity interest in Zhuhai Kingsoft Cloud without the prior written consent of Beijing Kingsoft Cloud. The equity pledge agreement will remain binding until the pledgers, Ms. Weiqin Qiu and Kingsoft Digital, as the case may be, discharge all of their obligations under the above-mentioned agreements. As of the date of this prospectus, the equity pledges under the equity pledge agreement have been registered with competent PRC regulatory authority.

On July 18, 2018, Mr. Yulin Wang and Ms. Weiqin Qiu entered into an equity pledge agreement with Yunxiang Zhisheng, which contains terms substantially similar to the equity pledge agreement described above. As of the date of this prospectus, the equity pledges under the equity pledge agreement dated July 18, 2018 have been registered with competent PRC regulatory authority.

### ***Exclusive Purchase Option Agreement***

Ms. Weiqin Qiu and Kingsoft Digital, the shareholders of Zhuhai Kingsoft Cloud, entered into an exclusive purchase option agreement with Beijing Kingsoft Cloud and Zhuhai Kingsoft Cloud on June 20, 2014, which was later amended and supplemented on November 29, 2019. Under the exclusive purchase option agreement, Ms. Weiqin Qiu granted Beijing Kingsoft Cloud or its designee an option to purchase her equity interest in Zhuhai Kingsoft Cloud at a price equal to the higher of the amount of the loan provided to Ms. Weiqin, and the minimum amount of consideration permitted by PRC law, and Kingsoft Digital granted Beijing Kingsoft Cloud or its designee an option to purchase its equity interest in Zhuhai Kingsoft Cloud at a price equal to the higher of RMB1 and the minimum amount of consideration permitted by PRC law. Ms. Weiqin Qiu and Kingsoft Digital also granted Beijing Kingsoft Cloud or its designee an option to purchase all or a portion of the assets of Zhuhai Kingsoft Cloud for the minimum amount of consideration permitted by PRC law. Ms. Weiqin Qiu and Kingsoft Digital also agreed not to transfer or mortgage any equity interest in or dispose of or cause the management to dispose of any material assets of Zhuhai Kingsoft Cloud without the prior written consent of Beijing Kingsoft Cloud. The exclusive purchase option agreement shall remain in effect until all of the equity interests in Zhuhai Kingsoft Cloud have been acquired by Beijing Kingsoft Cloud or its designee.

On July 18, 2018, Mr. Yulin Wang and Ms. Weiqin Qiu entered into an exclusive purchase option agreement with Yunxiang Zhisheng, which was later amended and supplemented on November 29, 2019 and contains terms substantially similar to the exclusive purchase option agreement described above.

### ***Shareholder Voting Right Trust Agreement***

Ms. Weiqin Qiu and Kingsoft Digital, the shareholders of Zhuhai Kingsoft Cloud, entered into a shareholder voting right trust agreement with Beijing Kingsoft Cloud on June 20, 2014, which was later amended and supplemented on November 29, 2019. Under the shareholder voting right trust agreement, Ms. Weiqin Qiu and Kingsoft Digital agreed to irrevocably entrust a person designated by Beijing Kingsoft Cloud to represent them to exercise all the voting rights and other shareholders' rights to which they are entitled as shareholders of Zhuhai

## Table of Contents

Kingsoft Cloud. The shareholder voting right trust agreement shall remain effective from the date of such agreement for as long as Ms. Weiqin Qiu and Kingsoft Digital remain the shareholders of Zhuhai Kingsoft Cloud, unless Beijing Kingsoft Cloud otherwise decides to terminate or amend this agreement.

On July 18, 2018, Mr. Yulin Wang and Ms. Weiqin Qiu entered into a shareholder voting right trust agreement with Yunxiang Zhisheng, which was later amended and supplemented on November 29, 2019 and contains terms substantially similar to the shareholder voting right trust agreement described above.

### ***Spousal Consents***

The spouses of individual shareholders of Zhuhai Kingsoft Cloud and Kingsoft Cloud Information have each signed a spousal consent letter. Under the spousal consent letter, the signing spouse unconditionally and irrevocably agreed that the equity interest in Zhuhai Kingsoft Cloud or Kingsoft Cloud Information which is held by and registered under the name of his or her spouse will be disposed of pursuant to the abovementioned loan agreements, equity pledge agreements, exclusive purchase option agreements and the shareholder voting rights trust agreements. Moreover, the spouse confirmed he or she has no rights, and will not assert in the future any right, over the equity interests in Zhuhai Kingsoft Cloud or Kingsoft Cloud Information held by his or her spouse. In addition, in the event that the spouse obtains any equity interest in Zhuhai Kingsoft Cloud or Kingsoft Cloud Information held by his or her spouse for any reason, he or she agrees to be bound by and sign any legal documents substantially similar to the contractual arrangements entered into by his or her spouse, as may be amended from time to time.

In the opinion of Fangda Partners, our PRC legal counsel:

- the ownership structures of Beijing Kingsoft Cloud, Zhuhai Kingsoft Cloud, Yunxiang Zhisheng, and Kingsoft Cloud Information, both currently and immediately after giving effect to the offering, do not and will not violate any applicable PRC laws, regulations, or rules currently in effect;
- the agreements among Beijing Kingsoft Cloud, Zhuhai Kingsoft Cloud and its shareholders, Yunxiang Zhisheng, Kingsoft Cloud Information and its shareholders governed by PRC laws, as described above, are valid, binding and enforceable in accordance with their terms and applicable PRC laws, rules, and regulations currently in effect, and both currently and immediately after giving effect to the offering, do not and will not violate any applicable PRC laws, regulations, or rules currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our value-added telecommunication services and related business do not comply with PRC government restrictions on foreign investment in such businesses, we could be subject to severe penalties including being prohibited from continuing operations. For a description of the risks related to these contractual arrangements and our corporate structure, please see “Risk Factors—Risks Relating to Our Corporate Structure.”

### **Financial Support Undertaking Letter**

We executed a financial support undertaking letter addressed to Zhuhai Kingsoft Cloud and Kingsoft Cloud Information, pursuant to which we undertake to provide unlimited financial support to Zhuhai Kingsoft Cloud and Kingsoft Cloud Information to the extent permissible under the applicable PRC laws and regulations, whether or not any operational loss is actually incurred. The form of financial support shall include, but not limited to, extension of cash, entrusted loans and borrowings. We will not request repayment of the loans or borrowings if Zhuhai Kingsoft Cloud and Kingsoft Cloud Information or their shareholders do not have sufficient funds or are unable to repay.

We expect to provide the financial support if and when required with a portion of the proceeds from this offering and proceeds from the issuance of equity or debt securities in the future.

### **Hong Kong Stock Exchange Matters of Kingsoft**

Under Practice Note 15 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited, this offering is deemed a “spin-off” transaction by Kingsoft Group for which Kingsoft Group requires approval by the Hong Kong Stock Exchange. On December 20, 2019, the Hong Kong Stock Exchange confirmed that Kingsoft Group may proceed with the “spin-off” transaction. Pursuant to Practice Note 15, Kingsoft Group must make available to its shareholders an “assured entitlement” to a certain portion of our shares.

As our ordinary shares are not expected to be listed on any stock exchange, Kingsoft Group intends to effect the Assured Entitlement Distribution by providing to its shareholders a “distribution in specie”. The distribution will be made without any consideration being paid by Kingsoft Group’s shareholders. Kingsoft Group’s shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the United States or are U.S. persons, or are otherwise ineligible holders, will only receive cash in the Assured Entitlement Distribution.

Kingsoft Group currently intends to provide an assured entitlement with an aggregate of approximately 0.35% to 0.50% of the total issued shares of us upon completion of this offering. The Assured Entitlement Distribution will only be made if this offering is completed. The distribution in specie of ADSs by Kingsoft Group is not part of this offering.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated statements of operations for the years ended December 31, 2017, 2018 and 2019, selected consolidated balance sheet data as of December 31, 2018 and 2019 and selected consolidated cash flow data for the years ended December 31, 2017, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Selected Consolidated Financial Data section together with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

|  | For the Year Ended December 31, |                |                    |                |                    |                  |               |
|--|---------------------------------|----------------|--------------------|----------------|--------------------|------------------|---------------|
|  | 2017                            |                | 2018               |                | 2019               |                  |               |
|  | RMB                             | %              | RMB                | %              | RMB                | US\$             | %             |
| (in thousands, except for percentages, shares and per share data)        |                                 |                |                    |                |                    |                  |               |
| <b>Selected Consolidated Statements of Operation:</b>                    |                                 |                |                    |                |                    |                  |               |
| <b>Revenues</b>  |                                 |                |                    |                |                    |                  |               |
| Public cloud services  | 1,202,485                       | 97.3           | 2,110,513          | 95.1           | 3,458,843          | 496,832          | 87.4          |
| Enterprise cloud services  | 15,271                          | 1.2            | 94,369             | 4.3            | 486,308            | 69,854           | 12.3          |
| Others   | 18,211                          | 1.5            | 13,290             | 0.6            | 11,202             | 1,609            | 0.3           |
| <b>Total revenues</b>  | <b>1,235,967</b>                | <b>100.0</b>   | <b>2,218,172</b>   | <b>100.0</b>   | <b>3,956,353</b>   | <b>568,295</b>   | <b>100.0</b>  |
| <b>Cost of revenues</b>  | <b>(1,354,153)</b>              | <b>(109.6)</b> | <b>(2,418,562)</b> | <b>(109.0)</b> | <b>(3,948,644)</b> | <b>(567,187)</b> | <b>(99.8)</b> |
| <b>Gross (loss)/profit</b>   | <b>(118,186)</b>                | <b>(9.6)</b>   | <b>(200,390)</b>   | <b>(9.0)</b>   | <b>7,709</b>       | <b>1,108</b>     | <b>0.2</b>    |
| <b>Operating expenses:</b>   |                                 |                |                    |                |                    |                  |               |
| Selling and marketing expenses   | (115,861)                       | (9.4)          | (191,671)          | (8.6)          | (317,426)          | (45,595)         | (8.0)         |
| General and administrative expenses                                      | (93,649)                        | (7.6)          | (146,846)          | (6.6)          | (238,648)          | (34,280)         | (6.0)         |
| Research and development expenses  | (399,209)                       | (32.3)         | (440,518)          | (19.9)         | (595,169)          | (85,491)         | (15.1)        |
| <b>Total operating expenses</b>  | <b>(608,719)</b>                | <b>(49.3)</b>  | <b>(779,035)</b>   | <b>(35.1)</b>  | <b>(1,151,243)</b> | <b>(165,366)</b> | <b>(29.1)</b> |
| <b>Operating loss</b>  | <b>(726,905)</b>                | <b>(58.8)</b>  | <b>(979,425)</b>   | <b>(44.2)</b>  | <b>(1,143,534)</b> | <b>(164,258)</b> | <b>(28.9)</b> |
| Interest income  | 19,628                          | 1.6            | 116,500            | 5.3            | 78,612             | 11,292           | 2.0           |
| Interest expense   | (36,410)                        | (2.9)          | (38,826)           | (1.8)          | (4,925)            | (707)            | (0.1)         |
| Foreign exchange gain/(loss)   | 25,863                          | 2.1            | (102,202)          | (4.6)          | (38,961)           | (5,596)          | (1.0)         |
| Changes in fair value of financial instruments                           | 3,016                           | 0.2            | 6,404              | 0.3            | —                  | —                | —             |
| Other income, net  | 1,226                           | 0.1            | 739                | 0.0            | 6,612              | 950              | 0.2           |
| <b>Loss before income taxes</b>  | <b>(713,582)</b>                | <b>(57.7)</b>  | <b>(996,810)</b>   | <b>(44.9)</b>  | <b>(1,102,196)</b> | <b>(158,319)</b> | <b>(27.8)</b> |
| Income tax expense   | (668)                           | (0.1)          | (9,632)            | (0.4)          | (9,003)            | (1,293)          | (0.2)         |
| <b>Net loss</b>  | <b>(714,250)</b>                | <b>(57.8)</b>  | <b>(1,006,442)</b> | <b>(45.3)</b>  | <b>(1,111,199)</b> | <b>(159,612)</b> | <b>(28.0)</b> |
| Accretion to redemption value of redeemable convertible preferred shares | (605,515)                       | (49.0)         | (742,472)          | (33.5)         | (49,725)           | (7,143)          | (1.3)         |
| <b>Net loss attributable to ordinary shareholders</b>                    | <b>(1,319,765)</b>              | <b>(106.8)</b> | <b>(1,748,914)</b> | <b>(78.8)</b>  | <b>(1,160,924)</b> | <b>(166,755)</b> | <b>(29.3)</b> |
| <b>Net earnings per share:</b>   |                                 |                |                    |                |                    |                  |               |
| Basic and diluted  | (1.66)                          | —              | (2.20)             | —              | (1.31)             | (0.19)           | —             |
| <b>Shares used in the net loss per share computation:</b>                |                                 |                |                    |                |                    |                  |               |
| Basic and diluted  | 793,430,000                     | —              | 793,430,000        | —              | 889,521,200        | 889,521,200      | —             |
| <b>Other comprehensive (loss)/income, net of tax of nil:</b>             |                                 |                |                    |                |                    |                  |               |
| Foreign currency translation adjustments                                 | (89,414)                        | —              | 401,820            | —              | 64,598             | 9,279            | —             |
| <b>Comprehensive loss</b>  | <b>(803,664)</b>                | <b>—</b>       | <b>(604,662)</b>   | <b>—</b>       | <b>(1,046,601)</b> | <b>(150,333)</b> | <b>—</b>      |
| Accretion to redemption value of redeemable convertible preferred shares | (605,515)                       | —              | (742,472)          | —              | (49,725)           | (7,143)          | —             |
| <b>Comprehensive loss attributable to ordinary shareholders</b>          | <b>(1,409,179)</b>              | <b>—</b>       | <b>(1,347,094)</b> | <b>—</b>       | <b>(1,096,326)</b> | <b>(157,476)</b> | <b>—</b>      |

## Table of Contents

Note:

- (1) Share-based compensation expense was allocated as follows:

|                                     | For the Year Ended December 31, |               |                |               |
|-------------------------------------|---------------------------------|---------------|----------------|---------------|
|                                     | 2017                            | 2018          | 2019           |               |
|                                     | RMB                             | RMB           | RMB            | US\$          |
|                                     | (in thousands)                  |               |                |               |
| Cost of revenues                    | 6,551                           | 3,565         | 8,509          | 1,222         |
| Selling and marketing expenses      | 12,618                          | 5,889         | 37,808         | 5,431         |
| General and administrative expenses | 25,741                          | 11,167        | 31,988         | 4,595         |
| Research and development expenses   | 46,099                          | 26,320        | 42,974         | 6,173         |
| <b>Total</b>                        | <b>91,009</b>                   | <b>46,941</b> | <b>121,279</b> | <b>17,421</b> |

The following table presents our summary consolidated balance sheet data as of December 31, 2018 and 2019.

|  | As of December 31, |                    |                  |
|--|--------------------|--------------------|------------------|
|  | 2018               | 2019               |                  |
|  | RMB                | RMB                | US\$             |
|  | (in thousands)     |                    |                  |
| Summary Consolidated Balance Sheet Data:                             |                    |                    |                  |
| Cash and cash equivalents  | 1,507,071          | 2,023,263          | 290,624          |
| Accounts receivable, net of allowance                                | 541,584            | 1,347,481          | 193,554          |
| Short-term investments   | 2,208,105          | 225,425            | 32,380           |
| <b>Total current assets</b>  | <b>4,734,409</b>   | <b>4,149,739</b>   | <b>596,074</b>   |
| Property and equipment, net  | 1,043,155          | 1,720,974          | 247,202          |
| <b>Total assets</b>  | <b>5,859,199</b>   | <b>6,031,821</b>   | <b>866,418</b>   |
| Accounts payable   | 720,805            | 1,254,589          | 180,210          |
| Accrued expenses and other current liabilities                       | 423,634            | 949,213            | 136,346          |
| <b>Total current liabilities</b>                                     | <b>1,436,887</b>   | <b>2,419,991</b>   | <b>347,610</b>   |
| <b>Total liabilities</b>   | <b>1,756,622</b>   | <b>2,494,548</b>   | <b>358,320</b>   |
| <b>Total mezzanine equity</b>  | <b>7,345,688</b>   | <b>7,734,532</b>   | <b>1,110,997</b> |
| <b>Total shareholders' deficit</b>                                   | <b>(3,243,111)</b> | <b>(4,197,259)</b> | <b>(602,899)</b> |
| <b>Total liabilities, mezzanine equity and shareholders' deficit</b> | <b>5,859,199</b>   | <b>6,031,821</b>   | <b>866,418</b>   |

The following table presents our summary consolidated cash flow data for the years ended December 31, 2017, 2018 and 2019.

|  | For the Year Ended December 31, |             |           |          |
|--|---------------------------------|-------------|-----------|----------|
|  | 2017                            | 2018        | 2019      |          |
|  | RMB                             | RMB         | RMB       | US\$     |
|  | (in thousands)                  |             |           |          |
| Net cash used in operating activities                        | (134,527)                       | (383,110)   | (439,132) | (63,074) |
| Net cash (used in)/generated from investing activities       | (1,820,636)                     | (1,173,559) | 883,247   | 126,870  |
| Net cash generated from financing activities                 | 1,861,177                       | 2,435,832   | 64,507    | 9,266    |
| Net (decrease)/increase in cash and cash equivalents         | (93,986)                        | 879,163     | 508,622   | 73,062   |
| Cash and cash equivalents at beginning of the year           | 706,012                         | 573,437     | 1,507,071 | 216,477  |
| Effect of exchange rate changes on cash and cash equivalents | (38,589)                        | 54,471      | 7,570     | 1,085    |
| Cash and cash equivalents at end of the year                 | 573,437                         | 1,507,071   | 2,023,263 | 290,624  |

## [Table of Contents](#)

### Non-GAAP Financial Measure

In evaluating our business, we consider and use certain non-GAAP measures, adjusted gross (loss)/profit, adjusted gross margin, adjusted EBITDA and adjusted EDITDA margin, as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define adjusted gross (loss)/profit as gross (loss)/profit excluding share-based compensation allocated in the cost of revenues, and we define adjusted gross margin as adjusted gross (loss)/profit as a percentage of revenues. We define adjusted net loss as net loss excluding share-based compensation, foreign exchange (gain)/loss, changes in fair value of financial instruments and other (income)/expense, net. We define adjusted EBITDA as adjusted net loss excluding interest income, interest expense, income tax expense and depreciation and amortization, and we define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenues. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of these non-GAAP measures facilitates investors' assessment of our operating performance.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using these non-GAAP financial measures is that they do not reflect all items of income and expense that affect our operations. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

We compensate for these limitations by reconciling these non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

The following tables reconcile our adjusted gross (loss)/profit, adjusted net loss and adjusted EBITDA in 2017, 2018 and 2019 to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which are gross (loss)/profit and net loss:

|  | For the Year Ended December 31, |                  |               |              |
|--|---------------------------------|------------------|---------------|--------------|
|  | 2017                            | 2018             | 2019          |              |
|  | RMB                             | RMB              | RMB           | US\$         |
|  | (in thousands)                  |                  |               |              |
| <b>Gross (loss)/profit</b>                               | <b>(118,186)</b>                | <b>(200,390)</b> | <b>7,709</b>  | <b>1,108</b> |
| Adjustments:   |                                 |                  |               |              |
| Share-based compensation (allocated in cost of revenues) | 6,551                           | 3,565            | 8,509         | 1,222        |
| <b>Adjusted gross (loss)/profit</b>                      | <b>(111,635)</b>                | <b>(196,825)</b> | <b>16,218</b> | <b>2,330</b> |
|  |                                 |                  |               |              |
|  | For the Year Ended December 31, |                  |               |              |
|  | 2017                            | 2018             | 2019          |              |
|  |                                 | %                |               |              |
| <b>Gross margin</b>                                      | <b>(9.6)</b>                    | <b>(9.0)</b>     | <b>0.2</b>    |              |
| <b>Adjusted gross margin</b>                             | <b>(9.0)</b>                    | <b>(8.9)</b>     | <b>0.4</b>    |              |

[Table of Contents](#)

|  | For the Year Ended December 31, |                    |                    |                  |
|--|---------------------------------|--------------------|--------------------|------------------|
|  | 2017                            | 2018               | 2019               |                  |
|  | RMB                             | RMB                | RMB                | US\$             |
|  | (in thousands)                  |                    |                    |                  |
| <b>Net loss</b>                                | <b>(714,250)</b>                | <b>(1,006,442)</b> | <b>(1,111,199)</b> | <b>(159,612)</b> |
| Adjustment:                                    |                                 |                    |                    |                  |
| Share-based compensation                       | 91,009                          | 46,941             | 121,279            | 17,421           |
| Foreign exchange (gain)/loss                   | (25,863)                        | 102,202            | 38,961             | 5,596            |
| Changes in fair value of financial instruments | (3,016)                         | (6,404)            | —                  | —                |
| Other income, net                              | (1,226)                         | (739)              | (6,612)            | (950)            |
| <b>Adjusted net loss</b>                       | <b>(653,346)</b>                | <b>(864,442)</b>   | <b>(957,571)</b>   | <b>(137,545)</b> |
| Adjustments:                                   |                                 |                    |                    |                  |
| Interest income                                | (19,628)                        | (116,500)          | (78,612)           | (11,292)         |
| Interest expense                               | 36,410                          | 38,826             | 4,925              | 707              |
| Income tax expense                             | 668                             | 9,632              | 9,003              | 1,293            |
| Depreciation and amortization                  | 297,647                         | 412,352            | 604,581            | 86,843           |
| <b>Adjusted EBITDA</b>                         | <b>(338,249)</b>                | <b>(520,132)</b>   | <b>(417,674)</b>   | <b>(59,994)</b>  |

|                                 | For the Year Ended December 31, |               |               |
|---------------------------------|---------------------------------|---------------|---------------|
|                                 | 2017                            | 2018          | 2019          |
|                                 |                                 | %             |               |
| <b>Net loss margin</b>          | <b>(57.8)</b>                   | <b>(45.4)</b> | <b>(28.1)</b> |
| <b>Adjusted net loss margin</b> | <b>(52.9)</b>                   | <b>(39.0)</b> | <b>(24.2)</b> |
| <b>Adjusted EBITDA margin</b>   | <b>(27.4)</b>                   | <b>(23.4)</b> | <b>(10.6)</b> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.*

### Overview

We are the largest independent cloud service provider in China, according to Frost & Sullivan. We have built a comprehensive and reliable cloud platform consisting of extensive cloud infrastructure, cutting-edge cloud products and well-architected industry-specific solutions across public cloud, enterprise cloud and AIoT cloud services, based on which we have achieved a leading position in the cloud market in China.

Being an independently operated company, focusing on cloud services since our inception, we are able to fully mobilize our resources into the innovation of our business models and provide high-quality services to businesses and organizations of all kind. With our full dedication to cloud business, we are able to avoid potential conflicts of interest with our customers and enhance our neutral position, which in turn gains additional trust from more and more customers.

Leveraging our profound industry insights, we saw significant growth prospects in selected verticals, such as game, video and financial services. We have strategically expanded our footprints into such fast-growing verticals as first-movers and have established a leading market position through relentless execution. We have inherited the "enterprise service DNA" from Kingsoft Group, the widely trusted leading software franchise in China, and have established superior enterprise service capabilities. Benefiting from Kingsoft Group's over 30 years of experience in providing enterprise services, we value each customer and provide best-in-class customer services covering their entire life-cycle. Such customer-centric service philosophy enables us to achieve increasing brand recognition, a loyal customer base while improving unit economics. We also adopt a premium-customer strategy, focusing on leading enterprises within selected verticals to establish our market presence efficiently. The total number of our Premium Customers increased from 113 in 2017 to 154 in 2018, and further to 243 in 2019. In 2018 and 2019, our net dollar retention rate of Public Cloud Service Premium Customers was 161% and 155%, respectively.

We stay at the forefront of cloud technology development and have built prominent research and development capabilities. We enjoy a skilled talent pool and will continue to invest in research and development to enhance our technology leadership and upgrade our cloud solutions. As of December 31, 2019, our research and development team consisted of 1,150 engineers, researchers, programmers and computer and data scientists, accounting for 62% of our total employees.

Attributable to the above, we have achieved superior growth. Our revenues increased by 79.5% from RMB1,236.0 million in 2017 to RMB2,218.2 million in 2018, and further increased by 78.4% to RMB3,956.4 million (US\$568.3 million) in 2019. We have incurred gross loss of RMB118.2 million and RMB200.4 million in 2017 and 2018, respectively, and generated gross profit of RMB7.7 million (US\$1.1 million) in 2019. We have incurred net loss of RMB714.3 million, RMB1,006.4 million and RMB1,111.2 million (US\$159.6 million) in 2017, 2018 and 2019, respectively.

### Key Operating Metrics

We adopt a premium-customer strategy, focusing on leading enterprises in selected verticals to establish market presence efficiently. Our total revenues generated from Premium Customers amounted to RMB1,158.5



## [Table of Contents](#)

million, RMB2,114.2 million and RMB3,853.3 million (US\$553.5 million) in 2017, 2018 and 2019, respectively, accounting for 93.7%, 95.3% and 97.4% of our total revenues in the same periods, respectively. Specifically, our total revenues generated from Public Cloud Service Premium Customers amounted to RMB1,144.3 million, RMB2,021.3 million and RMB3,358.5 million (US\$482.4 million) in 2017, 2018 and 2019, respectively, accounting for 95.2%, 95.8% and 97.1% of our total public cloud service revenues in the same periods, respectively. Our total revenues generated from Enterprise Cloud Service Premium Customers amounted to RMB14.1 million, RMB92.9 million and RMB481.0 million (US\$69.1 million) in 2017, 2018 and 2019, respectively, accounting for 92.7%, 98.4% and 98.9% of our total enterprise cloud service revenues in the same periods, respectively. Therefore, we regularly review a number of key operating metrics in relation to our Premium Customers as presented in the table below to evaluate our business and measure our performance. We believe these metrics are indicative of our overall business and performance. The calculation of the key metrics and other measures discussed below may differ from other similarly titled metrics used by other companies, securities analysts or investors.

|  | For the Year Ended<br>December 31, |      |      |
|--|------------------------------------|------|------|
|  | 2017                               | 2018 | 2019 |
| <b>Public Cloud Services</b>   |                                    |      |      |
| Number of Public Cloud Service Premium Customers                                   | 112                                | 139  | 175  |
| Net dollar retention rate of Public Cloud Service Premium Customers <sup>(1)</sup> | —                                  | 161% | 155% |
| <b>Enterprise Cloud Services</b>   |                                    |      |      |
| Number of Enterprise Cloud Service Premium Customers                               | 2                                  | 17   | 67   |
| <b>Total</b>   |                                    |      |      |
| Number of Premium Customers  | 113                                | 154  | 243  |
| Average revenues per Premium Customer (RMB in million)                             | 10.3                               | 13.7 | 15.9 |

Note:

- (1) Net dollar retention rate of Public Cloud Service Premium Customers is calculated by dividing the revenues from our Public Cloud Service Premium Customers, who were also our Public Cloud Service Premium Customers in the previous year, in the indicated period by the revenues from all of our Public Cloud Service Premium Customers in the previous corresponding period.

### **Key Factors Affecting Our Results of Operations**

The following factors are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

#### ***Trends in China's economic conditions and development of China's cloud industry***

Our business and results of operations are significantly affected by China's overall economic conditions and the development of China's cloud industry. The development of the cloud industry in China is expected to be driven by massive, high-growth demand from internet verticals, increasing penetration into traditional industries and public service organizations, deployment of 5G, AI and IoT, overseas expansion of Chinese companies and favorable government policies. As a market leader, we have captured, and are likely to continue to capture, the various market opportunities brought by the development of China's cloud industry.

Nevertheless, unfavorable changes in China's overall economy and cloud industry could negatively affect demand for our services and materially and adversely affect our results of operations. The emerging cloud industry in China is still at its early stage of development and there are considerable uncertainties about its future growth. See "Risk Factors—Risks Relating to Our Business and Industry—We operate in an emerging and evolving market. If our market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing customer needs, requirements or preferences, our products and solutions may become less competitive."

***Our ability to retain existing customers and acquire new customers***

We have amassed a large, premium and diversified customer base covering a wide spectrum of industry verticals. The total number of our Premium Customers increased from 113 in 2017 to 154 in 2018, and further to 243 in 2019. We have fostered strong loyalty with existing customers as a result of the high-quality cloud products and solutions offered by us, as well as our ability to deliver tangible value to customers by effectively addressing their needs.

We aim to acquire and retain new customers by, among others, further enhancing the quality and efficiency of our existing products and solutions, offering additional innovative products and solutions and implementing effective sales strategies tailored to the verticals in which we operate. In particular, the revenue growth of our enterprise cloud services has been primarily driven by the increase in the number of our Enterprise Cloud Service Premium Customers. We also aim to continue to generate additional revenues from existing customers and seek additional cross-selling opportunities. In 2018 and 2019, our net dollar retention rate of Public Cloud Service Premium Customers was 161% and 155%, respectively.

***Our ability to upgrade and expand our products and solutions***

We have benefited from the upgrade and expansion of our products and solutions and have achieved rapid growth. Our future success is significantly dependent on our ability to further enhance the quality and expand the scope of our products and solutions. Furthermore, we seek to improve the breadth and quality of our products and solutions, and to enhance our brand recognition, which thereby will allow us to capture additional market share, enjoy better economies of scale and improve our profitability.

***Our ability to continue to invest in technology, talent and infrastructure***

We have invested, and will continue to invest, in resources to enhance the technology, infrastructure and capabilities of our products and solutions. Our ability to improve our existing cloud products and solutions and develop new ones depends on the scale of our infrastructure as well as the technologies we use to develop and deliver high-quality cloud services to customers. It is thus crucial for us to continually invest in technology and infrastructure to expand our resources and enhance capabilities of our products and solutions. We plan to continue to invest in upgrading and expanding our network infrastructure. Moreover, we plan to continue to invest in talent recruitment and training in the fields of cloud computing, big data, AIoT and blockchain to strengthen our technological advantage.

***Our ability to effectively control our costs and expenses***

Our ability to manage and control our costs and expenses is critical to the success of our business. We have invested heavily in developing technology capabilities and infrastructure in order to provide comprehensive products and solutions. Also, we have been expanding into new verticals and developing new products and solutions, for example, we are capturing the market opportunity to provide enterprise cloud services to traditional industries and public service organizations. As a result, we expect our costs and expenses would increase along with the increase in our enterprise cloud revenues. While we expect our costs and expenses to increase as our business expands, we also expect them to decrease as a proportion of our revenues as we achieve more economies of scale, and higher operating efficiency.

***Our ability to compete effectively***

Our business and results of operations depend on our ability to compete effectively in the verticals in which we operate. Our competitive position may be affected by, among other things, the scope of our solution offerings, the quality of our solutions and our ability to price our solutions competitively. We believe that our neutrality, superior enterprise service capabilities, proprietary cutting-edge technologies and prominent research and

## [Table of Contents](#)

development capabilities differentiate us from our competitors and help us establish a high entry barrier difficult for our competitors to surpass. However, we are still subject to competition from a variety of players within our industry. Increased competition could materially and adversely affect our business, financial condition and results of operations.

### Key Components of Results of Operations

#### Revenues

We derive our revenues from: (i) public cloud services, (ii) enterprise cloud services, and (iii) other services. The following table sets forth a breakdown of our revenues, in absolute amounts and as percentages of total revenues, for the periods indicated.

|                           | For the Year Ended December 31,        |              |                  |              |                  |                |              |
|---------------------------|--|--------------|------------------|--------------|------------------|----------------|--------------|
|                           | 2017                                   |              | 2018             |              | 2019             |                |              |
|                           | RMB                                    | %            | RMB              | %            | RMB              | US\$           | %            |
|                           | (in thousands, except for percentages) |              |                  |              |                  |                |              |
| <b>Revenues</b>           |  |              |                  |              |                  |                |              |
| Public cloud services     | 1,202,485                              | 97.3         | 2,110,513        | 95.1         | 3,458,843        | 496,832        | 87.4         |
| Enterprise cloud services | 15,271                                 | 1.2          | 94,369           | 4.3          | 486,308          | 69,854         | 12.3         |
| Others                    | 18,211                                 | 1.5          | 13,290           | 0.6          | 11,202           | 1,609          | 0.3          |
| <b>Total Revenues</b>     | <b>1,235,967</b>                       | <b>100.0</b> | <b>2,218,172</b> | <b>100.0</b> | <b>3,956,353</b> | <b>568,295</b> | <b>100.0</b> |

*Public cloud services.* We offer public cloud services to customers in various verticals, including, among others, game, video, AI, e-commerce, education and mobile internet. We charge our public cloud service customers on a monthly basis based on utilization and duration. We also offer prepaid subscription package over a fixed subscription period.

*Enterprise cloud services.* We also offer enterprise cloud services to customers engaging in the financial service, public service and healthcare businesses, among others. We charge our enterprise cloud service customers on a project basis.

*Others.* We also generate our revenues from other services, primarily including (i) advertising placement agency services, which we strategically discontinued in the first quarter of 2019, and (ii) services ancillary to our other revenue streams such as AIoT solutions since 2019.

#### Cost of revenues

Our cost of revenues primarily consist of (i) IDC costs, (ii) depreciation and amortization costs, (iii) staff costs, and (iv) other costs.

The following table sets forth a breakdown of our cost of revenues, in absolute amounts and as percentages of total cost of revenues, for the periods indicated.

|                                     | For the Year Ended December 31,        |              |                  |              |                  |                |              |
|-------------------------------------|--|--------------|------------------|--------------|------------------|----------------|--------------|
|                                     | 2017                                   |              | 2018             |              | 2019             |                |              |
|                                     | RMB                                    | %            | RMB              | %            | RMB              | US\$           | %            |
|                                     | (in thousands, except for percentages) |              |                  |              |                  |                |              |
| <b>Cost of revenues</b>             |  |              |                  |              |                  |                |              |
| IDC costs                           | 1,033,210                              | 76.3         | 1,890,499        | 78.2         | 2,856,591        | 410,324        | 72.3         |
| Depreciation and amortization costs | 290,212                                | 21.4         | 406,714          | 16.8         | 599,193          | 86,069         | 15.2         |
| Staff costs                         | 17,126                                 | 1.3          | 23,682           | 1.0          | 52,460           | 7,535          | 1.3          |
| Other costs                         | 13,605                                 | 1.0          | 97,667           | 4.0          | 440,400          | 63,259         | 11.2         |
| <b>Total cost of revenues</b>       | <b>1,354,153</b>                       | <b>100.0</b> | <b>2,418,562</b> | <b>100.0</b> | <b>3,948,644</b> | <b>567,187</b> | <b>100.0</b> |

## [Table of Contents](#)

IDC costs primarily consist of (i) bandwidth costs and (ii) rack costs. Depreciation and amortization costs primarily consist of depreciation and amortization of our fixed assets and intangible assets. Staff costs are payments to our technical and engineering staff, including salaries, bonuses, benefits, and share-based compensation. Other costs primarily consist of costs associated with our enterprise cloud services.

### **Operating expenses**

The following table sets forth a breakdown of our operating expenses, in absolute amounts and as percentages of our total operating expenses, for the periods indicated.

|                                     | 2017                                   |              | For the Year Ended December 31, |              |                  |                |              |
|-------------------------------------|--|--------------|---------------------------------|--------------|------------------|----------------|--------------|
|                                     | RMB                                    | %            | 2018                            |              | 2019             |                |              |
|                                     |  |              | RMB                             | %            | RMB              | US\$           | %            |
|                                     | (in thousands, except for percentages) |              |                                 |              |                  |                |              |
| <b>Operating expenses</b>           |  |              |                                 |              |                  |                |              |
| Selling and marketing expenses      | 115,861                                | 19.0         | 191,671                         | 24.6         | 317,426          | 45,595         | 27.6         |
| General and administrative expenses | 93,649                                 | 15.4         | 146,846                         | 18.9         | 238,648          | 34,280         | 20.7         |
| Research and development expenses   | 399,209                                | 65.6         | 440,518                         | 56.5         | 595,169          | 85,491         | 51.7         |
| <b>Total operating expenses</b>     | <b>608,719</b>                         | <b>100.0</b> | <b>779,035</b>                  | <b>100.0</b> | <b>1,151,243</b> | <b>165,366</b> | <b>100.0</b> |

*Selling and marketing expenses.* Our selling and marketing expenses consist of (i) staff expenses, including salaries, commissions, bonuses, benefits, and share-based compensation paid to sales and marketing personnel, (ii) marketing and promotion expenses, and (iii) other miscellaneous expenses, primarily including office rental expenses. We expect our selling and marketing expenses to increase in the foreseeable future, as we may engage in more activities to promote our brand, retain our existing customers and attract new customers.

*General and administrative expenses.* Our general and administrative expenses consist of (i) staff expenses, including salaries, bonuses, benefits, and share-based compensation paid to general and administrative personnel and (ii) other expenses, primarily including depreciation and amortization expenses, office rental expenses, general operation expenses and professional service fees. We expect our general and administrative expenses to increase in the foreseeable future as we incur additional expenses as a result of operating as a public company and to meet the increased compliance requirements associated with our international expansion.

*Research and development expenses.* Our research and development expenses consist of (i) staff expenses, including salaries, bonuses, benefits, and share-based compensation paid to research and development personnel, and (ii) other expenses, primarily including depreciation and amortization expenses, office rental expenses and information technology expenses. We expect our research and development expenses to increase in absolute amount in the foreseeable future as we continue to introduce new products and solutions, as well as improve our infrastructure, platforms and technology to stay abreast of technological developments and innovations.

### **Taxation**

#### **Cayman Islands**

Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gains in the Cayman Islands. In addition, dividend payments are not subject to withholding tax.

#### **Hong Kong**

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. For the years ended December 31, 2017, 2018 and 2019, we did not

## [Table of Contents](#)

make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong for any of the periods presented. Under the Hong Kong tax law, the subsidiaries in Hong Kong are exempted from income tax on their foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

### **PRC**

Our PRC entities are subject to the statutory income tax rate of 25%, in accordance with the Enterprise Income Tax law (the “EIT Law”), which was effective since January 1, 2008. Beijing Kingsoft Cloud and Kingsoft Cloud Network being qualified as a High New Technology Enterprise (“HNTE”) are entitled to the preferential income tax rate of 15% for three years from 2016 to 2018 and successfully renewed their HNTE status for an additional three years from 2019 to 2021. In addition, Beijing Jinxun Ruibo Network Technology Co., Ltd. being qualified as an HNTE is entitled to the preferential income tax rate of 15% for three years from 2017 to 2019. As of the date of this prospectus, we are in the process of renewing the HNTE status of Beijing Jinxun Ruibo Network Technology Co., Ltd. for the entitlement to the preferential income tax rate of 15% for three years from 2020 to 2022. Dividends, interests, rent or royalties payable by the Group’s PRC entities to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor’s disposition of assets (after deducting the net value of such assets) shall be subject to a 10% withholding tax unless the respective non-PRC resident enterprise’s jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

### **Internal Control Over Financial Reporting**

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources to address our internal controls and procedures. In connection with the audits of our consolidated financial statements as of December 31, 2018 and 2019 and for the years ended December 31, 2017, 2018 and 2019, we and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is our company’s lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of U.S. GAAP and SEC rules.

As of the date of this prospectus, we have implemented certain measure to improve our knowledge and experience in application of U.S. GAAP and SEC rules. In January 2020, we appointed Mr. Haijian He as our Chief Financial Officer to lead and enhance our accounting and financial team. Mr. He has an MBA degree and also is a CFA charter holder. Furthermore, we are in the process of implementing a number of additional measures, including: (i) hiring additional qualified financial and accounting staff with work experience with U.S. GAAP and SEC reporting requirements, (ii) developing a full set of comprehensive accounting manuals in accordance with U.S. GAAP and SEC rules; (iii) expanding the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under U.S. GAAP, and SEC rules and regulations, (iv) encouraging our accounting and financial reporting personnel to take the AICPA exam, and (v) establishing effective monitoring and oversight controls for non-recurring and complex transactions.

The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our

## [Table of Contents](#)

reporting obligation. See “Risk Factors – Risks Relating to Our Business and Industry – If we fail to implement and maintain an effective system of internal controls to remediate our material weakness over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of the ADSs may be materially and adversely affected.”

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of such exemptions. However, pursuant to Section 404 and the related rules adopted by the SEC, we, as a public company after being listed, are required to maintain adequate internal control over financial reporting and include our management’s assessment of the effectiveness of our company’s internal control over financial reporting in our annual report.

### **Critical Accounting Policies, Judgments and Estimates**

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities and the disclosure of our contingent assets and liabilities at the end of each fiscal period and the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our consolidated financial statements. For further information on our critical accounting policies, see Note 2 to our consolidated financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our consolidated financial statements.

#### ***Revenue recognition***

Effective January 1, 2017, we elected to adopt the requirements of ASC 606 using the full retrospective method. We apply the five-step model outlined in ASC 606, and account for a contract when it has approval and commitment from our customer, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenue is allocated to each performance obligation based on its standalone selling price. We generally determine standalone selling prices based on observable prices. If the standalone selling price is not observable through past transactions, we estimate the standalone selling price based on multiple factors, including, but not limited to, historical discounting trends for services, gross margin objectives, internal costs, and industry technology lifecycles. Timing of revenue recognition may differ from the timing of invoicing to customers. We recognize a contract asset or a contract liability in the consolidated balance sheets, depending on the relationship between our performance and the customer’s payment. Contract liabilities represents the excess of payments

## [Table of Contents](#)

received as compared to the consideration earned and is reflected in “accrued expenses and other current liabilities” in our consolidated balance sheets. Contract assets primarily relate to our rights to consideration for work completed in relation to our services performed but not billed at the reporting date, and is reflected in “prepayments and other assets” in our consolidated balance sheets. The contract assets are transferred to the receivables when the rights become unconditional. Using the practical expedient in ASC 606, we do not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Pursuant to ASC 606-10-32-2A, we also elected to exclude sales taxes and other similar taxes from the measurement of the transaction price. Therefore, revenues are recognized net of value added taxes (“VAT”) and surcharges.

### *Public cloud services*

We provide integrated cloud-based services including but not limited to cloud computing, storage and delivery. The nature of our performance obligation is a single performance obligation to stand ready to provide an unspecified quantity of integrated cloud-based services each day throughout the contract period. We use monthly utilization records, an output measure, to recognize revenue over time as it most faithfully depicts the simultaneous consumption and delivery of services. At the end of each month, the transaction consideration is fixed based on utilization records and no variable consideration exists.

### *Enterprise cloud services*

We provide comprehensive customized cloud-based solutions, which are typically completed within one to three months (“Solutions”). The components within the Solutions are not distinct within the context of the contract because they are considered highly interdependent and the customer can only benefit from these components in conjunction with one another as a two-way dependency exists. We also provide post-delivery maintenance and upgrade services that are mainly technical support services performed by our technical support team. Therefore, the arrangement has three performance obligations, the Solutions, maintenance and upgrades. Revenue allocated to the Solutions and upgrades, is recognized at a point in time only upon customer acceptance of the Solutions and upon delivery of the specified upgrade, respectively. Revenue allocated to maintenance is recognized over time because the customer simultaneously receives and consumes the benefits as we perform throughout a fixed term.

### ***Consolidation of affiliated entities***

To comply with PRC laws and regulations which prohibit foreign control of companies that engage in value-added telecommunication services, we primarily conduct our business in the PRC through our PRC subsidiaries and the VIEs. The equity interests of our VIEs are legally held by PRC shareholders. Despite the lack of technical majority ownership, we have effective control of our VIEs through a series of contractual agreements and a parent-subsidiary relationship exists between us and our VIEs. Through the contractual agreements, the shareholders of our VIEs effectively assigned all of their voting rights underlying their equity interests in our VIEs to us and therefore, we have the power to direct the activities of our VIEs that most significantly impact its economic performance. We also have the ability and obligations to absorb substantially all the profits or losses of our VIEs that potentially could be significant to our VIE. Based on the above, we consolidate the VIEs in accordance with SEC Regulation SX-3A-02 and ASC 810, *Consolidation*. We will reconsider the initial determination of whether a legal entity is a consolidated affiliated entity upon certain events listed in ASC 810-10-35-4 occurring. We will also continuously reconsider whether we are the primary beneficiary of our affiliated entities as facts and circumstances change. See “Risk Factors—Risks Relating to Our Corporate Structure.”

### ***Impairment of long-lived assets***

We evaluate our long-lived assets for impairment whenever events or changes in circumstances, such as a significant adverse change to market conditions that will impact the future use of the assets, indicate that the

carrying amount of an asset may not be fully recoverable. When these events occur, we evaluate the recoverability of long-lived assets by comparing the carrying amount of the assets to the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, we recognize an impairment loss based on the excess of the carrying amount of the assets over their fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available.

#### ***Convertible preferred shares and redeemable convertible preferred shares***

The Series A convertible preferred shares are classified as permanent equity because they are not redeemable and the holders of the Series A convertible preferred shares are entitled to receive the same form of consideration upon the occurrence of a conditional event (i.e. a Liquidation Transaction) as holders of equally and more subordinated equity instruments, specifically, the ordinary shareholders. The Series B convertible preferred shares have been classified as mezzanine equity as they may be redeemed upon the occurrence of a Liquidation Transaction and Kingsoft Group's voluntary refusal to approve a public offering in which the pre-IPO market value of the Company is no less than US\$1,512,500 and results in gross proceeds of no less than US\$151,250 ("Series B Qualified IPO"). We concluded that the Series B convertible preferred shares are not redeemable currently, and it is not probable that the Series B convertible preferred shares will become redeemable because the likelihood of a deemed liquidation is remote. Therefore, no adjustment will be made to the initial carrying amount of the Series B convertible preferred shares until it is probable that they will become redeemable. The Series C, Series D and Series D+ redeemable convertible preferred shares have been classified as mezzanine equity as they may be redeemed at the option of the holders on or after an agreed upon date outside the sole control of our company. We concluded that the preferred shares are not redeemable currently, but it is probable that the Series C, Series D and Series D+ redeemable convertible preferred shares will become redeemable. We chose to recognize changes in the redemption value immediately as they occur and adjusted the carrying amount of the Series C, Series D and Series D+ redeemable convertible preferred shares to equal the redemption value at the end of each reporting period.

The convertible preferred shares and redeemable convertible preferred shares, or collectively, the preferred shares, were initially recorded at issue price net of issuance costs. The holders of preferred shares have the ability to convert the instrument into our ordinary shares. We have evaluated the embedded conversion option in the preferred shares to determine if there were any embedded derivatives requiring bifurcation and to determine if there were any beneficial conversion features. The conversion option of the preferred shares does not qualify for bifurcation accounting because the conversion option is clearly and closely related to the host instrument and the underlying ordinary shares are not publicly traded nor readily convertible into cash. The contingent redemption options and registration rights of the preferred shares did not qualify for bifurcation accounting because the underlying ordinary shares were neither publicly traded nor readily convertible into cash. There were no other embedded derivatives that are required to be bifurcated.

Beneficial conversion features exist when the conversion price of the preferred shares is lower than the fair value of the ordinary shares at the commitment date, which is the issuance date in our case. When a beneficial conversion feature, or BCF, exists as of the commitment date, its intrinsic value is bifurcated from the carrying value of the preferred shares as a contribution to additional paid-in capital. No BCF was recognized for the preferred shares because the fair values per ordinary share at the commitment dates were less than the respective most favorable conversion price during the periods presented. We determined the fair value of our ordinary shares with the assistance of an independent third party valuation firm.

The contingent conversion price adjustment is accounted for as a contingent BCF. In accordance with ASC paragraph 470-20-35-1, changes to the conversion terms that would be triggered by future events not controlled by an issuer should be accounted as contingent conversions, and the intrinsic value of such conversion options would not be recognized until and unless a triggering event occurred. No contingent BCF has been recognized for the periods presented.



### **Share-based compensation**

We apply ASC 718, *Compensation—Stock Compensation*, or ASC 718, to account for our employee share-based payments. All of our share-based awards are classified as equity awards and generally contain only service vesting conditions for the periods presented, therefore, are recorded in the consolidated financial statements based on their grant date fair values. We elected to account for forfeitures as they occur. With the assistance of an independent third party valuation firm, we used the binomial tree model to determine the fair value of the stock options granted to employees.

We will recognize a one-time share-based compensation expense of approximately RMB88.6 million (US\$12.7 million) for share-based awards subject to accelerated vesting upon the completion of this offering.

### **Significant factors, assumptions and methodologies used in determining fair value**

The fair value of each option grant is estimated using the binomial option-pricing model. The model requires the input of highly subjective assumptions including the estimated expected share price volatility and the share price upon which (i.e. the exercise multiple) the employees are likely to exercise options. We historically have been a private company and lack information on our share price volatility. Therefore, we estimate our expected share price volatility based on the historical volatility of a group of similar companies, which are publicly-traded. When selecting these public companies on which we have based our expected share price volatility, we selected companies with characteristics similar to us, including the BEV, business model, development stage, risk profiles, position within the industry, and with historical share price information sufficient to meet the contractual life of our share-based awards. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own share price becomes available. The exercise multiple is estimated as the average ratio of the share price to the exercise price as at the time when employees would decide to voluntarily exercise their vested options. As we did not have sufficient information of past employee exercise history, we considered the statistics on exercise patterns of employees compiled by Huddart and Lang in Huddart, S., and M. Lang. 1996. "Employee Stock Option Exercises: An Empirical Analysis." *Journal of Accounting and Economics*, vol. 21, no. 1 (February):5-43, which are widely adopted by valuers as authoritative guidance on expected exercise multiples. The risk-free interest rates for the periods within the contractual life of the option are based on the U.S. Treasury yield curve in effect during the period the options were granted. Expected dividend yield is based on the fact that we have never paid, and do not expect to pay cash dividends in the foreseeable future.

We are required to estimate the fair value of the ordinary shares underlying our options when performing the fair value calculations with the binomial option model. Therefore, our board of directors has estimated the fair value of our ordinary shares at various dates, with input from management, considering the third-party valuations of ordinary shares at each grant date. The valuations of our ordinary shares were performed using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the AICPA Practice Guide. In addition, our board of directors considered various objective and subjective factors, along with input from management and the independent third-party valuation firm, to determine the fair value of our ordinary shares, including: external market conditions affecting the cloud service industry, trends within the cloud service industry, the prices at which we sold preferred shares, the superior rights and preference of the preferred shares or other senior securities relative to our ordinary shares at the time of each grant, the results of operations, financials position, status of our research and development efforts, our stage of development and business strategy, and the lack of an active public market for our ordinary shares, and the likelihood of achieving a liquidity event or an initial public offering. In order to determine the fair value of our ordinary shares underlying each share-based award grant, we first determined our BEV, and then allocated the BEV to each element of our capital structure (convertible preferred shares, redeemable convertible preferred shares and ordinary shares) using the allocation method. In our case, three scenarios were assumed, namely: (i) the liquidation scenario, in which the option pricing method was adopted to allocate the value between convertible preferred shares, redeemable convertible preferred shares and ordinary shares, and (ii) the redemption scenario, in which the option pricing method was adopted to allocate the

## [Table of Contents](#)

value among the convertible preferred shares, redeemable convertible preferred shares and ordinary shares, and (iii) the mandatory conversion scenario, in which equity value was allocated to convertible preferred shares, redeemable convertible preferred shares and ordinary shares on an as-if converted basis.

The assumptions adopted to estimate the fair value of options using the binomial option pricing model were as follows:

|  | For the year ended December 31, |                 |                   |
|--|---------------------------------|-----------------|-------------------|
|  | 2017                            | 2018            | 2019              |
| Risk-free rate   | 1.83%                           | 1.98%-2.10%     | 1.58%-1.80%       |
| Expected volatility range                                  | 44.60%                          | 42.40%-43.00%   | 37.40%-37.90%     |
| Exercise multiple  | 2.20                            | 2.20            | 2.20-2.80         |
| Fair market value per ordinary share as at valuation dates | US\$0.55                        | US\$0.63-\$0.68 | US\$0.72-US\$0.76 |

These assumptions represented our best estimates, but the estimates involve inherent uncertainties and the application of our judgment. As a result, if factors change and we use significantly different assumptions or estimates when valuing our options, our share-based compensation expense could be materially different.

### *Fair value estimate*

We determined the fair value of our share awards granted to employees as of the date of grant and the fair value of our share awards granted to non-employees upon the counterparty's performance completion, taking into consideration the various objective and subjective factors described above. We computed the per share weighted-average estimated fair value for share awards based on the binomial option pricing model.

Once public trading market of the ADSs has been established in connection with the completion of this offering, it will no longer be necessary for us to estimate the fair value of our ordinary shares in connection with our accounting for granted share awards.

## Table of Contents

### Results of Operations

The following table summarizes our consolidated results of operations and as percentages of our total revenues for the periods indicated.

|  | For the Year Ended December 31,                                   |                |                    |                |                    |                  |
|--|---|----------------|--------------------|----------------|--------------------|------------------|
|  | 2017  |                | 2018               |                | 2019               |                  |
|  | RMB   | %              | RMB                | %              | RMB                | US\$             |
|  | (in thousands, except for percentages, shares and per share data) |                |                    |                |                    |                  |
| <b>Selected Consolidated Statements of Operation:</b>                    |   |                |                    |                |                    |                  |
| <b>Revenues</b>  |   |                |                    |                |                    |                  |
| Public cloud services  | 1,202,485   | 97.3           | 2,110,513          | 95.1           | 3,458,843          | 496,832          |
| Enterprise cloud services  | 15,271  | 1.2            | 94,369             | 4.3            | 486,308            | 69,854           |
| Others   | 18,211  | 1.5            | 13,290             | 0.6            | 11,202             | 1,609            |
| <b>Total revenues</b>  | <b>1,235,967</b>  | <b>100.0</b>   | <b>2,218,172</b>   | <b>100.0</b>   | <b>3,956,353</b>   | <b>568,295</b>   |
| <b>Cost of revenues</b>  | <b>(1,354,153)</b>  | <b>(109.6)</b> | <b>(2,418,562)</b> | <b>(109.0)</b> | <b>(3,948,644)</b> | <b>(567,187)</b> |
| <b>Gross (loss)/profit</b>   | <b>(118,186)</b>  | <b>(9.6)</b>   | <b>(200,390)</b>   | <b>(9.0)</b>   | <b>7,709</b>       | <b>1,108</b>     |
| Operating expenses:  |   |                |                    |                |                    |                  |
| Selling and marketing expenses   | (115,861)   | (9.4)          | (191,671)          | (8.6)          | (317,426)          | (45,595)         |
| General and administrative expenses                                      | (93,649)  | (7.6)          | (146,846)          | (6.6)          | (238,648)          | (34,280)         |
| Research and development expenses  | (399,209)   | (32.3)         | (440,518)          | (19.9)         | (595,169)          | (85,491)         |
| <b>Total operating expenses</b>  | <b>(608,719)</b>  | <b>(49.3)</b>  | <b>(779,035)</b>   | <b>(35.1)</b>  | <b>(1,151,243)</b> | <b>(165,366)</b> |
| <b>Operating loss</b>  | <b>(726,905)</b>  | <b>(58.8)</b>  | <b>(979,425)</b>   | <b>(44.2)</b>  | <b>(1,143,534)</b> | <b>(164,258)</b> |
| Interest income  | 19,628  | 1.6            | 116,500            | 5.3            | 78,612             | 11,292           |
| Interest expense   | (36,410)  | (2.9)          | (38,826)           | (1.8)          | (4,925)            | (707)            |
| Foreign exchange gain/(loss)   | 25,863  | 2.1            | (102,202)          | (4.6)          | (38,961)           | (5,596)          |
| Changes in fair value of financial instruments                           | 3,016   | 0.2            | 6,404              | 0.3            | —                  | —                |
| Other income, net  | 1,226   | 0.1            | 739                | 0.0            | 6,612              | 950              |
| <b>Loss before income taxes</b>  | <b>(713,582)</b>  | <b>(57.7)</b>  | <b>(996,810)</b>   | <b>(44.9)</b>  | <b>(1,102,196)</b> | <b>(158,319)</b> |
| Income tax expense   | (668)   | (0.1)          | (9,632)            | (0.4)          | (9,003)            | (1,293)          |
| <b>Net loss</b>  | <b>(714,250)</b>  | <b>(57.8)</b>  | <b>(1,006,442)</b> | <b>(45.3)</b>  | <b>(1,111,199)</b> | <b>(159,612)</b> |
| Accretion to redemption value of redeemable convertible preferred shares | (605,515)   | (49.0)         | (742,472)          | (33.5)         | (49,725)           | (7,143)          |
| <b>Net loss attributable to ordinary shareholders</b>                    | <b>(1,319,765)</b>  | <b>(106.8)</b> | <b>(1,748,914)</b> | <b>(78.8)</b>  | <b>(1,160,924)</b> | <b>(166,755)</b> |

Note:

(1) Share-based compensation expenses were allocated as follows:

|                                     | For the Year Ended December 31, |               |                |               |
|-------------------------------------|---------------------------------|---------------|----------------|---------------|
|                                     | 2017                            | 2018          | 2019           |               |
|                                     | RMB                             | RMB           | RMB            | US\$          |
|                                     | (in thousands)                  |               |                |               |
| Cost of revenues                    | 6,551                           | 3,565         | 8,509          | 1,222         |
| Selling and marketing expenses      | 12,618                          | 5,889         | 37,808         | 5,431         |
| General and administrative expenses | 25,741                          | 11,167        | 31,988         | 4,595         |
| Research and development expenses   | 46,099                          | 26,320        | 42,974         | 6,173         |
| <b>Total</b>                        | <b>91,009</b>                   | <b>46,941</b> | <b>121,279</b> | <b>17,421</b> |

### Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

#### Revenues

Our revenues increased by 78.4% from RMB2,218.2 million in 2018 to RMB3,956.4 million (US\$568.3 million) in 2019.

## [Table of Contents](#)

### *Public cloud services*

Our revenues generated from public cloud services increased by 63.9% from RMB2,110.5 million in 2018 to RMB3,458.8 million (US\$496.8 million) in 2019, primarily driven by (i) increased average revenues per Public Cloud Service Premium Customer from RMB14.5 million in 2018 to RMB19.2 million (US\$2.8 million) in 2019 as a result of their increasing demands for our products and solutions, contributing 60.4% of the increase in the revenues generated from public cloud services from 2018 to 2019, and (ii) to a lesser extent, increase in the number of our Public Cloud Service Premium Customers from 139 in 2018 to 175 in 2019 due to our further penetration in existing verticals and expansion into more verticals, contributing 38.8% of the increase in the revenues generated from public cloud services from 2018 to 2019.

### *Enterprise cloud services*

Our revenues generated from enterprise cloud services increased significantly from RMB94.4 million in 2018 to RMB486.3 million (US\$69.9 million) in 2019, primarily driven by (i) increase in the number of our Enterprise Cloud Service Premium Customers from 17 in 2018 to 67 in 2019 due to our further penetration in existing verticals and expansion into more verticals, contributing 69.7% of the increase in the revenues generated from enterprise cloud services from 2018 to 2019, and (ii) to a lesser extent, increased average revenues per Enterprise Cloud Service Premium Customer from RMB5.5 million in 2018 to RMB7.2 million (US\$1.0 million) in 2019 as a result of their increasing demands for our products and solutions, contributing 29.3% of the increase in the revenues generated from enterprise cloud services from 2018 to 2019.

### *Others*

Our revenues generated from others decreased by 15.8% from RMB13.3 million in 2018 to RMB11.2 million (US\$1.6 million) in 2019, which is primarily because we strategically discontinued advertising placement agency services in the first quarter of 2019, partially offset by the revenues generated from services ancillary to our other revenue streams such as AIoT solutions since 2019.

### **Cost of revenues**

Our cost of revenues increased by 63.3% from RMB2,418.6 million in 2018 to RMB3,948.6 million (US\$567.2 million) in 2019, driven by (i) an increase in IDC costs by 51.1% from RMB1,890.5 million to RMB2,856.6 million (US\$410.3 million) to support our business expansion, (ii) an increase in depreciation and amortization costs by 47.3% from RMB406.7 million to RMB599.2 million (US\$86.1 million) which was in line with our significant growth in business, and (iii) a significant increase in other costs from RMB97.7 million to RMB440.4 million (US\$63.3 million) which was primarily in relation to the increase in our enterprise cloud revenues.

### **Gross (loss)/profit**

As result of the foregoing, we generated gross profit of RMB7.7 million (US\$1.1 million) in 2019, compared to gross loss of RMB200.4 million in 2018, primarily resulting from economies of scale and our enhanced efficiency.

### **Operating expenses**

Our operating expenses increased by 47.8% from RMB779.0 million in 2018 to RMB1,151.2 million (US\$165.4 million) in 2019.

### *Selling and marketing expenses*

Our selling and marketing expenses increased by 65.6% from RMB191.7 million in 2018 to RMB317.4 million (US\$45.6 million) in 2019, which was mainly attributable to an increase in staff expenses by 89.4% from

## [Table of Contents](#)

RMB119.1 million to RMB225.6 million (US\$32.4 million) due to (i) increases in the number of our sales and marketing personnel as we continued to increase our sales and marketing efforts, and (ii) share-based awards granted in 2019.

### *General and administrative expenses*

Our general and administrative expenses increased by 62.5% from RMB146.8 million in 2018 to RMB238.6 million (US\$34.3 million) in 2019, which was mainly attributable to an increase in staff expenses by 59.2% from RMB76.7 million to RMB122.1 million (US\$17.5 million) due to (i) an increase in the number of our general and administrative staff, (ii) an increase in general and administrative staff's compensation level, and (iii) share-based awards granted in 2019.

### *Research and development expenses*

Our research and development expenses increased by 35.1% from RMB440.5 million in 2018 to RMB595.2 million (US\$85.5 million) in 2019, which was mainly attributable to an increase in staff expenses for research and development personnel by 33.3% from RMB394.9 million to RMB526.3 million (US\$75.6 million) due to (i) increases in both the number of our research and development personnel, (ii) the increase in their compensation levels as we continued to increase our research and development efforts, and (iii) share-based awards granted in 2019.

### **Operating loss**

As result of the foregoing, our operating loss increased by 16.8% from RMB979.4 million in 2018 to RMB1,143.5 million (US\$164.3 million) in 2019.

### **Interest income**

Our interest income decreased by 32.5% from RMB116.5 million in 2018 to RMB78.6 million (US\$11.3 million) in 2019, which was mainly due to the maturity of our short-term investments.

### **Interest expense**

Our interest expense decreased by 87.4% from RMB38.8 million in 2018 to RMB4.9 million (US\$0.7 million) in 2019, which was mainly due to our repayment of loans to Kingsoft Group.

### **Foreign exchange gain/(loss)**

Our foreign exchange loss decreased by 61.8% from RMB102.2 million in 2018 to RMB39.0 million (US\$5.6 million) in 2019, which was mainly due to the fluctuation of exchange rate.

### **Changes in fair value of financial instruments**

Our changes in fair value of financial instruments decreased from RMB6.4 million in 2018 to nil in 2019, which was mainly attributable to the exercise of the warrants issued to a Series D investor in 2018.

### **Other income, net**

Our other income, net increased significantly from RMB0.7 million in 2018 to RMB6.6 million (US\$1.0 million) in 2019, which was mainly due to the grant of government allowances and subsidies.

## [Table of Contents](#)

### ***Income tax expense***

Our income tax expense remained relatively stable from RMB9.6 million in 2018 to RMB9.0 million (US\$1.3 million) in 2019.

### ***Net loss***

As a result of the foregoing, our net loss increased by 10.4% from RMB1,006.4 million in 2018 to RMB1,111.2 million (US\$159.6 million) in 2019.

## **Year Ended December 31, 2018 Compared to Year Ended December 31, 2017**

### ***Revenues***

Our revenues increased by 79.5% from RMB1,236.0 million in 2017 to RMB2,218.2 million (US\$310.3 million) in 2018.

#### ***Public cloud services***

Our revenues generated from public cloud services increased by 75.5% from RMB1,202.5 million in 2017 to RMB2,110.5 million (US\$295.3 million) in 2018, primarily driven by (i) increased average revenues per Public Cloud Service Premium Customer from RMB10.2 million in 2017 to RMB14.5 million (US\$2.0 million) in 2018 as a result of their increasing demands for our products and solutions, contributing 66.2% of the increase in the revenues generated from public cloud services from 2017 to 2018, and (ii) to a lesser extent, increase in the number of our Public Cloud Service Premium Customers from 112 in 2017 to 139 in 2018 due to our further penetration in existing verticals and expansion into more verticals, contributing 30.4% of the increase in the revenues generated from public cloud services from 2017 to 2018.

#### ***Enterprise cloud services***

Our revenues generated from enterprise cloud services increased significantly from RMB15.3 million in 2017 to RMB94.4 million (US\$13.2 million) in 2018, primarily driven by increase in the number of our Enterprise Cloud Service Premium Customers from two in 2017 to 17 in 2018 due to our further penetration in existing verticals and expansion into more verticals.

#### ***Others***

Our revenues generated from others decreased by 27.0% from RMB18.2 million in 2017 to RMB13.3 million (US\$1.9 million) in 2018, which is primarily because we started to strategically streamline our advertising placement agency services.

### ***Cost of revenues***

Our cost of revenues increased by 78.6% from RMB1,354.2 million in 2017 to RMB2,418.6 million (US\$338.4 million) in 2018, driven by (i) an increase in IDC costs by 83.0% from RMB1,033.2 million to RMB1,890.5 million (US\$264.5 million) to support our business expansion, and (ii) an increase in depreciation and amortization costs by 40.1% from RMB290.2 million to RMB406.7 million (US\$56.9 million) which was in line with our significant growth in business.

### ***Gross loss***

As result of the foregoing, our gross loss increased by 69.6% from RMB118.2 million in 2017 to RMB200.4 million (US\$28.0 million) in 2018. Our gross loss as a percentage out of our total revenues decreased from 9.6% in 2017 to 9.0% in 2018, primarily resulting from economies of scale and our enhanced efficiency, which is partially offset by our continuing upfront investment in infrastructure.

### ***Operating expenses***

Our operating expenses increased by 28.0% from RMB608.7 million in 2017 to RMB779.0 million (US\$109.0 million) in 2018.

### ***Selling and marketing expenses***

Our selling and marketing expenses increased by 65.4% from RMB115.9 million in 2017 to RMB191.7 million (US\$26.8 million) in 2018, which was mainly attributable to (i) an increase in staff expenses by 74.9% from RMB64.7 million to RMB113.2 million (US\$15.8 million) due to increases in the number of our sales and marketing personnel as we continued to increase our sales and marketing efforts, especially in enterprise cloud services and (ii) an increase in marketing and promotion expenses by 93.5% from RMB11.9 million to RMB23.0 million (US\$3.2 million), which was in line with our business growth.

### ***General and administrative expenses***

Our general and administrative expenses increased by 56.8% from RMB93.6 million in 2017 to RMB146.8 million (US\$20.5 million) in 2018, which was mainly attributable to an increase in staff expenses by 53.3% from RMB42.8 million to RMB65.6 million (US\$9.2 million) due to increases in the number of our general and administrative staff and their increased compensation levels.

### ***Research and development expenses***

Our research and development expenses increased by 10.3% from RMB399.2 million in 2017 to RMB440.5 million (US\$61.6 million) in 2018, which was mainly attributable to an increase in staff expenses by 15.5% from RMB319.0 million to RMB368.5 million (US\$51.6 million) for research and development personnel due to increases in both the number of our research and development and related personnel and their compensation levels as we continued to increase our research and development efforts.

### ***Operating loss***

As result of the foregoing, our operating loss increased by 34.7% from RMB726.9 million in 2017 to RMB979.4 million (US\$137.0 million) in 2018.

### ***Interest income***

Our interest income was RMB116.5 million (US\$16.3 million) in 2018, as compared to RMB19.6 million in 2017. The change was mainly due to the increase in our cash and cash equivalents and the amount of short-term investments we purchased.

### ***Interest expense***

Our interest expense was RMB38.8 million (US\$5.4 million) in 2018, as compared to RMB36.4 million in 2017. The change was mainly due to the decrease in the amount of our borrowings in 2018.

### ***Foreign exchange gain/(loss)***

We incurred foreign exchange loss of RMB102.2 million (US\$14.3 million) in 2018, as compared to a foreign exchange gain of RMB25.9 million in 2017. The change was mainly attributable to currency exchange losses in 2018 due to depreciation of RMB against U.S. dollars.

***Changes in fair value of financial instruments***

Our changes in fair value of financial instruments increased from RMB3.0 million in 2017 to RMB6.4 million (US\$0.9 million) in 2018, which was mainly in relation to the warrant issued to a Series D investor in 2017.

***Other income, net***

Our other income, net, was RMB0.7 million (US\$0.1 million) in 2018, as compared to RMB1.2 million in 2017.

***Income tax expense***

Our income tax expense increased from RMB0.7 million in 2017 and RMB9.6 million (US\$1.3 million) in 2018, which was mainly due to our increased interest income.

***Net loss***

As a result of the foregoing, our net loss increased by 40.9% from RMB714.3 million in 2017 as compared to RMB1,006.4 million (US\$140.8 million) in 2018.



[Table of Contents](#)

### Selected Quarterly Results of Operations

The following table sets forth our unaudited consolidated quarterly results of operations for the periods indicated. You should read the following table in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited consolidated quarterly financial information on the same basis as our consolidated financial statements. The unaudited consolidated quarterly financial information includes all adjustments, consisting only of normal and recurring adjustments that we consider necessary for a fair representation of our operating results for the quarters presented. Our historical results for any particular quarter are not necessarily indicative of our future results.

|  | For the three months ended |                  |                       |                      |                   |                  |                       |                      |
|--|----------------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|
|  | March 31,<br>2018          | June 30,<br>2018 | September 30,<br>2018 | December 31,<br>2018 | March 31,<br>2019 | June 30,<br>2019 | September 30,<br>2019 | December 31,<br>2019 |
|  | RMB                        | RMB              | RMB                   | RMB                  | RMB               | RMB              | RMB                   | RMB                  |
|  | (in thousands)             |                  |                       |                      |                   |                  |                       |                      |
| <b>Revenues:</b>                               |                            |                  |                       |                      |                   |                  |                       |                      |
| Public cloud services                          | 427,261                    | 454,439          | 572,532               | 656,281              | 762,835           | 866,348          | 884,518               | 945,142              |
| Enterprise cloud services                      | 5,737                      | 1,038            | 24,158                | 63,436               | 82,966            | 68,465           | 114,450               | 220,427              |
| Others   | 2,201                      | 3,738            | 2,727                 | 4,624                | —                 | 309              | 2,822                 | 8,071                |
| <b>Total revenue</b>                           | <b>435,199</b>             | <b>459,215</b>   | <b>599,417</b>        | <b>724,341</b>       | <b>845,801</b>    | <b>935,122</b>   | <b>1,001,790</b>      | <b>1,173,640</b>     |
| Cost of revenues                               | (480,493)                  | (492,244)        | (659,293)             | (786,532)            | (890,874)         | (955,407)        | (983,046)             | (1,119,317)          |
| <b>Gross (loss)/profit</b>                     | <b>(45,294)</b>            | <b>(33,029)</b>  | <b>(59,876)</b>       | <b>(62,191)</b>      | <b>(45,073)</b>   | <b>(20,285)</b>  | <b>18,744</b>         | <b>54,323</b>        |
| <b>Operating expenses:</b>                     |                            |                  |                       |                      |                   |                  |                       |                      |
| Selling expenses                               | (33,461)                   | (36,074)         | (46,303)              | (75,833)             | (52,818)          | (79,013)         | (87,309)              | (98,286)             |
| General and administrative expenses            | (23,512)                   | (32,054)         | (40,341)              | (50,939)             | (35,130)          | (60,782)         | (55,491)              | (87,245)             |
| Research and development expenses              | (104,173)                  | (94,689)         | (122,762)             | (118,894)            | (124,364)         | (143,468)        | (155,853)             | (171,484)            |
| <b>Total operating expenses</b>                | <b>(161,146)</b>           | <b>(162,817)</b> | <b>(209,406)</b>      | <b>(245,666)</b>     | <b>(212,312)</b>  | <b>(283,263)</b> | <b>(298,653)</b>      | <b>(357,015)</b>     |
| <b>(Loss)/Income from operations</b>           | <b>(206,440)</b>           | <b>(195,846)</b> | <b>(269,282)</b>      | <b>(307,857)</b>     | <b>(257,385)</b>  | <b>(303,548)</b> | <b>(279,909)</b>      | <b>(302,692)</b>     |
| <b>Other income/(expenses)</b>                 |                            |                  |                       |                      |                   |                  |                       |                      |
| Interest income                                | 15,744                     | 33,900           | 35,896                | 30,960               | 25,986            | 23,699           | 17,291                | 11,636               |
| Interest expense                               | (11,115)                   | (10,363)         | (9,194)               | (8,154)              | (2,900)           | (2,025)          | —                     | —                    |
| Foreign exchange gain/(loss)                   | 32,236                     | (66,602)         | (63,692)              | (4,144)              | 24,793            | (38,625)         | (81,882)              | 56,753               |
| Changes in fair value of financial instruments | 3,889                      | 2,515            | —                     | —                    | —                 | —                | —                     | —                    |
| Others, net                                    | (85)                       | 97               | (44)                  | 771                  | 10,936            | 2,652            | (3,781)               | (3,195)              |
| <b>(Loss)/Income before income tax</b>         | <b>(165,771)</b>           | <b>(236,299)</b> | <b>(306,316)</b>      | <b>(288,424)</b>     | <b>(198,570)</b>  | <b>(317,847)</b> | <b>(348,281)</b>      | <b>(237,498)</b>     |
| Income tax credit/(expense)                    | (1,871)                    | (2,199)          | (2,623)               | (2,939)              | (2,790)           | (1,892)          | (2,311)               | (2,010)              |
| <b>Net (loss)/income</b>                       | <b>(167,642)</b>           | <b>(238,498)</b> | <b>(308,939)</b>      | <b>(291,363)</b>     | <b>(201,360)</b>  | <b>(319,739)</b> | <b>(350,592)</b>      | <b>(239,508)</b>     |

## [Table of Contents](#)

We have generally experienced steady growth in our quarterly revenues for the eight quarters in the period from January 1, 2018 to December 31, 2019, among which (i) our revenues generated from public cloud services continued to increase primarily driven by the increased average revenues per Public Cloud Service Premium Customer and increase in the number of our Public Cloud Service Premium Customers; (ii) our revenues generated from enterprise cloud services generally continued to increase primarily driven by increase in the number of our Enterprise Cloud Service Premium Customers, except for decline in the second quarter of 2018 as compared with the first quarter of 2018 and decline in the second quarter of 2019 as compared with the first quarter of 2019 as our enterprise cloud services are provided on a project basis and the completion and delivery of each project varies, depending on, among others, the needs of our customers and therefore we experienced certain fluctuation in quarterly revenues; and (iii) our other revenues experienced fluctuation as we started to strategically streamline our advertising placement agency services in 2018 and discontinued such services in the first quarter of 2019, and our other revenues continued to increase since the second quarter of 2019 which was attributable to services ancillary to our other revenue streams such as AIoT solutions. The trend we experienced in the past with respect to our total revenues or revenues generated from each revenue stream may not apply to, or be indicative of, our future operating results.

Our cost of revenues increased for the eight quarters in the period from January 1, 2018 to December 31, 2019 as a result of our business expansion. We realized gross profit in both the third and fourth quarter of 2019 primarily resulting from economies of scale and our enhanced efficiency.

Our operating expenses increased in absolute amounts for the eight quarters in the period from January 1, 2018 to December 31, 2019, which was in line with our revenues growth and business expansion.

### **Non-GAAP Financial Measure**

In evaluating our business, we consider and use certain non-GAAP measures, adjusted gross (loss)/profit, adjusted gross margin, adjusted EBITDA and adjusted EDITDA margin, as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define adjusted gross (loss)/profit as gross (loss)/profit excluding share-based compensation allocated in the cost of revenues, and we define adjusted gross margin as adjusted gross (loss)/profit as a percentage of revenues. We define adjusted net loss as net loss excluding share-based compensation, foreign exchange (gain)/loss, changes in fair value of financial instruments and other (income)/expense, net. We define adjusted EBITDA as adjusted net loss excluding interest income, interest expense, income tax expense and depreciation and amortization, and we define adjusted EBITDA margin as adjusted EBITDA as a percentage of revenues. We present these non-GAAP financial measures because they are used by our management to evaluate our operating performance and formulate business plans. We also believe that the use of these non-GAAP measures facilitates investors' assessment of our operating performance.

These non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using these non-GAAP financial measures is that they do not reflect all items of income and expense that affect our operations. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore their comparability may be limited.

We compensate for these limitations by reconciling these non-GAAP financial measures to the nearest U.S. GAAP performance measure, all of which should be considered when evaluating our performance. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

## Table of Contents

The following tables reconcile our adjusted gross (loss)/profit, adjusted net loss and adjusted EBITDA in 2017, 2018 and 2019 to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which are gross (loss)/profit and net loss:

|  | For the Year Ended December 31, |                  |               |              |
|--|---------------------------------|------------------|---------------|--------------|
|  | 2017                            | 2018             | 2019          |              |
|  | RMB                             | RMB              | RMB           | US\$         |
| <b>Gross (loss)/profit</b>                               | <b>(118,186)</b>                | <b>(200,390)</b> | <b>7,709</b>  | <b>1,108</b> |
| Adjustments:   |                                 |                  |               |              |
| Share-based compensation (allocated in cost of revenues) | 6,551                           | 3,565            | 8,509         | 1,222        |
| <b>Adjusted gross (loss)/profit</b>                      | <b>(111,635)</b>                | <b>(196,825)</b> | <b>16,218</b> | <b>2,330</b> |

|                              | For the Year Ended December 31, |              |            |
|------------------------------|---------------------------------|--------------|------------|
|                              | 2017                            | 2018         | 2019       |
|                              | %                               |              |            |
| <b>Gross margin</b>          | <b>(9.6)</b>                    | <b>(9.0)</b> | <b>0.2</b> |
| <b>Adjusted gross margin</b> | <b>(9.0)</b>                    | <b>(8.9)</b> | <b>0.4</b> |

|  | For the Year Ended December 31, |                    |                    |                  |
|--|---------------------------------|--------------------|--------------------|------------------|
|  | 2017                            | 2018               | 2019               |                  |
|  | RMB                             | RMB                | RMB                | US\$             |
| <b>Net loss</b>                                | <b>(714,250)</b>                | <b>(1,006,442)</b> | <b>(1,111,199)</b> | <b>(159,612)</b> |
| Adjustment:                                    |                                 |                    |                    |                  |
| Share-based compensation                       | 91,009                          | 46,941             | 121,279            | 17,421           |
| Foreign exchange (gain)/loss                   | (25,863)                        | 102,202            | 38,961             | 5,596            |
| Changes in fair value of financial instruments | (3,016)                         | (6,404)            | —                  | —                |
| Other (income)/expense, net                    | (1,226)                         | (739)              | (6,612)            | (950)            |
| <b>Adjusted net loss</b>                       | <b>(653,346)</b>                | <b>(864,442)</b>   | <b>(957,571)</b>   | <b>(137,545)</b> |
| Adjustments:                                   |                                 |                    |                    |                  |
| Interest income                                | (19,628)                        | (116,500)          | (78,612)           | (11,292)         |
| Interest expense                               | 36,410                          | 38,826             | 4,925              | 707              |
| Income tax expense                             | 668                             | 9,632              | 9,003              | 1,293            |
| Depreciation and amortization                  | 297,647                         | 412,352            | 604,581            | 86,843           |
| <b>Adjusted EBITDA</b>                         | <b>(338,249)</b>                | <b>(520,132)</b>   | <b>(417,674)</b>   | <b>(59,994)</b>  |

|                                 | For the Year Ended December 31, |               |               |
|---------------------------------|---------------------------------|---------------|---------------|
|                                 | 2017                            | 2018          | 2019          |
|                                 | %                               |               |               |
| <b>Net loss margin</b>          | <b>(57.8)</b>                   | <b>(45.4)</b> | <b>(28.1)</b> |
| <b>Adjusted net loss margin</b> | <b>(52.9)</b>                   | <b>(39.0)</b> | <b>(24.2)</b> |
| <b>Adjusted EBITDA margin</b>   | <b>(27.4)</b>                   | <b>(23.4)</b> | <b>(10.6)</b> |

## Table of Contents

The following tables reconcile our adjusted gross (loss)/profit, adjusted net loss and adjusted EBITDA derived from our unaudited consolidated quarterly results of operations for the periods indicated to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which are gross (loss)/profit and net loss:

|  | For the three months ended |                  |                       |                      |                   |                  |                       |                      |
|--|----------------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|
|  | March 31,<br>2018          | June 30,<br>2018 | September 30,<br>2018 | December 31,<br>2018 | March 31,<br>2019 | June 30,<br>2019 | September 30,<br>2019 | December 31,<br>2019 |
|  | RMB                        | RMB              | RMB                   | RMB                  | RMB               | RMB              | RMB                   | RMB                  |
| <b>Gross (loss)/profit</b>                               | <b>(45,294)</b>            | <b>(33,029)</b>  | <b>(59,876)</b>       | <b>(62,191)</b>      | <b>(45,073)</b>   | <b>(20,285)</b>  | <b>18,744</b>         | <b>54,323</b>        |
| Adjustments:   |                            |                  |                       |                      |                   |                  |                       |                      |
| Share-based compensation (allocated in cost of revenues) | 1,048                      | 828              | 1,028                 | 661                  | 460               | 3,824            | 1,817                 | 2,408                |
| <b>Adjusted gross (loss)/profit</b>                      | <b>(44,246)</b>            | <b>(32,201)</b>  | <b>(58,848)</b>       | <b>(61,530)</b>      | <b>(44,613)</b>   | <b>(16,461)</b>  | <b>20,561</b>         | <b>56,731</b>        |

|                              | For the three months ended |                  |                       |                      |                   |                  |                       |                      |
|------------------------------|----------------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|
|                              | March 31,<br>2018          | June 30,<br>2018 | September 30,<br>2018 | December 31,<br>2018 | March 31,<br>2019 | June 30,<br>2019 | September 30,<br>2019 | December 31,<br>2019 |
|                              | RMB                        | RMB              | RMB                   | RMB                  | RMB               | RMB              | RMB                   | RMB                  |
| <b>Gross margin</b>          | <b>(10.4)</b>              | <b>(7.2)</b>     | <b>(10.0)</b>         | <b>(8.6)</b>         | <b>(5.3)</b>      | <b>(2.2)</b>     | <b>1.9</b>            | <b>4.6</b>           |
| <b>Adjusted gross margin</b> | <b>(10.2)</b>              | <b>(7.0)</b>     | <b>(9.8)</b>          | <b>(8.5)</b>         | <b>(5.3)</b>      | <b>(1.8)</b>     | <b>2.1</b>            | <b>4.8</b>           |

|  | For the three months ended |                  |                       |                      |                   |                  |                       |                      |
|--|----------------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|
|  | March 31,<br>2018          | June 30,<br>2018 | September 30,<br>2018 | December 31,<br>2018 | March 31,<br>2019 | June 30,<br>2019 | September 30,<br>2019 | December 31,<br>2019 |
|  | RMB                        | RMB              | RMB                   | RMB                  | RMB               | RMB              | RMB                   | RMB                  |
| <b>Net loss</b>                                | <b>(167,642)</b>           | <b>(238,498)</b> | <b>(308,939)</b>      | <b>(291,363)</b>     | <b>(201,360)</b>  | <b>(319,739)</b> | <b>(350,592)</b>      | <b>(239,508)</b>     |
| Adjustments:                                   |                            |                  |                       |                      |                   |                  |                       |                      |
| Share-based compensation                       | 13,439                     | 3,796            | 13,656                | 16,050               | 11,787            | 48,000           | 22,981                | 38,511               |
| Foreign exchange (gain)/loss                   | (32,236)                   | 66,602           | 63,692                | 4,144                | (24,793)          | 38,625           | 81,882                | (56,753)             |
| Changes in fair value of financial instruments | (3,889)                    | (2,515)          | —                     | —                    | —                 | —                | —                     | —                    |
| Other (income)/expense, net                    | 85                         | (97)             | 44                    | (771)                | (10,936)          | (2,652)          | 3,781                 | 3,195                |
| <b>Adjusted net loss</b>                       | <b>(190,243)</b>           | <b>(170,712)</b> | <b>(231,547)</b>      | <b>(271,940)</b>     | <b>(225,302)</b>  | <b>(235,766)</b> | <b>(241,948)</b>      | <b>(254,555)</b>     |
| Adjustments:                                   |                            |                  |                       |                      |                   |                  |                       |                      |
| Interest income                                | (15,744)                   | (33,900)         | (35,896)              | (30,960)             | (25,986)          | (23,699)         | (17,291)              | (11,636)             |
| Interest expense                               | 11,115                     | 10,363           | 9,194                 | 8,154                | 2,900             | 2,025            | —                     | —                    |
| Income tax expense                             | 1,871                      | 2,199            | 2,623                 | 2,939                | 2,790             | 1,892            | 2,311                 | 2,010                |
| Depreciation and amortization                  | 77,162                     | 89,967           | 113,604               | 131,619              | 136,802           | 137,995          | 154,919               | 174,865              |
| <b>Adjusted EBITDA</b>                         | <b>(115,839)</b>           | <b>(102,083)</b> | <b>(142,022)</b>      | <b>(160,188)</b>     | <b>(108,796)</b>  | <b>(117,553)</b> | <b>(102,009)</b>      | <b>(89,316)</b>      |

|                                 | For the three months ended |                  |                       |                      |                   |                  |                       |                      |
|---------------------------------|----------------------------|------------------|-----------------------|----------------------|-------------------|------------------|-----------------------|----------------------|
|                                 | March 31,<br>2018          | June 30,<br>2018 | September 30,<br>2018 | December 31,<br>2018 | March 31,<br>2019 | June 30,<br>2019 | September 30,<br>2019 | December 31,<br>2019 |
|                                 | RMB                        | RMB              | RMB                   | RMB                  | RMB               | RMB              | RMB                   | RMB                  |
|                                 | %                          |                  |                       |                      |                   |                  |                       |                      |
| <b>Net loss margin</b>          | <b>(38.5)</b>              | <b>(51.9)</b>    | <b>(51.5)</b>         | <b>(40.2)</b>        | <b>(23.8)</b>     | <b>(34.2)</b>    | <b>(35.0)</b>         | <b>(20.4)</b>        |
| <b>Adjusted net loss margin</b> | <b>(43.7)</b>              | <b>(37.2)</b>    | <b>(38.6)</b>         | <b>(37.5)</b>        | <b>(26.6)</b>     | <b>(25.2)</b>    | <b>(24.2)</b>         | <b>(21.7)</b>        |
| <b>Adjusted EBITDA margin</b>   | <b>(26.6)</b>              | <b>(22.2)</b>    | <b>(23.7)</b>         | <b>(22.1)</b>        | <b>(12.9)</b>     | <b>(12.6)</b>    | <b>(10.2)</b>         | <b>(7.6)</b>         |

## Liquidity and Capital Resources

### *Cash flows and working capital*

Our sources of liquidity primarily consist of net proceeds from redeemable convertible preferred shares. For details of the redeemable convertible preferred shares, see “Description of Share Capital—History of Securities Issuances.” As of December 31, 2017, 2018 and 2019, we had RMB573.4 million, RMB1,507.1 million and RMB2,023.3 million (US\$290.6 million), respectively, in cash and cash equivalents. As of December 31, 2019, substantially all of our cash and cash equivalents were located in the PRC and Hong Kong. Our cash and cash equivalents consist of cash on hand and time deposits placed with banks which are unrestricted as to withdrawal or use and have original maturities of less than three months. We believe that our cash and cash equivalents, short-term investment and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months.

As of December 31, 2018 and 2019, we had accumulated deficits amounting to RMB3,790.9 million and RMB4,902.1 million (US\$704.1 million), respectively, net current assets of RMB3,297.5 million and RMB1,729.7 million (US\$248.5 million), respectively, and cash and cash equivalents of RMB1,507.1 million and RMB2,023.3 million (US\$290.6 million), respectively. For the year ended December 31, 2018 and 2019, we incurred net loss of RMB1,006.4 million and RMB1,111.2 million (US\$159.6 million), respectively, and net cash used in operations of RMB383.1 million and RMB439.1 million (US\$63.1 million), respectively.

We intend to finance our future working capital requirements and capital expenditures from cash generated from operating activities, funds raised from financing activities, including the net proceeds we will receive from this offering. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to issue debt or equity securities or obtain additional credit facilities. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. Issuance of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer. See “Risk Factors—Risks Relating to Our Business and Industry—We require a significant amount of capital to fund our operations and respond to business opportunities. If we cannot obtain sufficient capital on acceptable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.”

As a holding company with no material operations of our own, we conduct a substantial majority of our operations through our PRC subsidiaries and our VIEs in China. We are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries in China through capital contributions or loans, subject to the approval of government authorities and limits on the amount of capital contributions and loans. In addition, our subsidiaries in China may provide Renminbi funding to our VIEs only through entrusted loans. See “Regulation—Regulation Related to Foreign Exchange,” “Risk Factors—Risks Related to Doing Business in

## [Table of Contents](#)

China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries and to make loans to our VIEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business,” and “Use of Proceeds.” The ability of our subsidiaries in China to make dividends or other cash payments to us is subject to various restrictions under PRC laws and regulations. See “Risk Factors—Risks Relating to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business,” and “Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.”

The following table presents our selected consolidated cash flow data for the years ended December 31, 2017, 2018 and 2019.

|  | For the Year Ended December 31, |             |           |          |
|--|---------------------------------|-------------|-----------|----------|
|  | 2017                            | 2018        | 2019      |          |
|  | RMB                             | RMB         | RMB       | US\$     |
|  | (in thousands)                  |             |           |          |
| Net cash used in operating activities                        | (134,527)                       | (383,110)   | (439,132) | (63,074) |
| Net cash (used in)/generated from investing activities       | (1,820,636)                     | (1,173,559) | 883,247   | 126,870  |
| Net cash generated from financing activities                 | 1,861,177                       | 2,435,832   | 64,507    | 9,266    |
| Net (decrease)/increase in cash and cash equivalents         | (93,986)                        | 879,163     | 508,622   | 73,062   |
| Cash and cash equivalents at beginning of the year           | 706,012                         | 573,437     | 1,507,071 | 216,477  |
| Effect of exchange rate changes on cash and cash equivalents | (38,589)                        | 54,471      | 7,570     | 1,085    |
| Cash and cash equivalents at end of the year                 | 573,437                         | 1,507,071   | 2,023,263 | 290,624  |

### **Operating activities**

Net cash used in operating activities was RMB439.1 million (US\$63.1 million) in 2019. The difference between our net loss of RMB1,111.2 million (US\$159.6 million) and the net cash used in operating activities was mainly due to (i) depreciation and amortization of RMB604.6 million (US\$86.8 million) primarily attributable to our increased investment in property and equipment, (ii) an increase in accounts payable of RMB533.8 million (US\$76.7 million) which was in line with our increased IDC costs, and (iii) share-based compensation of RMB121.3 million (US\$17.4 million) to our employees, partially offset by an increase in accounts receivable of RMB823.0 million (US\$118.2 million) primarily due to our overall business growth.

Net cash used in operating activities was RMB383.1 million in 2018. The difference between our net loss of RMB1,006.4 million and the net cash used in operating activities was mainly due to (i) depreciation and amortization of RMB412.4 million primarily attributable to our increased investment in property and equipment, (ii) an increase in accounts payable of RMB260.1 million which was in line with our increased IDC costs, (iii) foreign exchange loss of RMB102.2 million as a result of the fluctuations of exchange rates of Renminbi against U.S. dollars and, (iv) an decrease in accrued expenses and other liabilities of RMB133.0 million in relation to procurement of property and equipment and accrued staff compensation, partially offset by (i) an increase in accounts receivable of RMB46.7 million primarily due to our overall business growth, and (ii) an increase in prepayment and other assets of RMB25.2 million.

Net cash used in operating activities was RMB134.5 million in 2017. The difference between our net loss of RMB714.3 million and the net cash used in operating activities was mainly due to (i) depreciation and

## [Table of Contents](#)

amortization of RMB297.6 million primarily due to our increased investment in property and equipment, (ii) an increase in accounts payable of RMB285.7 million which was in line with our increased IDC costs, and (iii) an increase in accrued expenses and other liabilities of RMB330.1 million in relation to procurement of property and equipment and accrued staff compensation, partially offset by (i) an increase in accounts receivable of RMB221.6 million primarily due to our overall business growth, and (ii) an increase in amounts due from related parties of RMB154.8 million.

### ***Investing activities***

Net cash generated from investing activities in 2019 was RMB883.2 million (US\$126.9 million), which was mainly attributable to the proceeds from maturities of short-term investments of RMB3,107.6 million (US\$446.4 million), partially offset by (i) purchases of short-term investments of RMB1,112.0 million (US\$159.7 million), and (ii) the purchase of property and equipment of RMB999.5 million (US\$143.6 million).

Net cash used in investing activities in 2018 was RMB1,173.6 million, which was mainly attributable to (i) purchases of short-term investments of RMB2,866.8 million and, (ii) the purchase of property and equipment of RMB1,094.6 million, partially offset by the proceeds from maturities of short-term investments of RMB2,784.4 million.

Net cash used in investing activities in 2017 was RMB1,820.6 million, which was primarily attributable to (i) purchases of short-term investments of RMB1,901.9 million, and (ii) the purchase of property and equipment of RMB346.1 million, partially offset by the proceeds from maturities of short-term investments of RMB398.6 million.

### ***Financing activities***

Net cash generated from financing activities in 2019 was RMB64.5 million (US\$9.3 million), which was mainly attributable to the proceeds from redeemable convertible preferred shares, net of issuance costs, of RMB349.4 million (US\$50.2 million), partially offset by (i) the repayment of loan due to Kingsoft Group of RMB225.0 million (US\$32.3 million), and (ii) the repayment of a long-term bank loan of RMB80.8 million (US\$11.6 million).

Net cash provided by financing activities in 2018 was RMB2,435.8 million, which was mainly attributable to the proceeds from redeemable convertible preferred shares, net of issuance costs of RMB2,851.9 million, partially offset by (i) repayment of loan due to a related party RMB329.5 million, and (ii) repayment of long-term bank loan of RMB80.0 million.

Net cash provided by financing activities in 2017 was RMB1,861.2 million, which was mainly attributable to (i) the proceeds from redeemable convertible preferred shares, net of issuance costs of RMB1,723.0 million, and (ii) proceeds from loan due to a related party of RMB145.0 million, partially offset by repayment of loan due to a related party of RMB65.0 million.

### **Capital Expenditures**

Our capital expenditures are incurred primarily in connection with purchases of property and equipment and intangible assets. Our capital expenditures were RMB351.0 million, RMB1,096.2 million and RMB999.7 million (US\$143.6 million), respectively, in 2017, 2018 and 2019, respectively. Our purchases of property and equipment was RMB346.1 million, RMB1,094.6 million and RMB999.5 million (US\$143.6 million), respectively, in 2017, 2018 and 2019, accounting for 98.6%, 99.9% and 100.0% of our capital expenditures, respectively, for the same periods. Our capital expenditure commitments as of December 31, 2019 were RMB21.6 million (US\$3.1 million), which were primarily relating to capital expenditures for the construction of a data center scheduled to be paid within one year. We intend to fund our future capital expenditures with our existing cash balance, cash generated from operating activities and net proceeds from this offering. We will continue to make capital expenditures to meet the expected growth of our business.

## Contractual Obligations

The following table sets forth our contractual obligations and commitments as of December 31, 2019.

|                               | Payments Due by Years Ending |                  |           |                   |
|-------------------------------|------------------------------|------------------|-----------|-------------------|
|                               | Total                        | Less than 1 year | 1-3 years | More than 3 years |
| Operating lease commitment(1) | 410,789                      | 51,468           | 163,853   | 195,468           |
| Long-term loans(2)            | 174,351                      | 100,000          | 74,351    | —                 |

Notes:

- (1) Operating lease commitment represents future minimum payments under non-cancelable operating leases. Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases.
- (2) In June 2016, we entered into a banking facility agreement with a bank, pursuant to which we are entitled to borrow an RMB denominated loan of RMB400.0 million with a fixed annual interest rate at 90% of the benchmark five-year lending rate published by the People's Bank of China to purchase property and equipment.

## Holding Company Structure

Kingsoft Cloud Holdings Limited is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries and our consolidated VIEs. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries. If our subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or PRC GAAP. In accordance with PRC company laws, our consolidated VIEs in China must make appropriations from their after-tax profit to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of our consolidated VIEs. Appropriation to discretionary surplus fund is made at the discretion of our consolidated VIEs. Pursuant to the law applicable to China's foreign investment enterprise, our subsidiaries that are foreign investment enterprise in the PRC have to make appropriation from their after-tax profit, as determined under PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiary. Appropriation to the other two reserve funds are at our subsidiary's discretion.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding from the proceeds of our offshore fund raising activities to our PRC subsidiaries only through loans or capital contributions, and to our consolidated affiliated entity only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. See "Risk Factors—Risks Related to Doing Business in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries and to make loans to our VIEs, which could materially and adversely affect our liquidity and our ability to fund and expand our business." As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries and consolidated VIEs when needed. Notwithstanding the foregoing, our PRC subsidiaries may use their own retained earnings (rather than Renminbi converted from foreign currency denominated capital) to provide financial support to our consolidated affiliated entity either through entrustment loans from our PRC subsidiaries to our consolidated VIEs or direct loans to such consolidated affiliated entity's nominee shareholders, which would be contributed to the consolidated variable entity as capital injections. Such direct loans to the nominee



shareholders would be eliminated in our consolidated financial statements against the consolidated affiliated entity's share capital.

### **Off-Balance Sheet Commitments and Arrangements**

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

### **Quantitative and Qualitative Disclosure about Market Risk**

#### ***Concentration of credit risk***

Assets that potentially subject us to significant concentration of credit risk primarily consist of cash and cash equivalents, short-term investments, and accounts receivable. We expect that there is no significant credit risk associated with cash and cash equivalents and short-term investments, which were held by reputable financial institutions in the jurisdictions where we, our subsidiaries, and the VIEs are located. We believe that it is not exposed to unusual risks as these financial institutions have high credit quality.

Accounts receivable are typically unsecured and are derived from revenues earned from reputable customers. As of December 31, 2018 and 2019, we had two customers with a receivable balance exceeding 10% of the total accounts receivable balance, respectively. The risk with respect to accounts receivable is mitigated by credit evaluations we perform on our customers and our ongoing monitoring process of outstanding balances.

#### ***Business, customer, political, social and economic risks***

We participate in a dynamic and competitive high technology industry and believe that changes in any of the following areas could have a material adverse effect on our future financial position, results of operations or cash flows: changes in the overall demand for services; competitive pressures due to existing competitors; and new trends in new technologies and industry standards; control of telecommunication infrastructures by local regulators and industry standards; changes in certain strategic relationships or customer relationships; regulatory considerations; and risks associated with our ability to attract and retain employees necessary to support our growth. Our operations could be adversely affected by significant political, economic and social uncertainties in the PRC.

Our three largest customers accounted for 27%, 19% and 10%, respectively, of total revenues during the year ended December 31, 2017, 25%, 24% and 11%, respectively, of total revenues during the year ended December 31, 2018, and 31%, 14% and 12%, of total revenues during the year ended December 31, 2019. In addition, our total revenues generated from Premium Customers accounted for 93.7%, 95.3% and 97.4% of our total revenues in 2017, 2018 and 2019, respectively.

#### ***Currency convertibility risk***

We transact a majority of our business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the PBOC. However, the unification of the exchange rates does not imply that the RMB may be readily convertible into United States dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the

## [Table of Contents](#)

exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts. Additionally, the value of the RMB is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

### ***Foreign currency exchange rate risk***

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For RMB against U.S. dollar, there was depreciation of approximately 5.5% and 1.3% during the year ended December 31, 2018 and 2019, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollar into RMB for capital expenditures and working capital and other business purposes, appreciation of RMB against U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollar for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to us. In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings or losses.

We estimate that we will receive net proceeds of approximately US\$                      million from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us, based on the initial offering price of US\$                      per ADS. Assuming that we convert the full amount of the net proceeds from this offering into RMB, a 10% appreciation of the U.S. dollar against RMB, from a rate of RMB                      to US\$1.00, the rate in effect as of December 31, 2019, to a rate of RMB                      to US\$1.00, will result in an increase of RMB                      million in our net proceeds from this offering. Conversely, a 10% depreciation of the U.S. dollar against the RMB, from a rate of RMB                      to US\$1.00, the rate in effect as of December 31, 2019, to a rate of RMB                      to US\$1.00, will result in a decrease of RMB                      million in our net proceeds from this offering.

### **Recent Accounting Pronouncements**

For detailed discussion on recent accounting pronouncements, see Note 2 to our Consolidated Financial Statements.

## INDUSTRY OVERVIEW

### Introduction of Cloud Services

Historically, enterprises invested in on-premise IT infrastructure and equipment to support the growing needs for computing power, storage and network. However, these on-premise IT models created massive complexity, cost, technical debt, and a tangled web of dependencies for the enterprises that deployed them. In recent years, the technology industry has undergone a massive transition from on-premise hardware and software that enterprises purchase to services on the cloud that they rent. Cloud services offer on-demand access to a shared pool of configurable, computing and storage resources which can be instantaneously deployed and easily scaled, therefore providing a wide variety of benefits to enterprises compared with the traditional on-premise IT model:

- **Cost reduction.** Cloud services significantly reduce enterprises' upfront capital expenditures and ongoing expenses for purchasing, installing, maintaining, and upgrading their own on-premise IT infrastructure and equipment. Instead of hiring, training, and managing professional staff that operate and maintain on-premise IT models, enterprises can hand over these tasks to professional cloud services providers and enjoy instant, reliable, and cost-efficient services on a pay-as-you-go basis. As a result, management can focus on core business development.
- **Flexibility, scalability and reliability.** Enterprises' storage and computing demand varies from time to time as they proceed to different development stages. Cloud services allow enterprises to scale up and down their capacity in response to their demands flexibly and timely. Instead of upgrading or downgrading their own on-premise IT infrastructure, which may be time- and cost-consuming, enterprises can rely on cloud service providers for ready-to-use cloud capacity that fulfills their varying commercial needs. Underpinned by the latest and secure IT resources, cloud service providers deliver consistent and reliable high performance services with added benefits on data protection and disaster recovery.
- **Technological innovation.** Cloud technology is a new approach to create and build next generation applications, unlocking the potential for solutions that traditional on-premise IT models cannot offer, including big data analytics, machine learning, edge computing and beyond.

As a result of these benefits, global IT spending has seen a structural shift from traditional IT models to cloud services. According to Frost & Sullivan, global IT spending is expected to grow from US\$3,732 billion in 2019 to US\$4,304 billion in 2024; cloud service spending accounted for 9.8% of global IT spending in 2019 as compared with 5.1% in 2015, and is expected to increase to 20.2% in 2024.

### Overview of Cloud Service Market

#### Overview

The concept of cloud services was first commercially introduced by Amazon when it launched AWS in 2006. The cloud service market has been undergoing strong and steady growth since 2014 with the United States and China being the two largest markets in the world, according to Frost & Sullivan.

According to Frost & Sullivan, the market size of United States' cloud services has increased from US\$102.5 billion in 2015 to US\$222.3 billion in 2019, representing a CAGR of 21.3%, and is expected to reach US\$559.4 billion in 2024, representing a CAGR of 20.3% from 2019 to 2024. In terms of market penetration, spending on cloud services as a percentage of total IT spending in the United States increased from 9.0% in 2015 to 15.8% in 2019, and is expected to reach 33.7% in 2024.

Since 2018, China has become the second largest cloud services market globally in terms of revenue, following the United States, and has achieved rapid growth in recent years, according to Frost & Sullivan. China

## Table of Contents

is experiencing transformation to cloud services at a pace faster than that in the United States. According to Frost & Sullivan, the market size of China's cloud service has increased from RMB45.0 billion in 2015 to RMB161.8 billion in 2019, representing a CAGR of 37.7%, and is expected to reach RMB563.3 billion in 2024, representing a CAGR of 28.3% from 2019 to 2024.

China's cloud service market is still at an early stage with lower market penetration than that in the United States. According to Frost & Sullivan, cloud services as a percentage of total IT spending in China increased from 2.0% in 2015 to 6.0% in 2019, and is expected to reach 15.8% in 2024.

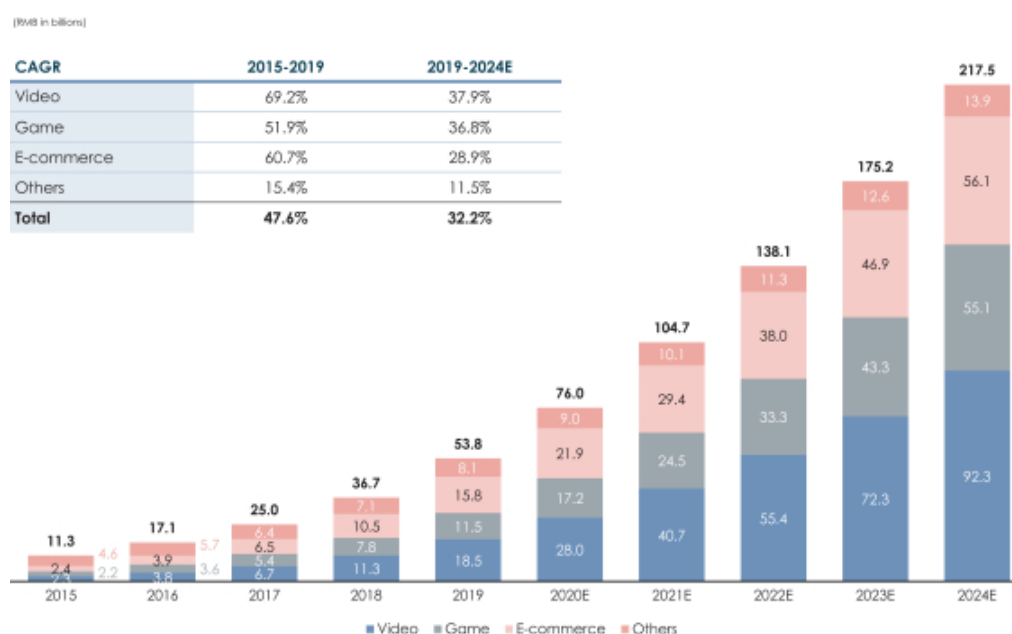
According to Frost & Sullivan, based on the industries and verticals of customers, China's cloud service market could be divided into (i) services for internet enterprises, or internet cloud market, and (ii) services for traditional enterprises and public service organizations. In addition, based on the fee model of services, China's cloud service market could be divided into (i) services charged based on utilization and duration, or public cloud market, and (ii) services charged on a project basis.

### Key Growth Drivers of China's Cloud Service Market

The following factors are expected to drive the development and growth of China's cloud service market, according to Frost & Sullivan.

- **Massive, high-growth demand from internet verticals.** There is increasing penetration of internet and mobile users in China. A wide spectrum of businesses are transforming themselves to offer internet-based services to their customers. In particular, consumption of online entertainment, such as video and game, and e-commerce has been rising significantly, driving demand for cloud resources. The internet cloud for these verticals has become a new and attractive area for growth.

The following chart sets forth the market size and growth of China's internet cloud market and its sub-sectors:



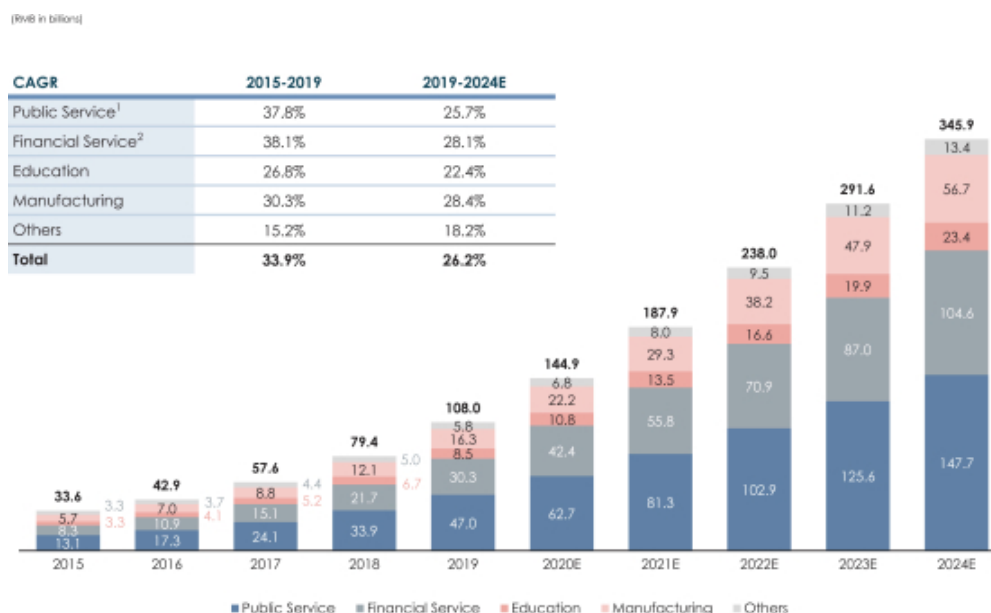
Source: Frost & Sullivan

Note:

(1) Due to rounding, numbers may not add up precisely to the totals.

- Increasing penetration in traditional enterprises and public service organizations.** Cloud penetration is expected to increase in traditional enterprises and public service organizations. Customers in traditional industries and public service organizations in China are starting to become familiar with the concept of cloud services, and are incentivized to migrate to the cloud given the added benefits on cost saving, security and productivity enhancement. According to Frost & Sullivan, in 2019, while 49.4% of traditional enterprises and public service organizations in the United States were using cloud services, only 10.5% of those in China were doing the same. Cloud service providers are well positioned to seize the significant opportunities brought by the migration to cloud of traditional enterprises and public service organizations.

The following chart sets forth the market size and growth of China’s cloud market for traditional enterprises and public service organizations.



Source: Frost & Sullivan

Notes:

- Public service includes projects related to digital government, smart cities and others that mainly help information transformation of government committees and offices, State Administrations, China National Health Inspection, State Tax Administration and other government departments.
- Financial Service includes projects in traditional and internet finance.
- Numbers may not add up due to rounding.

- 5G, AI and IoT.** The deployment of 5G technology provides internet and mobile users with significantly higher transmission speed and considerable reduction of latency. Such improvements empower widely adopted AI applications as the development of neural network training and application of AI functions to terminal devices involve a large amount of data computing and processing. Together, 5G technology and AI become the driving force for IoT as they allow fast data transmission, elastic computing resource, great interconnectivity and control of devices, therefore creating demand for cloud services. According to Frost & Sullivan, the IoT market in China is expected to reach RMB3,320.4 billion in 2024 from RMB1,737.8 billion in 2019, representing a CAGR of 13.8% from 2019 to 2024; and the number of IoT devices is expected to reach 7.0 billion by 2024.

- **Overseas expansion.** As Chinese enterprises tap into overseas markets, cloud network and infrastructure will expand globally as well. According to Frost & Sullivan, as a result of the national “Belt and Road” initiative, the number of Chinese internet enterprises stepping into overseas market has been increasing. For example, according to Frost & Sullivan, there have been 7,415 Chinese enterprises that had international operations by the end of the first quarter of 2019 and this number is expected to increase. Southeast Asia, North America and Russia are the focus of overseas expansion, representing significant growth potentials to Chinese cloud service providers.
- **Favorable government policies for the development of cloud services.** The Chinese government has prioritized the development of cloud services in recent years, according to Frost & Sullivan. Since the beginning of the 12th Five-Year Plan (2010-2015), a huge amount of investment has been made in cloud service industry, and such investment is expected to further increase during the 13th Five-Year Plan (2016-2020). In 2019, the Chinese government promoted the concept of Internet Plus public service, encouraging public service organizations to adopt cloud services in their digital transformation, which once again recognized the strategic importance of cloud services to China’s economy.

## **China’s Public Cloud Market**

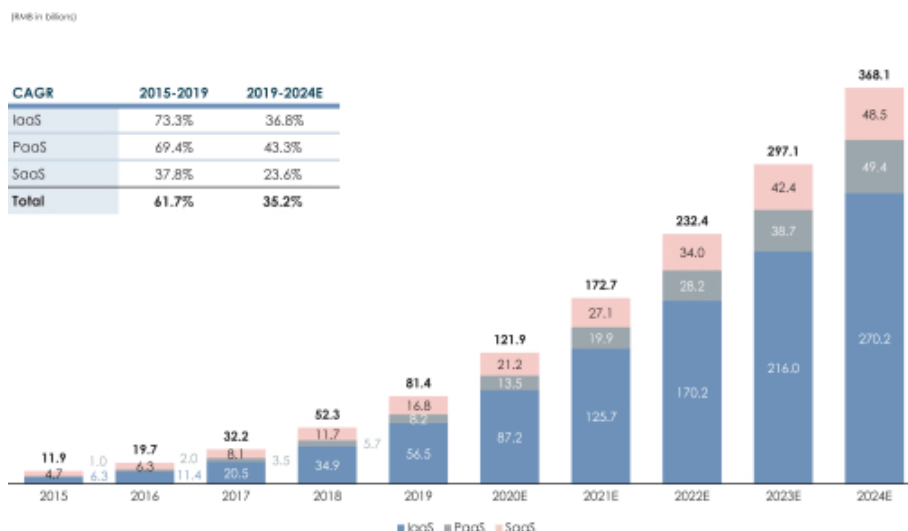
### **Overview**

China’s public cloud service industry has been experiencing significant growth since 2014 primarily due to the rapid growth and expansion of Chinese internet enterprises. China’s public cloud service market is one of the fastest growing markets in the world. According to Frost & Sullivan, the market size of public cloud in China has increased from RMB11.9 billion in 2015 to RMB81.4 billion in 2019, representing a CAGR of 61.7%, and is expected to reach RMB368.1 billion in 2024, representing a CAGR of 35.2% from 2019 to 2024.

### **Subsectors: IaaS, PaaS and SaaS**

The public cloud market can be further divided into three sub-sectors, namely Infrastructure as a Service (“IaaS”), Platform as a Service (“PaaS”) and Software as a Service (“SaaS”). China is still at an early stage of cloud service development, with enterprises migrating from on-premise IT models to cloud services. As a result, IaaS has experienced significant growth in the past few years and forms the largest part of the public cloud market in China. Looking forward, as infrastructure and transition from infrastructure to platform remain the major demands in China’s public cloud market, IaaS and PaaS are expected to be the primary growth drivers of China’s public cloud market. Leading IaaS players, leveraging their extensive infrastructure, advanced cloud technology, and transferrable customer base, are better positioned to extend their spectrum of services to PaaS market.

The following chart sets forth the market size and growth of China’s overall public cloud market and these sub-sectors.



Source: Frost & Sullivan

(1) Numbers may not add up due to rounding.

## Competitive Landscape of China’s Public Cloud Market

### Market Players

Public cloud service providers in China are generally classified as domestic cloud service providers, including (i) internet cloud service providers, (ii) telecommunication operators, and (iii) hardware manufacturers, and international cloud service providers, who have the following features, according to Frost & Sullivan:

- **Domestic cloud service providers:**
  - **Internet cloud service providers.** Internet cloud service providers have been at the frontier of cloud development. They have built cloud technology, possess deep understanding of various fast growing internet verticals and are first movers in the first wave of cloud adoption by internet companies.
  - **Telecommunication operators.** Benefiting from their position in cloud value chain and resources, telecommunication operators have been able to tap into cloud service markets, with particular focus on government and state-owned enterprises.
  - **Hardware manufacturers.** Hardware manufacturers can integrate cloud solutions into hardware and provide a total solution to customers mainly in the public service sector. Hardware manufacturers have relatively limited capabilities and solutions for internet verticals and are less competitive in the public cloud market.
- **International cloud service providers.** International cloud service providers have established presences in China through their joint venture with local businesses.

Among all the public cloud service providers, the role of independent cloud service providers is increasingly important. Independent cloud service providers are defined as those that are not belonging to any large-scale conglomerates that are involved in a wide range of businesses where they could potentially compete with their customers. They have limited potential conflicts of interest and competition with their customers and are

therefore entrusted by customers. As a result, independent cloud service providers are well positioned to capture the high growth of the cloud service market. Kingsoft Cloud is the largest independent cloud service provider in China with a market share of 5.4% in terms of revenue from IaaS and PaaS public cloud services in 2019, according to Frost & Sullivan.

### **Key Entry Barriers**

Similar to the United States, the public cloud market in China has been undergoing consolidation. Incumbents have established significant competitive advantages that prevent potential entrants to enter and out-compete sub-scale players. According to Frost & Sullivan, key entry barriers include:

- **First mover advantage.** Incumbents of the public cloud market have gained valuable customer relationships and brand value, which takes years to build. New and potential entrants have difficulties in building the scale in short period of time.
- **High capital investment.** Economies of scale are one of the main characteristics of the industry. The public cloud market requires large upfront capital investment to build cloud infrastructures and research and development capability, and to expand channels. This requisite directly weakens the competitiveness of smaller players in the public cloud market.
- **Technology know-how.** The public cloud market is heavily technology-based. Incumbents retain most of the talented personnel, technology know-how, patents and operational excellence, effectively protecting them from new and potential entrants' challenges.
- **Ability to serve enterprise customers and enhance customer stickiness.** Scaled players have built the capability to serve enterprise customers which, once obtained, are sticky. The capability is underpinned by knowledge of client industry, premium service delivery, advanced technology, first grade infrastructure qualification and customer trust. Once cloud customers have chosen their cloud service providers, to store their data and operate their applications, this reliance strengthens as the service continues, creating natural customer stickiness. Competitors need to overcome high switching cost to attract incumbents' customers.

The aggregate market share of the top five players in China's public cloud market in terms of revenue from IaaS and PaaS public cloud services was 79.9% in 2019, according to Frost & Sullivan.

### **Demand for Multi-cloud and Neutrality**

Driven by the need to prevent data loss or downtime due to localized component failure in a single cloud, to ensure continued high-quality performance, to reduce latency by geographical distribution of processing requests and to minimize the dependency on a single cloud service provider, there is a trend among cloud customers to retain two or more cloud service providers. According to Frost & Sullivan, in 2019, approximately 26.0% of enterprises with over 1,000 employees in China that are using cloud adopted multi-cloud strategy, compared with 85.0% in the United States.

As cloud service continues to be adopted in a wider range of industries in China, potential conflicts of interest arise as some customers are conscious of data protection or loss of business secrets by using cloud service provided by vendors belonging to large-scale conglomerates that may have direct business competition with them. With neutrality becoming a more important factor, independent cloud service providers are becoming the preferred choice for an increasing number of customers.



## BUSINESS

### Our Mission

Our mission is to empower enterprises with cloud services.

### Overview

We are the largest independent cloud service provider in China, according to Frost & Sullivan. We have built a comprehensive and reliable cloud platform consisting of extensive cloud infrastructure, cutting-edge cloud products and well-architected industry-specific solutions across public cloud, enterprise cloud and AIoT cloud services, based on which we have achieved a leading position in the cloud market in China. We are the third largest internet cloud service provider in China with a market share of 5.4% in terms of revenue from IaaS and PaaS public cloud services in 2019, according to Frost & Sullivan.

Cloud offers a wide variety of benefits, primarily including cost reduction, flexibility, scalability and reliability, and technology innovation, to enterprises compared with the traditional on-premise IT models. As a result of these benefits, global IT spending has seen a structural shift from traditional on-premise IT models to a cloud-based model. In 2018, China has become the second largest cloud market globally in terms of revenue, following the United States, according to Frost & Sullivan. The market size of China's cloud services grew at a CAGR of 37.7% from 2015 to 2019 and is expected to grow at a CAGR of 28.3% from 2019 to 2024, outpacing the CAGR of 21.3% and 20.3% for the respective periods in the United States, according to Frost & Sullivan. Based on the industries and verticals of customers, China's cloud service market could be divided into (i) services for internet enterprises, or internet cloud market, and (ii) services for traditional enterprises and public service organizations. The market size of China's internet cloud market was RMB53.8 billion in 2019 and is expected to reach RMB217.5 billion in 2024, while the market size of China's cloud market for traditional enterprises and public service organizations is even larger, which was RMB108.0 billion in 2019 and is expected to reach RMB345.9 billion in 2024, according to Frost & Sullivan. In addition, based on the fee model of services, China's cloud service market could be divided into (i) services charged based on utilization and duration, or public cloud market, and (ii) services charged on a project basis. China's public cloud market is one of the fastest growing markets in the world. According to Frost & Sullivan, the market size of China's public cloud market was RMB81.4 billion in 2019 and is expected to reach RMB368.1 billion in 2024, while the market size of cloud services charged on a project basis was RMB80.4 billion in 2019 and is expected to reach RMB195.2 billion in 2024.

Moreover, China's cloud market is at an early stage with tremendous growth potentials as indicated by the lower market penetration as compared to that in the United States. Being among the existing market leaders who have built significant competitive advantages in a market that has high entry barriers, we are well positioned to capture the large and growing market opportunities brought about by the increased penetration of cloud services into traditional enterprises and public service organizations, application of 5G, AI and IoT, demand for multi-cloud and neutrality, and support by favorable government policies.

Being an independently operated company, focusing on cloud services since our inception, we are able to fully mobilize our resources into the innovation of our business models and provide high-quality services to businesses and organizations of all kind. With our full dedication to cloud business, we are able to avoid potential conflicts of interest with our customers and enhance our neutral position, which in turn gains additional trust from more and more customers.

Leveraging our profound industry insights, we saw significant growth prospects in selected verticals, such as game, video and financial services. We have strategically expanded our footprints into such fast-growing verticals as first-movers and have established a leading market position through relentless execution. We have inherited the "enterprise service DNA" from Kingsoft Group, the widely trusted leading software franchise in China, and have established superior enterprise service capabilities. Benefiting from Kingsoft Group's over 30

## [Table of Contents](#)

years of experience in providing enterprise services, we value each customer and provide best-in-class customer services covering their entire life-cycle. Such customer-centric service philosophy enables us to achieve increasing brand recognition, a loyal customer base while improving unit economics. We also adopt a premium-customer strategy, focusing on leading enterprises within selected verticals to establish our market presence efficiently. The total number of our Premium Customers increased from 113 in 2017 to 154 in 2018, and further to 243 in 2019. In 2018 and 2019, our net dollar retention rate of Public Cloud Service Premium Customers was 161% and 155%, respectively.

We stay at the forefront of cloud technology development and have built prominent research and development capabilities. We enjoy a skilled talent pool and will continue to invest in research and development to enhance our technology leadership and upgrade our cloud solutions. As of December 31, 2019, our research and development team consisted of 1,150 engineers, researchers, programmers and computer and data scientists, accounting for 62% of our total employees.

Attributable to the above, we have achieved superior growth. Our revenues increased by 79.5% from RMB1,236.0 million in 2017 to RMB2,218.2 million in 2018, and further increased by 78.4% to RMB3,956.4 million (US\$568.3 million) in 2019. We have incurred gross loss of RMB118.2 million and RMB200.4 million in 2017 and 2018, respectively, and generated gross profit of RMB7.7 million (US\$1.1 million) in 2019. We have incurred net loss of RMB714.3 million, RMB1,006.4 million and RMB1,111.2 million (US\$159.6 million) in 2017, 2018 and 2019, respectively.

### **Industry Background**

Cloud offers a wide variety of benefits to enterprises compared with the traditional on-premise IT models:

- **Cost reduction.** Cloud services significantly reduce enterprises' upfront capital expenditure and ongoing expenses for purchasing, installing, maintaining, and upgrading their own on-premise IT infrastructure and equipment.
- **Flexibility, scalability and reliability.** Cloud services allow enterprises to scale up and down their capacity in response to demand in a flexible and timely manner. Underpinned by the latest and secure IT resources, cloud service providers deliver consistent and reliable high performance services with added benefits on data protection and disaster recovery.
- **Technological innovation.** Cloud technology presents a new approach to create and build next generation applications, unlocking the potential for solutions that traditional on-premise IT models cannot offer, including big data analytics, machine learning, edge computing and beyond.

Cloud services develop on the foundation of infrastructure and evolves far beyond the infrastructure. Cloud architecture has transformed into a suite of industry-specific solutions for enterprises, hosting a wide variety of industry-customized applications on top of the infrastructure resources.

### **Market Opportunities**

In 2018, China has become the second largest cloud market globally in terms of revenue, following the United States cloud market, and has achieved rapid growth in recent years, according to Frost & Sullivan. The market size of China's cloud services has increased from RMB45.0 billion in 2015 to RMB161.8 billion in 2019, representing a CAGR of 37.7%, and is expected to reach RMB563.3 billion in 2024, representing a CAGR of 28.3% from 2019 to 2024, outpacing the United States cloud market, according to Frost & Sullivan.

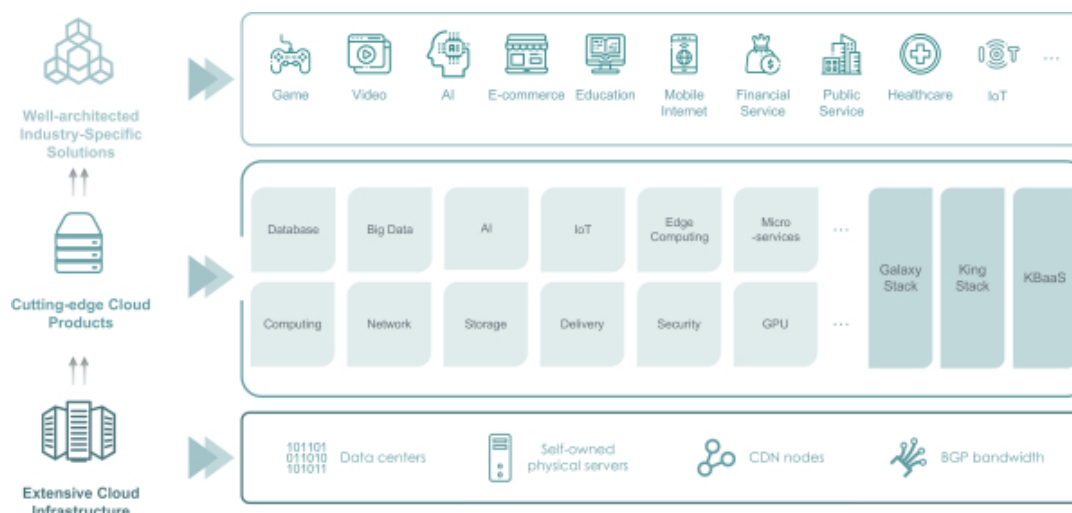
Moreover, China's cloud market is still at an early stage with tremendous growth potential as indicated by its lower market penetration as compared to that in the United States. According to Frost & Sullivan, cloud services as a percentage of total IT spending in China was 6.0% in 2019, compared to 15.8% in the United States in 2019, and is expected to reach 15.8% in 2024.

Existing market leaders, including us, have built high entry barriers, anchored by cloud technology, superior enterprise servicing capabilities, and high customer stickiness. We believe we are well positioned to capture the following development trends in the massive and fast growing cloud market in China:

- **Increasing penetration in traditional enterprises and public service organizations.** Cloud penetration is expected to increase in traditional enterprises and public service organizations. According to Frost & Sullivan, in 2019, while 49.4% of traditional enterprises and public service organizations in the United States were using cloud services, only 10.5% of those in China were doing the same. Cloud service providers are well positioned to seize the significant opportunities brought by the migration to cloud of traditional enterprises and public service organizations.
- **5G, AI and IoT.** The deployment of 5G technology provides internet and mobile users with significantly higher transmission speed and considerable reduction of latency. Such improvements empower widely adopted AI applications as the development of neural network training and application of AI functions to terminal devices involve a large amount of data computing and processing. Together, 5G technology and AI become the driving force for IoT as they allow fast data transmission, elastic computing resource, great interconnectivity and control of devices, therefore creating demand for cloud services. According to Frost & Sullivan, the IoT market in China is expected to reach RMB3,320.4 billion in 2024 from RMB1,737.8 billion in 2019, representing a CAGR of 13.8% from 2019 to 2024; and the number of IoT devices is expected to reach 7.0 billion by 2024.
- **Demand for multi-cloud and neutrality.** Driven by the need to prevent data loss or downtime due to localized component failure in a single cloud, to ensure continued high-quality performance, to reduce latency by geographical distribution of processing requests and to minimize the dependency on a single cloud service provider, there is a trend among cloud customers to retain two or more cloud service providers. According to Frost & Sullivan, in 2019, approximately 26.0% of enterprises with over 1,000 employees in China that are using cloud adopted multi-cloud strategy, compared with 85.0% in the United States. As cloud services continue to be adopted in a wider range of industries in China, potential conflicts of interest arise, as some customers are conscious of data protection or loss of business secrets by using cloud services provided by vendors belonging to large-scale conglomerates that may have direct business competition with them. With neutrality becoming a more important factor, independent cloud service providers are becoming the preferred choice for an increasing number of customers.
- **Favorable government policies for the development of cloud services.** The Chinese government has prioritized the development of cloud services in recent years, according to Frost & Sullivan. Since the beginning of the 12th Five-Year Plan (2010-2015), a huge amount of investment has been made in cloud services, and investment is expected to further increase during the 13th Five-Year Plan (2016-2020). In 2019, the Chinese government promoted the concept of Internet Plus public service, encouraging public service organizations to adopt cloud services in their digital transformation, which once again recognized the strategic importance of cloud services to China's economy.

## Our Cloud Platform

We are dedicated to providing high-quality cloud services to businesses and organizations of all kind. We have built a comprehensive and reliable cloud platform consisting of extensive cloud infrastructure, cutting-edge cloud products as well as well-architected industry-specific solutions. The following diagram illustrates the components of our cloud platform.



- **Extensive cloud infrastructure.** We have established industry-leading cloud infrastructure which is fundamental to our cloud platform. As of December 31, 2019, we had a data center and CDN node network with more than 73,000 servers throughout China and in six other countries and regions and achieved exabyte-level storage capacity.
- **Cutting-edge cloud products.** Our cloud platform is architected specifically to enable enterprises such as internet companies to operate their business in a flexible and distributed manner. As one of the first movers serving internet customers, we have cultivated proprietary cloud technology and successfully commercialized our technological capabilities through a variety of superior products.
- **Well-architected industry-specific solutions.** Based on the variety of cloud products, we have designed various industry-specific solutions that can unleash the full potential of our infrastructure resources and add value to our customers. Leveraging our profound industry insights, we have strategically expanded our footprints into selected and fast-growing verticals as first-movers and have established a leading market position through relentless execution. As of the date of this prospectus, we have designed over 120 industry-specific solutions.

Our cloud platform enables us to maintain our market leading position and capture significant market opportunities.

## Our Strengths

### ***Largest Independent Cloud Service Provider in China***

We are the largest independent cloud service provider in China, according to Frost & Sullivan. Based on our comprehensive and reliable cloud platform consisting of extensive cloud infrastructure, cutting-edge cloud products and well-architected industry-specific solutions, we have achieved a leading position in the cloud market

in China. We are the third largest internet cloud service provider in China with a market share of 5.4% in terms of revenue from IaaS and PaaS public cloud services, according to Frost & Sullivan.

- **“All in” Cloud.** Our full commitment to cloud services has contributed to our leading position. We are dedicated to providing high-quality cloud services since our inception. As an independently operated company focusing only on cloud, our independent organization structure has enabled us to fully mobilize our resources to enhance the research and development of our products and solutions, to expand into more verticals, and to capture massive business opportunities.
- **Neutrality and Trust.** By virtue of our independent operations and full commitment to cloud services, we have been gaining trust from customers through our neutral positioning. As businesses move to the cloud, there are increasing concerns over data safety and vendor lock-in risk. In addition, more and more enterprises have adopted multi-cloud strategy to ensure the reliability of cloud services and data security. Unlike other leading internet cloud service providers in China that are involved in businesses that compete with customers, we do not have conflicts of interest or competition with our customers. Therefore, we believe we are well-positioned to serve diverse customers, address their concerns and become their core vendor.
- **Scale and Leadership.** Our powerful cloud platform, anchored by the extensive infrastructure, is able to deliver secure, reliable and flexible cloud services. With our industry-leading cloud infrastructure, we have achieved strong operating leverage and economies of scale. Our cloud platform is able to coordinate and aggregate diverse customer and application demand patterns and therefore improve the utilization of computing, storage, and network resources. As a result, we have established strong brand recognition which in turn reinforces our leading position.

### **Strategically Selected Verticals with High Growth**

Leveraging our industry vision and precise judgments, we have strategically expanded our footprints into selected and fast-growing verticals as first-movers and have established a leading market position through relentless execution. Following such strategy, we have achieved superior gross billing growth at a CAGR of 115.5% from 2015 to 2019, as compared to a CAGR of 61.7% for China’s public cloud market during the same period, according to Frost & Sullivan.

We entered into specific verticals at different stages during our business development and achieved significant success. The verticals we strategically entered into include, but not limited to:

- **Game.** We started to offer game cloud solutions in 2014, when the mobile game market was set to grow exponentially. We have developed a full-stack platform for game companies to incubate, test and operate their games in cloud environments. With our game cloud solutions, our customers are able to provide a seamless experience and direct playability for gamers across all devices from all over the globe. Game cloud solutions enable enterprises to develop advanced and unique games with better in-game user experience, less response time, as well as lower operational and maintenance costs. As of December 31, 2019, we have provided game cloud solutions to leading game companies in China such as Giant Network, Perfect World, Seasun Games and Ourpalm. According to Frost & Sullivan, the cloud market for game in China increased at a CAGR of 52.0% from RMB1.4 billion in 2014 to RMB11.5 billion in 2019, and is expected to continue the high growth from 2019 to 2024 at a CAGR of 36.8%.
- **Video.** We started to offer video cloud solutions in 2016, right before the explosive growth of the video industry in China. Our holistic AI-empowered video cloud solutions serve both on-demand video and live streaming companies. We are among the first cloud companies providing cloud solutions to companies engaged in video business and have amassed a high-profile customer base including ByteDance, iQIYI and Bilibili. According to Frost & Sullivan, the cloud market for video in China increased at a CAGR of 69.0% from RMB3.8 billion in 2016 to RMB18.5 billion in 2019, and is expected to continue the high growth from 2019 to 2024 at a CAGR of 37.9%.

- **Financial service.** We started to offer financial service cloud solutions in 2018 as we saw huge cloud demand in the financial service sector. We have pioneered the private implementation of one-stop end-to-end public cloud solutions, which could effectively address the pain points faced by financial institutions amid the regulatory requirements and digital transformation. We have successfully deployed flagship projects for leading institutions such as China Construction Bank and Huatai Securities. According to Frost & Sullivan, the cloud market for banking, financial services and insurance in China is expected to increase at a CAGR of 28.1% from RMB30.3 billion in 2019 to RMB104.6 billion in 2024.

### ***Superior Enterprise Service Capabilities***

We have inherited the “enterprise service DNA” from Kingsoft Group, the widely trusted leading software franchise in China, and are devoted to serving enterprise customers and empowering them with cloud technologies. We have benefited from Kingsoft Group’s over 30 years of experience in providing enterprise service. With our customer-centric service philosophy, we strive to provide an exceptional experience to them. As a result, our brand has received broad recognition in China.

We value each customer and provide best-in-class customer services and support covering their entire life-cycle. For example, for each enterprise cloud project, we provide dedicated services to customers with our in-depth industry insights across initiation, implementation and post-delivery stages. At initiation stage, our specialized industry team analyzes deep into customer business scenarios and designs tailored solutions. During the implementation process, we offer customers seamless cloud migration services. After delivery, we have regular client reviews to constantly improve our services. In particular for our Premium Customers, we also have a 24x7 technical support team who can respond to customer inquiries within 90 seconds.

### ***Strong Customer Conversion Capabilities and Go-to-market Efficiencies***

We adopt a premium-customer strategy. We seek to serve leading enterprises in selected verticals in order to establish strong sector presence more efficiently. By completing lighthouse projects with industry-leading customers, we are able to demonstrate our enterprise service and technology capabilities, which in turn attracts other participants in such verticals to our platform. The total number of our Premium Customers increased from 113 in 2017 to 154 in 2018, and further to 243 in 2019.

We are dedicated to maintaining a continuous and long-term service coverage for our customers. Such service model enhances the engagement with our customers, enabling us to understand their needs in a timely manner and identify new business opportunities. As a result, we have fostered a loyal customer base and achieved improving unit economics. In 2018 and 2019, our net dollar retention rate of Public Cloud Service Premium Customers was 161% and 155%, respectively.

Moreover, our customers tend to procure more products and solutions as our offerings are constantly upgraded and extended along customer’s life-cycle. Our premium customer focus and cross-selling initiatives have significantly contributed to our go-to-market efficiencies. The average revenues per Premium Customer increased from RMB10.3 million in 2017 to RMB13.7 million in 2018, and further increased to RMB15.9 million in 2019.

### ***Proprietary Cutting-edge Technologies and Prominent Research and Development Capabilities***

We stay at the forefront of cloud technology development and have built prominent research and development capabilities. Therefore, we are able to maintain our technology leadership and upgrade our cloud solutions continuously.

We have established a complete portfolio of IaaS and PaaS products leveraging on our proprietary cutting-edge technologies. During the seven years of operating our public cloud, we have built a highly effective, reliable

and stable operation and security system, gained strong capabilities in managing supply chain and delivering resource, and formed a system of access, migration, delivery and service for customers in different levels, enabling us to provide our customers with one-stop and satisfactory cloud services.

We have made cutting-edge technological innovations and introduced industry-pioneering products and services:

- In 2014, we have launched our cloud host with solid state drives, achieving the fastest I/O throughput in China at that time;
- In 2015, we were the first cloud service provider to provide cloud physical hosts in China;
- In 2016, we were the first cloud service provider to develop and provide full-stack Virtual Private Cloud products in China;
- In 2017, we have launched our Kingsoft Deep Learning platform, one of the first commercialized AI cloud PaaS platforms in China;
- In 2019, we have launched our industry-leading edge computing products;
- Our Kingsoft Standard Storage Service offers exabyte-level storage with high queries per second per single bucket; and
- We provide an enterprise-level on-premise cloud product, Galaxy Stack, which has a high security feature in addition to the advantages of public cloud.

We benefit from our strong and expanding research and development talent pool and continuous investment in research and development, enabling us to establish high entry barriers. As of December 31, 2019, our research and development team consisted of 1,150 engineers, researchers, programmers and computer and data scientists, accounting for 62% of our total employees. Among our research and development personnel, approximately 26% of them hold a master degree or above. Our research and development expenses increased by 10.3% from RMB399.2 million in 2017 to RMB440.5 million in 2018, and further increased by 35.1% to RMB595.2 million (US\$85.5 million) in 2019.

#### ***Visionary Management Team and Strong Synergies with Our Strategic Shareholders***

As one of the first generation cloud companies in China, our visionary management team with entrepreneurial spirit has been leading us since our establishment, achieving rapid and continued growth of our business. Combining solid technology background with in-depth understanding of industry verticals, together with a strong commitment to our company, our management team is relentlessly pursuing innovative solutions to bring greater value to customers. Mr. Yulin Wang, our director and chief executive officer, has over 18 years of internet industry and management experiences.

We also enjoy strong synergies with our strategic shareholders, including Kingsoft Group and Xiaomi. We have jointly promoted cloud-based office solutions with Kingsoft Group. We are also able to leverage the sales network of Kingsoft Group through cross-referrals. We cooperate with Xiaomi, which has over 280 ecosystem participants, and other ecosystem players to develop and promote advanced solutions such as our AIoT solutions. Moreover, we share technology insights with our strategic shareholders. For example, we are jointly developing edge-computing applications with Xiaomi.

## **Our Strategies**

The key elements of our growth strategy include the followings, which we believe would empower us to further achieve superior growth and strengthen our market position:

### ***Strengthen Our Market Position in Strategically Selected Verticals***

We will continue to capitalize our strategically focused fast-growing verticals through retaining existing customers and attracting new customers. We plan to further enhance our relationship with existing customers by expanding our product offerings to create cross-selling opportunities. In addition, we seek to increase penetration within our strategically selected verticals by enhancing our sales and marketing efforts to further grow our customer base. Moreover, we intend to offer customers more tailor-made applications covering their entire life-cycle to further strengthen customer stickiness and increase our wallet share in existing customers.

### ***Expand into New Verticals and Grow Our Customer Base***

We intend to expand our solution offerings to cover more verticals with strong growth potential. We will focus on capturing the massive demand from traditional enterprises and public service organizations in the next growth phase of China's cloud market. Leveraging our proven record of capturing opportunities of fast-growing verticals, we also plan to enter into, and expand our presence in, emerging verticals, such as IoT, AI and healthcare. Meanwhile, we will continue to adopt our premium-customer strategy to cover and anchor industry leaders in such new verticals.

### ***Continue to Invest in Infrastructure and Technology***

Infrastructure is fundamental to our cloud platform. Therefore, we plan to continue to invest in our extensive infrastructure in order to deliver higher-quality cloud services and enhance the economies of scale. As a technology-driven cloud company, we aim to increase our research and development efforts to strengthen our technology capabilities. We also aim to further expand our talent pool of top-notch engineering specialists as well as industry vertical experts.

### ***Capitalize on Scale Advantages and Improve Operational Efficiency***

We have been benefiting from economies of scale and we will continue to improve operational efficiency to further unlock economies of scale. In this regard, we plan to optimize the deployment of our computing, storage and network resources and to further improve the utilization of our infrastructure.

### ***Enhance Our Strategic Partner Ecosystem***

We value the cooperation with our strategic partners and seek to further enhance our strategic partner ecosystem. For example, we plan to further explore emerging market opportunities by partnering with Xiaomi and other IoT enterprises to create synergies in the AIoT ecosystem. We also plan to cooperate with leading software companies to develop industry-specific SaaS solutions with the application of our IaaS and PaaS products. In addition, we aim to enhance our ecosystem by expanding our strategic alliances with companies with expertise in big data and AI.

### ***Selectively Pursue International Expansion***

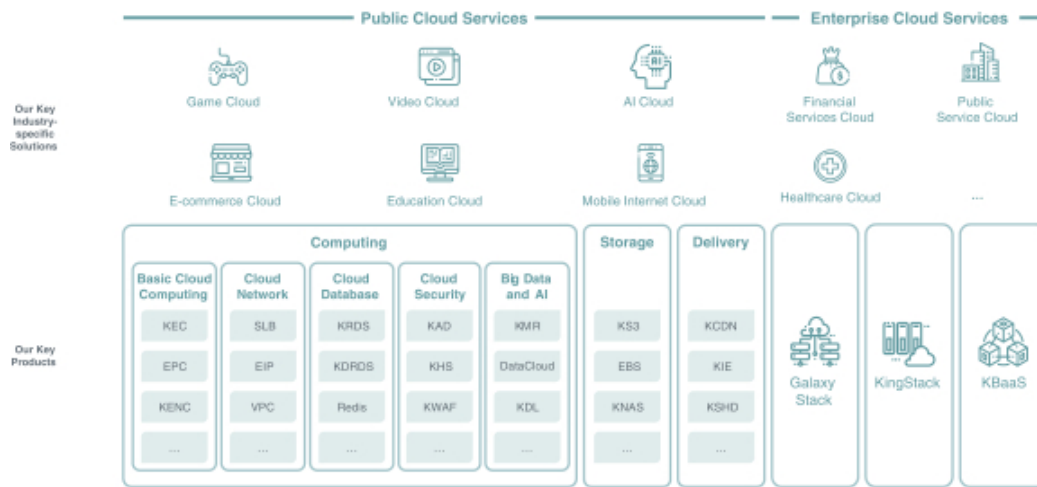
We see great potentials in expanding our business and promoting our products and solutions globally. We intend to explore additional market opportunities through facilitating the overseas business development and expansion of our strategic partners and customers. In particular, we will focus on "Belt and Road" countries, where the cloud markets are less saturated and present more attractive opportunities.



## Our Products and Solutions

### Overview

We are dedicated to providing safe, reliable, stable and high-quality cloud services to our customers. Leveraging our top-notch infrastructure resources and years of technology accumulation, we currently offer a comprehensive suite of cutting-edge cloud products and well-architected industry-specific solutions across public cloud, enterprise cloud and AIoT cloud services. The following chart sets forth our key product and solution portfolio as of December 31, 2019.



Our public cloud products primarily cover computing, storage and delivery, and our enterprise cloud products primarily consist of Galaxy Stack, KingStack and KBaaS. Leveraging our superior enterprise serving capabilities as well as our deep understanding of our customers' various demands, we provide innovative integrated cloud solutions consisting of a selected suite of our products specifically designed to address the different needs of our customers across various industry verticals. We believe our industry-specific solutions are able to unleash the full potential of our infrastructure resources and will be of more value to our customers. As of the date of this prospectus, we have designed over 120 industry-specific cloud solutions covering a wide spectrum of industry verticals.

Leveraging our industry vision and precise judgment, we saw increased growth prospects in selected verticals, such as games, video and financial services. We have strategically expanded our footprints into such fast-growing verticals as first-movers and have established a leading market position through relentless execution. As we managed to establish leading market positions and serve the industry leaders in our strategic verticals, we have been able to consistently achieve superior growth.

For public cloud services, we charge customers based on utilization and duration. We also offer credit terms and prepaid subscription packages over a fixed subscription period. For enterprise cloud services, we charge customers for cloud solutions on a project basis. Payment terms for initial project deployment and delivery range from one to six months.

## [Table of Contents](#)

The following table sets forth our revenues breakdown by type of cloud services for the periods indicated.

|                           | 2017                                   |              | For the Year Ended December 31, |              |                  |                |              |
|---------------------------|--|--------------|---------------------------------|--------------|------------------|----------------|--------------|
|                           | RMB                                    | %            | 2018                            |              | 2019             |                |              |
|                           |  |              | RMB                             | %            | RMB              | US\$           | %            |
|                           | (in thousands, except for percentages) |              |                                 |              |                  |                |              |
| <b>Revenues</b>           |  |              |                                 |              |                  |                |              |
| Public cloud services     | 1,202,485                              | 97.3         | 2,110,513                       | 95.1         | 3,458,843        | 496,832        | 87.4         |
| Enterprise cloud services | 15,271                                 | 1.2          | 94,369                          | 4.3          | 486,308          | 69,854         | 12.3         |
| Others                    | 18,211                                 | 1.5          | 13,290                          | 0.6          | 11,202           | 1,609          | 0.3          |
| <b>Total Revenues</b>     | <b>1,235,967</b>                       | <b>100.0</b> | <b>2,218,172</b>                | <b>100.0</b> | <b>3,956,353</b> | <b>568,295</b> | <b>100.0</b> |

### **Public Cloud Services**

#### *Public Cloud Products*

We offer on-demand public cloud products to our customers, primarily consisting of cloud computing, storage and delivery. The following table sets forth the gross billings breakdown for our public cloud services for the periods indicated.

|                             | 2017                                   |              | For the Year Ended December 31, |              |                  |              |  |
|-----------------------------|--|--------------|---------------------------------|--------------|------------------|--------------|--|
|                             | RMB                                    | %            | 2018                            |              | 2019             |              |  |
|                             |  |              | RMB                             | %            | RMB              | %            |  |
|                             | (in thousands, except for percentages) |              |                                 |              |                  |              |  |
| Computing                   | 356,092                                | 29.6         | 663,428                         | 31.4         | 1,017,515        | 29.5         |  |
| Storage                     | 219,676                                | 18.2         | 289,416                         | 13.7         | 298,314          | 8.6          |  |
| Delivery                    | 628,510                                | 52.2         | 1,160,698                       | 54.9         | 2,137,355        | 61.9         |  |
| <b>Total gross billings</b> | <b>1,204,278</b>                       | <b>100.0</b> | <b>2,113,542</b>                | <b>100.0</b> | <b>3,453,184</b> | <b>100.0</b> |  |

#### *Computing*

Our basic cloud computing products provide on-demand high-performance computing resources over the Internet, offering availability, agility, scalability and flexibility. In addition to basic cloud computing products, we also offer cloud network, database, security and big data and AI products.

#### Basic Cloud Computing

Our basic cloud computing products primarily include:

- Kingsoft Elastic Compute (“KEC”): KEC provides flexible and scalable computing capacity, enabling developers to easily perform large scale computing and deployment in the required server environment. Cloud servers can be deployed at any time on-demand to improve operation and maintenance efficiency. For users with high demands for on-premise resource allocation, security and compliance, we also offer Kingsoft Dedicated Cloud (“KDC”) to provide an exclusive virtual resource pool.
- Elastic Physical Compute (“EPC”): EPC provides exclusive physical servers with excellent performance and native cloud network function support. It helps users quickly build and expand application services with high performance requirements. Users can easily manage the EPC server’s network configuration, storage configuration and operation system interface.
- Kingsoft Edge Node Computing (“KENC”): KENC is a distributed edge computing resource pool. It helps users reduce access delay, save costs, and enables integration of more industry-specific applications.

### Cloud Network

Our cloud network products provide cloud-enabled or cloud-based network resources and services, offering reliable and secure network access and connections, to help users optimize resource allocation. Our key cloud network products include:

- Server Load Balancer (“SLB”): SLB is a network service that distributes traffic to multiple cloud servers within a computing cluster. Traffic distribution can quickly improve the external service capability of the application system. SLB hides the actual service port, enhances the security of the internal system and improves the availability of the application system by eliminating single point service failures.
- Elastic IP (“EIP”): EIP is an IP address associated with the user account, which can be bound to any cloud server, cloud physical host or load balancer of the user. With EIP, users can quickly re-map an address to another cloud server, cloud physical host, or load balancer in their accounts to shield instance failures.
- Virtual Private Cloud (“VPC”): VPC helps users build a customized, logically isolated and proprietary network. Users can use a dedicated line or VPN connection to build a hybrid cloud network with VPC and their existing data centers. All cloud resources can be connected to VPC network, which also allows users to establish and manage security policies and network access control policies.

### Cloud Database

We have a full stack database product portfolio, including relational databases, distributed databases and NoSQL databases, which are open-source and used to accommodate a wide variety of data models. We provide second-level failover capability, low latency cross-cloud synchronization, multi-region disaster recovery capability, and lossless data reliability support capability for important application scenarios such as Internet, financial services and public service. Our key cloud database products include:

- Kingsoft Relational Database Service (“KRDS”): KRDS is a stable, reliable and flexible online relational database that be used at any time. It has multiple security protection features and optimized performance monitoring system, and provides professional database backup, recovery and optimization features.
- Kingsoft Distributed Relational Database Service (“KDRDS”): KDRDS is a distributed relational database. It effectively enables smooth database expansion and provides functions such as read-write splitting and smooth upscaling. KDRDS is flexible, concise and efficient, and stable for large-scale data operation scenarios.
- Remote Dictionary Server (“Redis”): Kingsoft database for Redis provides out-of-the-box, stable, and reliable online cache and key-value storage service. It supports active/standby hot backup and provides database services such as automatic disaster recovery failover, instance monitoring, and online capacity expansion.

### Security

We provide users with a full range of high quality cloud security products to effectively address cloud service abuse issues and provide users with secure, stable and reliable cloud services. Our key cloud security products include:

- Kingsoft Advanced Defense (“KAD”): KAD is a managed Distributed Denial of Service (DDoS) protection service that safeguards our users’ applications running on our cloud from attack.
- Kingsoft Host Security (“KHS”): KHS ensures all-round host security for cloud server and EPC, and are able to quickly identify security problems, monitor security status and comply with security requirements.

## [Table of Contents](#)

- Kingsoft Web Application Firewall (“KWAF”): KWAF is a firewall for web applications, ensuring security and reliability of users’ websites. Users can seamlessly deploy KWAF without altering any system structure.

### Big Data and AI

We have a comprehensive stack of big data products and compatibilities. All products are empowered by providing elastic scaling and seamless access to cloud storage. We also provide an interactive query engine for users to easily organize and analyze data on the cloud, which is an important step in utilizing data lake. In response to industry-wide developments in the research on computer vision, automatic speech recognition and natural language processing, we have built the underlying technologies that underpin big data and artificial intelligence platforms. Our key big data and AI products include:

- Kingsoft MapReduce (“KMR”): KMR is a cloud big data platform allowing users to process vast amounts of data quickly and cost-effectively at scale. KMR gives users the engine and elasticity to run large-scale analysis at a fraction of the cost of traditional on-premise clusters.
- Kingsoft DataCloud (“DataCloud”): Based on a cutting-edge data processing framework, DataCloud provides one-stop cloud-based data services, including data collection, integration, processing, management and analysis. DataCloud can be deployed on-premise to enhance control and security. With the help of DataCloud, users can manage and process ultra-large-scale structured and unstructured data, build data-lake architecture, and create middle-end data platform for enterprise data.
- Kingsoft Deep Learning (“KDL”): KDL is a deep learning platform which supports various deep learning frameworks and is able to streamline the algorithm training and model inference. KDL can be used in scenarios such as image analysis, image recognition, video recognition and speech recognition. According to Frost & Sullivan, KDL is one of the first commercialized AI cloud PaaS platforms in China.

### *Storage*

We have developed different storage products for various application scenarios. Our cloud storage products provide cost-effective digitalized data storage infrastructure with high security, which can be deployed off-premise or on-premise. Our key cloud storage products include:

- Kingsoft Standard Storage Service (“KS3”): KS3 is a massive, low-cost, secure, and highly reliable distributed cloud storage product to address users’ pain points such as storage expansion, data security, and distributed access. KS3 offers exabyte-level storage with high queries per second per single bucket. Users can conveniently store and retrieve various data files such as pictures, audio, video and text, etc.
- Elastic Block Storage (“EBS”): EBS is a block-level data storage service provided for cloud server instances that can be connected to any running KEC instance in the same data center. EBS features high availability, reliability, flexibility and ease of use. It also supports advanced features such as snapshots and mirroring.
- Kingsoft Cloud Network Attached Storage (“KNAS”): KNAS is a file storage service for KEC, EPC and container services. With standard file access protocols, users do not need to modify existing applications. NAS offers users a distributed file system with unlimited capacity, performance scaling, single namespace, multi-party sharing, high reliability and availability.

### *Delivery*

Cloud delivery products have evolved from simple acceleration tool for one-way static content to complex application and streaming delivery carrier, enabling an interactive and immersive user experience. Our comprehensive end-to-end cloud delivery solutions allow customers to build their applications on our cloud platform and utilize additional value-added services such as large scale storage, streaming encode and decode, and AI solutions, offered by us to further enhance their business operations.

## [Table of Contents](#)

Our large-scale, high-concurrency, low-latency, secure and reliable cloud delivery services help our customers enhance their users' experience. With 5G deployment and advancement of edge computing, we continue to upgrade our cloud delivery network with more connected nodes and reiterate the advantages of our cloud delivery products.

Today, streaming content represents a significant portion of the internet traffic, and is a major application scenario of our cloud delivery products. Streaming content captures a large share of users' time spent as it becomes the key distribution medium for various industry verticals, such as entertainment, e-commerce, education, travel and advertising. Leveraging the relationship we built with our clients through our cloud delivery products, we have the natural advantage to cross-sell other cloud products such as computing, storage and AI products to increase our wallet share.

- Kingsoft Cloud Delivery Network ("KCDN"): KCDN is a distributed network consisting of server clusters of edge nodes covering different regions, which distributes user content to edge nodes, effectively resolves the congestion of Internet network, and improves the response speed of users to visit the websites and the availability of the websites.
- Kingsoft Image Enhancement ("KIE"): KIE is an AI-based image enhancement product, which is able to recover and enhance image details by deep learning algorithms. It can also enhance resolution and output high-quality images.
- Kingsoft Smart High Definition ("KSHD"): KSHD integrates various computer vision and video coding technologies to substantially improve the quality of experience. Deep learning based denoise and enhance algorithms are used to reduce compression artifacts as well as enhance details. Meanwhile, KSHD is capable of analyzing video by way of classification and quality assessment, so as to improve the coding efficiency of video codec.

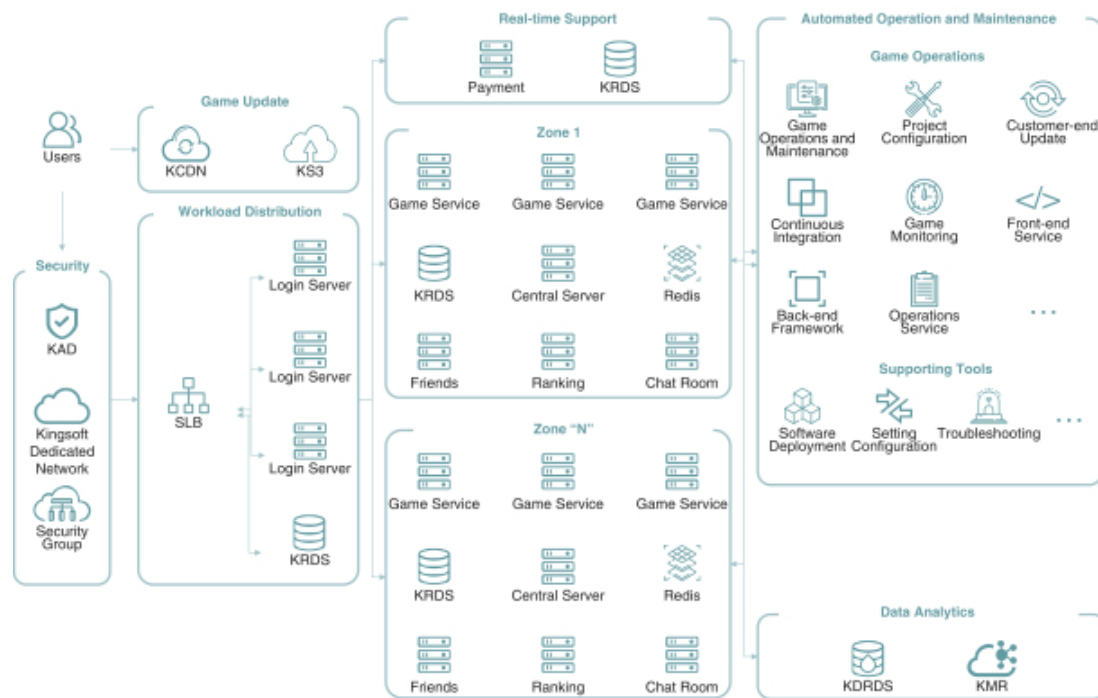
### *Public Cloud Solutions*

The internet industry has undergone a seismic transition from on-premise IT devices deployment to cloud-based solutions. Our public cloud solutions have covered various verticals, including, among others, game, video, AI, e-commerce, education and mobile internet.

### *Game Cloud Solutions*

We started to offer game cloud solutions in 2014, when the mobile game market was set to grow exponentially. We have developed a full-stack platform for game companies to incubate, test and operate their games in cloud environments. With our game cloud solutions, our customers are able to provide a seamless experience and direct playability for gamers across all devices globally. Game cloud solutions enable enterprises to develop advanced and unique games with better in-game user experience, much lower response time, as well as lower operational and maintenance costs.

Our game cloud solutions primarily consist of three categories, namely architecture solutions, management solutions and operation solutions. Architecture solutions focus on addressing the users’ needs for computing and storage capabilities. Based on the features of different game genres, we offer customized architecture solutions. Management solutions help game companies to efficiently manage the games, covering game updates, maintenance and security. Operation solutions help users to operate and promote games and deliver better experiences to gamers. As of December 31, 2019, we have provided game cloud solutions to leading game companies in China such as Giant Network, Perfect World, Season Games and Ourpalm. The following diagram illustrates the architecture of our game cloud solutions.



The key value we bring include:

- **High concurrency:** Our game cloud solutions can effectively reduce the system requirements and pressure for game servers through large-scale and simultaneous cloud computation, which in turn allows for a large number of concurrent players.
- **Low latency:** Developed upon our extensive network infrastructure across the world at large scale, we are able to satisfy game companies’ demands for low latency and enable them to deliver high-speed game experiences.
- **Security:** Our game cloud solutions offer various security protections against isolated incidents and security failures to ensure player experience is not affected and to maintain high-availability at all times.
- **Failure recovery:** By integrating high-quality EBC, Elastic IP and SLB products, our game cloud solutions enable game companies to easily recover from failures in application or underlying layers within seconds.
- **Disaster recovery:** Our game cloud solutions provide multipath BGP and cross-region elastic deployment, eliminating operation risks from failures in any single data center.

Case study: Seasun Games

We provided high-quality game cloud solutions to Seasun Games to help them deliver smooth and rich game experiences. For example, leveraging our multi-line and large BGP (“Border Gateway Protocol”) bandwidth capabilities, we enabled Seasun Games to constantly deliver smooth game experience across regions for players. We also empowered Seasun Games with advanced high-frequency multicore CPUs with an ultra-large computing cluster, supporting real-time interaction of multiple players online.

Meanwhile, the large DDoS cleaning capability provides security protection for the system. For example, Seasun Games has experienced large scale DDoS attacks lasting for a month, with peak attack traffic up to 935Gbps. Our security experts worked closely with Seasun Games to develop various strategies to defend multi-vector DDoS attacks. Our DDoS cleaning capability has enabled Seasun Games to quickly respond and react to different types of attacks and guaranteed continued operations.

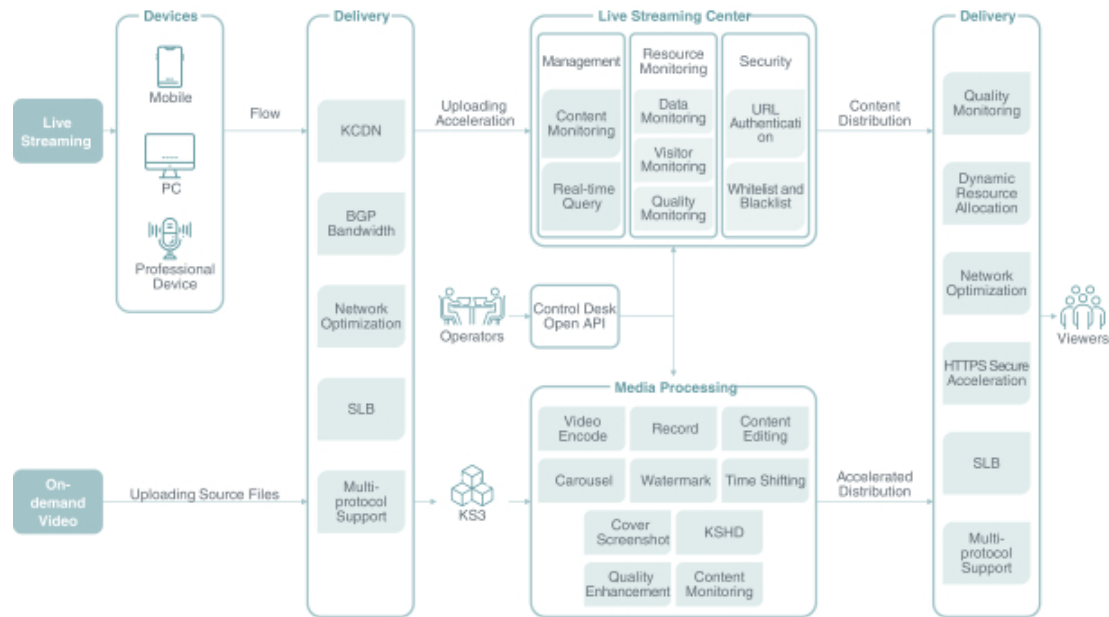
Moreover, we help Seasun Games reduce operational and maintenance expenses and prevents business risks caused by sudden workload surges by optimizing resource allocations. Our solutions also provide ideal routing options to our customers through utilization of BGP bandwidth and cross-region elastic deployment, shortening the average failure recovery time.

*Video Cloud Solutions*

We started to offer video cloud solutions in 2016, prior to the explosive growth of the video industry in China. Our full stack end-to end video cloud solutions offer various state-of-the-art deep learning algorithms, including cloud trans-coding, image enhancement, smart high definition, content auditing, dark image enhancement and portrait restoration. Our holistic AI-empowered video cloud solutions serve both on-demand video and live streaming companies, offering a high-capacity and elastic cloud delivery network built on our industry leading containerized edge computing platform. To meet the large scale and high quality cloud delivery requirements of these companies, our video cloud solutions combine core technologies such as AI-empowered video processing algorithms and multi-link optimization to provide enhanced cloud delivery services beyond traditional content delivery services. For on-demand videos, we offer video upload, distributed encoding, media resource management and on-demand delivery. For live streaming, we offer delivery acceleration, real-time encoding, live recording and storage. Our video cloud solutions can be accessed through a management system or API/SDK.

## Table of Contents

We are among the first cloud companies providing cloud solutions to companies engaged in video business and have amassed a high-profile customer base including ByteDance, iQIYI and Bilibili. The following diagram illustrates the architecture of our video cloud solutions.



The key value we bring include:

- **High speed:** Our video cloud solutions provide quick and uninterrupted video streaming and archiving experience.
- **Stability:** Our video cloud solutions offer high stability and ensure performance. The distributed network eliminates incidents and disruptions, which can effectively lower packet loss rate.
- **Security:** Our video cloud solutions are able to maximize data security by configuring authentication settings for content.
- **High definition:** Our video cloud solutions provide optimized encoding and decoding solutions that allow 4k-8k ultra high definition video transmission through the internet.
- **Compliance:** Our AI-based automatic content screener ensures compliance with relevant laws and regulations.

### Case study: ByteDance

We provide ByteDance's Douyin, Toutiao and Xigua Video with safe and reliable video cloud solutions to help them offer high-speed on-demand video services to their users. Our comprehensive cloud products help them reduce access latency and improve availability. Moreover, our advanced technologies enable ByteDance to effectively enhance content protection and increase cost efficiency when providing high-quality video services.



## [Table of Contents](#)

### *AI Cloud Solutions*

For companies in the AI industry, our AI cloud solutions can support hyper-scale data processing and storage. Based on our KDL product, our AI cloud solutions facilitate cost-effective AI training and modeling processes, and provide easily scalable development environment for our customers.

### *Other Solutions*

Our public cloud solutions also cover various other industries. Our e-commerce cloud solutions, equipped with big data analytics capabilities, enable our customers to rapidly roll out their e-commerce platforms and effectively manage their resources. Our education cloud solutions provide quality services for customers in the education sector to accelerate education modernization, promoting education equality and improving the quality of education. For example, we provide computing, delivery and other public cloud services to 17EdTech, and our prompt expansion of underlying resources satisfied its demands to ensure high-quality and reliable services during the COVID-19 outbreak in early 2020. In addition, we also offer mobile internet cloud solutions designed for the mobile internet industry in general.

### **Enterprise Cloud Services**

In addition to public cloud services, we also offer enterprise-grade cloud products and solutions primarily for traditional enterprises and public service organizations.

### *Enterprise Cloud Products*

Traditional enterprises and public service organizations existed before the internet emerged. As such, they are more likely to deploy on-premise or a hybrid of on- and off-premise cloud products. Due to their complicated operation structure and process, they generally have higher demand for compatibility, reliability, privacy and security in cloud products. We offer secure enterprise cloud products with high control and customization available from dedicated cloud resources. With increasingly complex business structures and massive data accumulated from daily operations, traditional enterprises and public service organizations require hyper-scale computing, big data and AI technology as part of their cloud solutions.

Our enterprise cloud products primarily include our Galaxy Stack, KingStack and Kingsoft Blockchains as a Service (“KBaaS”), among others.

### *Galaxy Stack*

We are dedicated to helping enterprises improve their IT capabilities to better support business development. However, traditional enterprises often have strict data sovereignty, regulatory compliance and other requirements, and a pure public cloud cannot fully meet their demands. Our proprietary Galaxy Stack essentially allows customers to deploy a public cloud architecture within their internal IT infrastructure, so that they can have the same experience as public cloud services in the interior, while fulfilling business compliance and retaining control. Galaxy Stack employs a distributed architecture to create an open, unified and reliable cloud environment for enterprise-grade customers.

The key value we bring include:

- Scalability at large scale: Galaxy Stack enables large-scale physical node deployment, massive tenant management and customer service capabilities, which strongly support customers’ massive business operations. Customers can easily adjust the physical node deployment based on their real-time demands.
- Security: Privatized deployment meets the requirements of enterprises for high-grade information security protection, data security and business continuity.

## [Table of Contents](#)

- Autonomous control: Galaxy Stack supports customers' autonomous control operation and maintenance.

### *KingStack*

We provide privately deployed KingStack cloud platform for enterprise-grade customers. Tailored to our customers' needs, we deliver a proprietary, controllable, reliable, compatible, unified and trustworthy cloud platform, accelerating the digitalization process of our customers' businesses.

The key value we bring include:

- **Compatibility:** Built on cloud architecture, KingStack is compatible with a wide spectrum of hardware.
- **Security:** KingStack has obtained various authoritative security certifications. Computing resources are physically located on-premise. KingStack also offers one-on-one tailored security solutions.
- **Easy deployment:** KingStack utilizes an automated deployment technique to facilitate the deployment process. Moreover, KingStack also features automated post-deployment monitoring to ensure the sustainability and continuity of customers' operations.
- **Flexible allocation:** KingStack enables customers to efficiently manage and allocate cloud resources based on their actual demands, and to quickly adapt to diverse operation scenarios.

### *KBaaS*

We offer easy-to-use KBaaS to help developers perform blockchain construction and operation in a visualized interface, significantly lowering development thresholds and improving efficiency.

The key value we bring include:

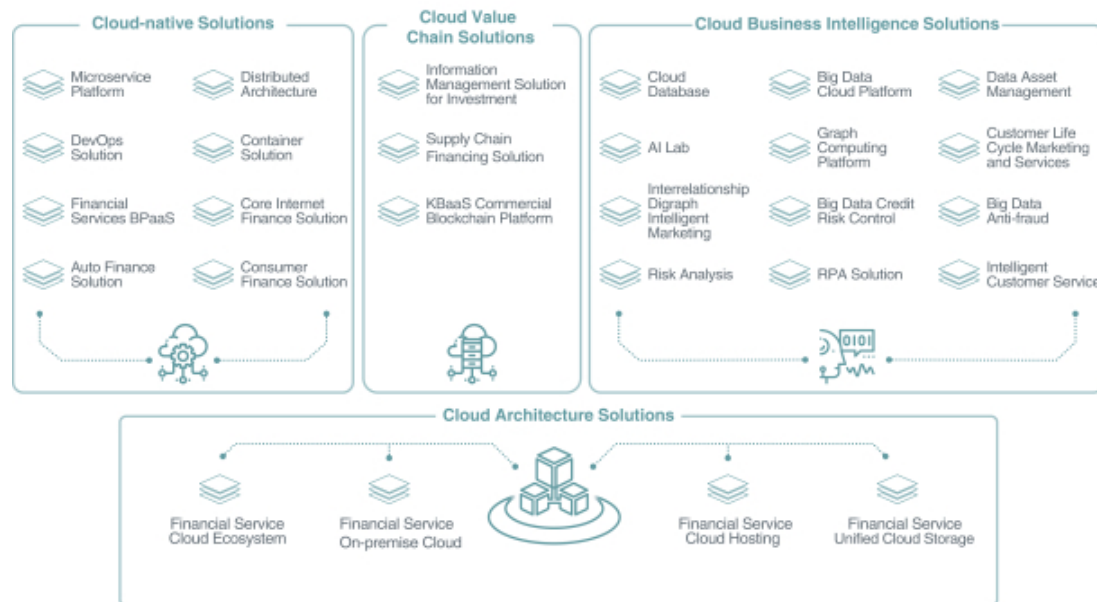
- **Easy deployment:** KBaaS enables customers to easily configure and build a blockchain network.
- **One-stop management:** KBaaS offers one-stop management service of contracts including uploading, editing, compilation, encryption and deployment.
- **Security:** Through multiple encrypted tunnels, our algorithms ensure business data security and isolation.

### *Enterprise Cloud Solutions*

Digitalization of traditional enterprises and public service organizations has been fueling the market growth. Traditional enterprises and public service organizations are embracing digital transformation and tap into the agility, flexibility and scalability of the cloud. Our enterprise cloud solutions primarily consist of financial service, public service, healthcare and other solutions.

*Financial Service Cloud Solutions*

We started to offer financial service cloud solutions in 2018 as we see the huge demands for cloud in the financial service sector. We have pioneered the private implementation of one-stop end-to-end public cloud solutions, which could effectively address the pain points faced by financial institutions amid the regulatory requirements, digital transformation and business innovation. Our financial service cloud solutions primarily consist of four types of solutions, including architecture, cloud native, value chain and intelligence cloud solutions. We have successfully deployed flagship projects for leading institutions such as China Construction Bank and Huatai Securities. The following diagram illustrates the architecture of our financial service cloud solutions.



The key value we bring include:

- **Digital transformation:** Our customized financial service architecture solutions, by providing high-performance cloud computing service at lower costs, enable financial institutions to achieve digital transformation and migrate to cloud.
- **Cloud native benefits:** Our financial service cloud native solutions enable financial institutions to enjoy various benefits brought by cloud technologies, including high security, reliability, availability and flexibility.
- **Value-chain connection:** By connecting the entire value chain in finance vertical, our financial service value chain solutions help customers to establish ecosystems and achieve synergies.
- **Business innovation:** Our intelligent financial service solutions equip financial institutions with big data analytics and AI capabilities, enabling them to easily and efficiently realize business innovations.

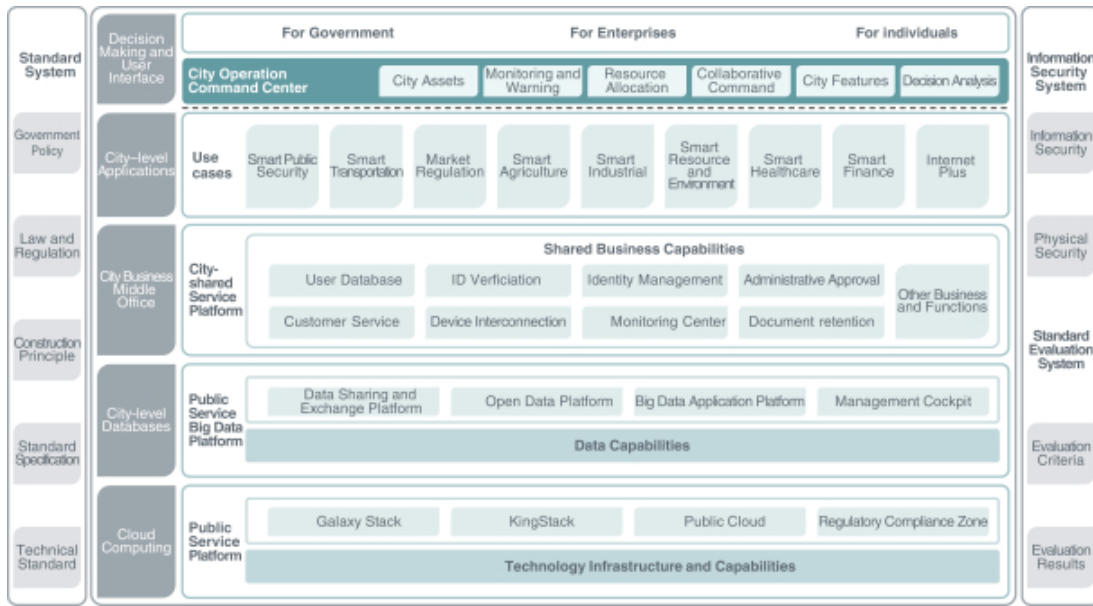
Case study: China Construction Bank

We provide a customized data cloud platform to China Construction Bank, or CCB, to establish a centralized data management platform. By offering massive data integration, processing and analytics capabilities, we address CCB’s needs for digital transformation. Our platform primarily provides three types of services:

- Resources: we offer various cloud resources such as cloud databases, enabling quick deployment of applications;
- Tools: with our data collection, management and development tools, applications can easily perform data process and development;
- Data platform: we provide various cloud-based data products to build a one-stop data analytics platform, realizing centralized management and allocation in complex operation environment.

*Public Service Cloud Solutions*

Our public service cloud solutions are based on the cloud architecture and can be easily and quickly deployed on-premise. These cloud solutions help public service organizations enhance productivity and efficiency. The following diagram illustrates the architecture of our public service cloud solutions.



The key value we bring include:

- Digitalization: By facilitating cloud migration, we help public service organizations lower their operating costs, run their infrastructure more efficiently and scale elastically, while ensuring stringent privacy and high level of security.
- Intelligent operation: Tailored to the functions of different public service organizations, our cloud platforms provide decision-making support and enable our customers to efficiently and smartly manage their operations.
- Data analytics: Featured with big data analytics, we help public service organizations to organize and process their data.

### *Healthcare Cloud Solutions*

Our healthcare cloud solutions provide high-performance, reliable, and secure resources and technologies and a full portfolio of applications and services for the medical and healthcare industry. We provide cloud services covering hospital operations, medical supervision, medical insurance payment, medical treatment and eldercare.

### *AIoT Cloud Services*

Launched in 2019, we provide a full stack of AIoT solutions that encompass both cloud platform software and AIoT devices through cooperation with Xiaomi and other third-party device suppliers. Our AIoT products and solutions enable businesses to manage access of personnel, vehicles and other subjects at various physical settings such as commercial complexes, residences and hospitals.

The key value we bring include:

- Scenario-based solutions: Our AIoT solutions are pre-integrated and highly adaptable for different scenarios.
- Extended ecosystem: Our AIoT solutions offer an extensive AIoT application ecosystem with pre-integrated modules and devices from leading AIoT vendors, which can also integrate customers' existing applications like CRM system to achieve overall efficiency improvement.
- Data analytics: Our AIoT solutions provide various data analytics services and a powerful computing core. Through various algorithms, analytical models and multi-type data convergence, our AIoT solutions can mine the specific data which customers need to create value for their business.

### **Our Infrastructure and Technologies**

We are dedicated to providing customers with secure and compliant cloud services and our industry-leading cloud infrastructure and technologies have been the key to our success.

### **Infrastructure**

Our distributed infrastructure is the foundation of our technology. As of December 31, 2019, we had a data center and CDN node network with more than 73,000 servers throughout China and in six other countries and regions and achieved exabyte-level storage capacity. We purchase servers, network equipment and network resources, and lease data centers from industry-leading suppliers to ensure the reliability and availability of our network infrastructure. Our suppliers primarily include IDC operators, telecommunication operators and server providers in China and overseas. The following map demonstrates the locations of our major data centers and CDN nodes in China.



### **Cloud Technologies**

We create and apply cutting-edge technologies to drive our development of products and solutions. Our core technologies include:

#### *Virtualization*

We have built a complete virtualization technology stack. Technologies like x86 and ARM (advanced reduced instruction set computing machine) virtualization, input/output paravirtualization, high performance storage and network virtualization, GPU (graphics processing unit) virtualization, with critical features such as smooth live migration and live patching are all well supported and applied to our cloud products.

#### *Distributed Storage*

We have developed different storage technologies for various application scenarios, including key-value storage, table storage, object storage, elastic block storage, and file storage, providing high performance storage services with reliability, scalability and availability.

## [Table of Contents](#)

### *Software Defined Network*

Our virtualized network architecture, designed on the basis of disaster recovery multi-region construction, supports multi-tenant networks. With petabit-per-second-scale distributed east-west forwarding capabilities and terabit-per-second-scale north-south traffic capabilities, the cloud network provides high-performance interconnect services for computing, storage and various PaaS services.

### *Cloud Delivery*

We have developed a comprehensive set of cloud delivery systems, including caching system, OTCP (optimized transmission control protocol) stack, user datagram protocol-based transport stack, global traffic scheduling system, high performance domain name system, near-real-time performance analysis system and IPV 4 (internet protocol version 4) and IPV 6 (internet protocol version 6) dual-stack network system.

### *Cloud Native*

We have built (i) a comprehensive PaaS platform based on Kubernetes, an open-source container-orchestration system, (ii) a microservices platform, and (iii) service mesh solutions to help our customers design and utilize cloud native architecture. All these platforms have been enhanced by our strong network and storage technologies, helping our customers to easily build scalable, reliable, and elastic cloud native applications.

## **Research and Development**

Our vision and focus on innovation have fueled our growth and enabled us to deliver our products and services. We allocate a substantial portion of our operating expenses to research and development, including upgrading our infrastructure, improving our cloud technology and developing new products and solutions. We incurred RMB399.2 million, RMB440.5 million and RMB595.2 million (US\$85.5 million) of research and development expenses in 2017, 2018 and 2019, respectively.

Our leadership in technology is built by our highly innovative and dedicated research and development staff. We had a team of approximately 1,150 engineers, researchers, programmers and computer and data scientists as of December 31, 2019, approximately 26% of whom hold a master's degree or above. We encourage different points of view to lead us to find inspiration and improve our products and solutions.

## **Our Customers**

### *Customers*

We primarily focus on providing high-quality enterprise-grade cloud products and solutions to businesses and public service organizations. Our platform has gathered a broad and diverse customer base, which has expanded rapidly since our inception. We generally enter into annual cloud service contracts with our public cloud service customers. For our enterprise cloud service customers, we enter into service contracts on a project basis. As of December 31, 2019, we had 4,244 customers across a wide array of industry verticals, such as game, video, AI, e-commerce, education, financial service, public service and healthcare. The total number of our Premium Customers increased from 113 in 2017 to 154 in 2018, and further to 243 in 2019.

We strategically focus on cooperating with industry leaders to complete lighthouse projects to demonstrate our technological capabilities and the advantages of our cloud products and solutions. As a result, we have generated a substantial portion of our revenues from large customers. Our total revenues generated from Premium Customers contributed 93.7%, 95.3% and 97.4% of our total revenues in 2017, 2018 and 2019, respectively.

We have generated a highly loyal customer base. Our platform offers a wide spectrum of cloud products and we focus on capturing cross-selling opportunities. As of December 31, 2019, 82.4% of our customers used at

least two of our cloud products. In 2018 and 2019, our net dollar retention rate of Public Cloud Service Premium Customers was 161% and 155%, respectively.

Case Study: Bilibili

In June 2017, we started to provide cloud services to Bilibili, a leading online entertainment platform for young generations in China. Since then, we have been providing secure and reliable cloud services to Bilibili and enable it to deliver on-demand content to its users. Along with the rapid growth of Bilibili, we have also extended our offerings to constantly meet its demands.

**Customer Support**

We have inherited the “enterprise service DNA” from Kingsoft Group, the widely trusted leading software franchise in China, and are devoted to serving enterprise customers and empowering them with cloud technologies. We have benefited from Kingsoft Group’s over 30 years of experience in providing enterprise services. With our customer-centric service philosophy, we always prioritize the needs of our customers and strive to provide an exceptional experience to them. As a result, our brand has received broad recognition in China.

We have built an experienced team that is knowledgeable about both technology advancements and pain points faced by participants in relevant industry verticals, allowing us to provide products and solutions that directly address the needs of our customers.

We value each customer and provide best-in-class customer services and support covering their entire life-cycle. For example, for each enterprise cloud project, we provide dedicated services to customers with our in-depth industry insights across initiation, implementation and post-delivery stages. At initiation stage, our specialized industry team performs in-depth analysis on customers’ business needs and designs tailored solutions accordingly. During the implementation process, we offer customers seamless cloud migration services. After delivery, we have regular client reviews to constantly improve our services. In particular, for our Premium Customers, we also have a 24×7 technical support team who can respond to customer inquiries within 90 seconds.

**Sales, Marketing and Branding**

To promote our cloud products and solutions, we either directly reach out to our customers or cooperate with third-party agents. Direct sales supported by our experienced industry-focused team is our primary sales approach. To promote our cloud products and solutions, particularly when we enter into a new vertical, we cooperate with industry leaders to complete lighthouse projects to demonstrate our technological capabilities and the advantages of our cloud products and solutions. We then leverage such lighthouse projects to develop and offer products and solutions for other customers, thereby further penetrating the vertical. We seek to generate recurring revenues through after-sale services and cross-sell new solutions after we gain insights into customer needs.

We have established a professional and industry-focused in-house sales team. Our employees have deep knowledge of the industries and customers that they are responsible for. Our in-house sales team works closely with our engineering team to ensure that they can propose and customize the best solutions to address the pain points faced by participants in the relevant industry verticals.

On the other hand, for indirect sales, our in-house sales channel department works closely with the sales channel partners and leverages their understanding of end user demands, thereby developing tailored marketing strategies.



## [Table of Contents](#)

To encourage and incentivize our in-house sales team, we have designed a compensation structure that includes both fixed and a performance-based components. We set specific performance targets for each team member. We evaluate such employee's performance every year and pay out performance-based compensation accordingly.

In addition, we have a marketing team responsible for increasing the awareness of our brand, promoting our new and existing products and services, maintaining our relationships with business partners and managing public relations.

### **Intellectual Property**

We develop and protect our intellectual property portfolio by registering our patents, trademarks, copyrights and domain names. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set the obligations of our employees and create a reporting mechanism in connection with our intellectual property protection. We have entered into standard employee agreements and confidentiality and non-compete agreements with our full-time R&D staffs, which provide that the intellectual property created by them in connection with their employment with us is our intellectual property.

As of the date of this prospectus, we have registered 98 patents, 166 trademarks, 184 copyrights, and 117 domain names in China and overseas. We have obtained the license from Kingsoft to use its “” and “Kingsoft Cloud” trademarks. We have also obtained the license from Kingsoft Group to use some of its registered patents during their terms of registration. We intend to vigorously protect our technology and proprietary rights, but there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. See “Risk Factors – Risks Relating to Our Business and Industry – We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.”

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our technology is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. In addition, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or license the infringed or similar technology on a timely basis, our business could be harmed. Even if we are able to license the infringed or similar technology, license fees could be substantial and may adversely affect our results of operations. See “Risk Factors – Risks Relating to Our Business and Industry – We may in the future be subject to legal proceedings and litigation, including intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business. Our business may be adversely affected if it is alleged or determined that our technology infringes the intellectual property rights of others.”

### **Data Privacy and Protection**

When providing our solutions, we may have access to certain data of our customers and of end users of our customers. We have designed strict data protection policies to ensure that the collection, use, storage, transmission and dissemination of such data are in compliance with applicable laws and with prevalent industry practice.

We have established an all-round information system in compliance with all data security requirements. Our information system applies safeguards, including double-firewalls, antivirus walls and web application firewalls. We encrypt data to enhance data security. Our database can only be accessed through computers designated for

## [Table of Contents](#)

authorized use. These computers cannot be connected to the internet, and no data can be exported to an external device. Only authorized staff can access these computers for designated purposes. We also have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary for their job responsibilities and for limited purposes and are required to verify authorization upon every access attempt.

As of the date of this prospectus, we have not received any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by the PRC General Principles of Civil Law or any applicable laws and regulations in other jurisdictions, and we have not experienced any material data loss or breach incidents.

### **Our People**

We had 1,193, 1,365 and 1,841 full-time employees as of December 31, 2017, 2018 and 2019, respectively. As of December 31, 2019, most of our employees were located in China, and the rest were located overseas.

The following table sets forth the breakdowns of our employees by functions as of December 31, 2019.

| <u>Function</u>          | <u>Number of Full-time Employees</u> | <u>Percentage</u> |
|--------------------------|--------------------------------------|-------------------|
| Research and development | 1,150                                | 62.5%             |
| Sales and marketing      | 400                                  | 21.7%             |
| General administration   | 209                                  | 11.3%             |
| Customer support         | 82                                   | 4.5%              |
| <b>Total</b>             | <b>1,841</b>                         | <b>100%</b>       |

We enter into standard employment contracts with our full-time employees. In addition to salaries and benefits, we provide performance-based bonuses for our full-time employees. In addition to our full-time employees, we used 117 contract workers dispatched to us by staffing agencies as of December 31, 2019. These contract workers are primarily responsible for customer service, logistics and delivery services.

Under PRC law, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based full-time employees, including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions from time to time to employee benefit plans for our PRC-based full-time employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We believe that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes in the past. None of our employees are represented by labor unions.

### **Facilities**

Our current principal executive offices are located at Kingsoft Tower, No. 33 Xiao Ying West Road Haidian District, Beijing, China. We lease offices in Beijing and certain other cities where we operate with an aggregate of approximately 14,500 square meters. These facilities currently accommodate our management headquarters, as well as most of our sales and marketing, research and development, and general and administrative activities.

### **Insurance**

We do not maintain any liability insurance or property insurance policies covering our equipment and facilities for injuries, death or losses due to fire, earthquake, flood or any other disaster. Consistent with

customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance.

### **Competition**

Our business is characterized by rapid changes as well as new and disruptive technologies. We face competition in every major aspect of our business. In particular, we mainly compete with other cloud service providers in China.

We believe that we are well-positioned to effectively compete against our competitors and capture market opportunities. However, our competitors may have more capital, longer operating histories, broader brand recognition and larger customer bases. For discussion of risks relating to market competition, see “Risk Factors – Risks Relating to Our Business and Industry – The market in which we participate is competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed.”

### **Legal Proceedings**

We are currently not involved in any legal or administrative proceedings that may have a material adverse impact on our business, financial position or results of operations.

## REGULATION

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

### Regulation Related to Foreign Investment

The establishment, operation and management of companies in China are mainly governed by the PRC Company Law, as most recently amended in 2018, which applies to both PRC domestic companies and foreign-invested companies. On March 15, 2019, the National People's Congress approved the Foreign Investment Law, and on December 26, 2019, the State Council promulgated the Implementing Rules of the PRC Foreign Investment Law, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on January 1, 2020 and replaced three major previous laws on foreign investments in China, namely, the Sino-foreign Equity Joint Venture Law, the Sino-foreign Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their respective implementing rules. Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Implementing Rules introduce a see-through principle and further provide that foreign-invested enterprises that invest in the PRC shall also be governed by the Foreign Investment Law and the Implementing Rules.

The Foreign Investment Law and the Implementing Rules provide that a system of pre-entry national treatment and negative list shall be applied for the administration of foreign investment, where "pre-entry national treatment" means that the treatment given to foreign investors and their investments at market access stage is no less favorable than that given to domestic investors and their investments, and "negative list" means the special administrative measures for foreign investment's access to specific fields or industries, which will be proposed by the competent investment department of the State Council in conjunction with the competent commerce department of the State Council and other relevant departments, and be reported to the State Council for promulgation, or be promulgated by the competent investment department or competent commerce department of the State Council after being reported to the State Council for approval. Foreign investment beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited fields as specified in the negative list, and foreign investors who invest in the restricted fields shall comply with the special requirements on the shareholding, senior management personnel, etc. In the meantime, relevant competent government departments will formulate a catalogue of industries for which foreign investments are encouraged according to the needs for national economic and social development, to list the specific industries, fields and regions in which foreign investors are encouraged and guided to invest. The current industry entry clearance requirements governing investment activities in the PRC by foreign investors are set out in two categories, namely the Special Entry Management Measures (Negative List) for the Access of Foreign Investment (2019 version), or the 2019 Negative List, and the Encouraged Industry Catalogue for Foreign Investment (2019 version), or the 2019 Encouraged Industry Catalogue, both were promulgated by the National Development and Reform Commission and the Ministry of Commerce, or the MOFCOM and took effect on July 30, 2019. Industries not listed in these two categories are generally deemed "permitted" for foreign investment unless specifically restricted by other PRC laws. Industries such as value-added telecommunication business, which we are engaged in, are generally restricted to foreign investment pursuant to the 2019 Negative List, and we conduct business operations that are restricted to foreign investment through our variable interest entities.

According to the Implementing Rules, the registration of foreign-invested enterprises shall be handled by the State Administration for Market Regulation, or the SAMR or its authorized local counterparts. Where a foreign investor invests in an industry or field subject to licensing in accordance with laws, the relevant competent government department responsible for granting such license shall review the license application of the foreign investor in accordance with the same conditions and procedures applicable to PRC domestic investors unless it is stipulated otherwise by the laws and administrative regulations, and the competent government department shall not impose discriminatory requirements on the foreign investor in terms of licensing conditions, application materials, reviewing steps and deadlines, etc. However, the relevant competent government departments shall not grant the license or permit enterprise registration if the foreign investor intends to invest in the industries or fields as specified in the negative list without satisfying the relevant requirements. In the event that a foreign investor invests in a prohibited field or industry as specified in the negative list, the relevant competent government department shall order the foreign investor to stop the investment activities, dispose of the shares or assets or take other necessary measures within a specified time limit, and restore to the status prior to the occurrence of the aforesaid investment, and the illegal gains, if any, shall be confiscated. If the investment activities of a foreign investor violate the special administration measures for access restrictions on foreign investments as stipulated in the negative list, the relevant competent government department shall order the investor to make corrections within the specified time limit and take necessary measures to meet the relevant requirements. If the foreign investor fails to make corrections within the specified time limit, the aforesaid provisions regarding the circumstance that a foreign investor invests in the prohibited field or industry shall apply.

Pursuant to the Foreign Investment Law and the Implementing Rules, and the Information Reporting Measures for Foreign Investment jointly promulgated by the MOFCOM and the SAMR, which took effect on January 1, 2020, a foreign investment information reporting system shall be established and foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments of the government through the enterprise registration system and the enterprise credit information publicity system, and the administration for market regulation shall forward the above investment information to the competent commerce departments in a timely manner. In addition, the MOFCOM shall set up a foreign investment information reporting system to receive and handle the investment information and inter-departmentally shared information forwarded by the administration for market regulation in a timely manner. The foreign investors or foreign-invested enterprises shall report the investment information by submitting initial reports, change reports, deregistration reports and annual reports, etc.

Furthermore, the Foreign Investment Law provides that foreign-invested enterprises established according to the previous laws regulating foreign investment prior to the implementation of the Foreign Investment Law may maintain their structure and corporate governance within five years after the implementation of the Foreign Investment Law. The Implementing Rules further clarify that such foreign-invested enterprises established prior to the implementation of the Foreign Investment Law may either adjust their organizational forms or organizational structures pursuant to the Company Law or the Partnership Law, or maintain their current structure and corporate governance within five years upon the implementation of the Foreign Investment Law. Since January 1, 2025, if a foreign-invested enterprise fails to adjust its organizational form or organizational structure in accordance with the laws and go through the applicable registrations for changes, the relevant administration for market regulation shall not handle other registrations for such foreign-invested enterprise and shall publicize the relevant circumstances. However, after the organizational forms or organizational structures of a foreign-invested enterprise have been adjusted, the original parties to the Sino-foreign equity or cooperative joint ventures may continue to process such matters as the equity interest transfer, the distribution of income or surplus assets as agreed by the parties in the relevant contracts.

In addition, the Foreign Investment Law and the Implementing Rules also specify other protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to the foreign investors; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a

timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited, etc.

## **Regulation Related to Value-Added Telecommunications Services**

### ***Regulation on Value-Added Telecommunications Services***

The Telecommunications Regulations of the PRC, or the Telecommunications Regulations, promulgated on September 25, 2000 by the State Council of the PRC and most recently amended in February 2016, are the primary regulations governing telecommunications services. Under the Telecommunications Regulations, a telecommunications service provider is required to procure operating licenses from MIIT or its provincial counterparts, prior to the commencement of its operations, or else such operator might be subject to sanctions including corrective orders and warnings from the competent administration authority, fines and confiscation of illegal gains. In case of serious violations, the operator's websites may be ordered to be closed.

The Telecommunications Regulations categorize all telecommunication services in China as either basic telecommunications services or value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. The Administrative Measures for Telecommunications Business Operating License promulgated by the MIIT in July 2017 set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining the licenses and the administration and supervision of these licenses.

A catalogue was issued as an appendix to the Telecommunications Regulations, or the Telecommunications Services Catalogue, which was most recently amended by the MIIT in June 2019. Pursuant to the Telecommunications Services Catalogue, the first category of value-added telecommunications services are divided into four subcategories including the "Internet Data Centre Services" (the "IDC Service"), the "Content Delivery Network Services" (the "CDN Service"), the "Domestic Internet Protocol Virtual Private Network Services" and the "Internet Access Services" (the "ISP Service"). The second category of value-added telecommunications services includes without limitation the online data process and transaction process service and information services.

In addition, the MIIT promulgated the Circular on Further Regulating Market Access of IDC Service and ISP Service in 2012, or the Circular 552, which further stipulates the detailed requirements on capital, personnel, facility and equipment for conducting IDC and ISP Services business. On January 17, 2017, the MIIT further promulgated the Notice on the Internet Access Service, which emphasizes the requirements as specified under Circular 552 and prohibits business operation without licenses, business operation beyond permitted territorial scope and business scope set forth on the licenses and "multi-level sublease" in the market with respect to IDC Service, ISP Service and CDN Service. The IDC and ISP enterprises shall not sublease the IP addresses, bandwidth or other network access resources they have obtained from basic telecommunication operators in the PRC to other enterprises for operating businesses of IDC Service, ISP Service or other business. According to the Notice on the Internet Access Service, enterprises engaged in the businesses of IDC, ISP or CDN Services shall conduct comprehensive self-inspection, rectify violations of the relevant regulations in a timely manner to ensure their business operations are in compliance with the applicable laws and regulations and the network facilities and network access resources are used in a compliant manner. The regulatory authorities shall urge enterprises in violation of the relevant regulations to make rectifications in a timely manner and take stern actions in accordance with the laws against the enterprises that refuse to make such rectifications, and such enterprises may fail to pass the annual inspection, may be included in the enterprise list of bad credit record, or the licenses or permits of such enterprises may not be renewed upon expiration and their cooperation with the basic telecommunications operators may be adversely affected under serious circumstances.

### ***Regulation on Foreign Investment Restriction on Value-Added Telecommunications Services***

According to the Administrative Regulations on Foreign-Invested Telecommunications Enterprises, as most recently amended in February 2016, foreign-invested value-added telecommunications enterprises must be in the form of a sino-foreign equity joint venture. The regulations limit the ultimate capital contribution percentage by foreign investor(s) in a foreign-invested value-added telecommunications enterprise to 50% or less other than certain exceptions and require the primary foreign investor in a foreign invested value-added telecommunications enterprise to have a good track record and operational experience in the industry.

In 2006, the predecessor to the MIIT issued the Circular of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Business, according to which a foreign investor in the telecommunications service industry of China must establish a foreign invested enterprise and apply for a telecommunications businesses operation license. This circular further requires that: (i) PRC domestic telecommunications business enterprises must not lease, transfer or sell a telecommunications businesses operation license to a foreign investor through any form of transaction or provide resources, offices and working places, facilities or other assistance to support the illegal telecommunications services operations of a foreign investor; (ii) value-added telecommunications enterprises or their shareholders must directly own the domain names and trademarks used by such enterprises in their daily operations; (iii) each value-added telecommunications enterprise must have the necessary facilities for its approved business operations and maintain such facilities in the regions covered by its license; and (iv) all providers of value-added telecommunications services are required to maintain network and internet security in accordance with the standards set forth in relevant PRC regulations. If a license holder fails to comply with the requirements in the circular and cure such non-compliance, the MIIT or its local counterparts have the discretion to take measures against such license holder, including revoking its license for value-added telecommunications business.

On January 12, 2017, the State Council issued the Notice on Several Measures for Expansion of Opening-up Policy and Active Use of Foreign Capital, or the Notice No. 5, which purports to relax restrictions on foreign investment in sectors including services, manufacturing and mining. Specifically, the Notice No. 5 proposes to gradually open up telecommunication, Internet, culture, education and transportation industries to foreign investors. However, there are still substantial uncertainties with respect to the implementing rules and regulations of Notice No. 5.

### **Regulation Related to Internet Security and Privacy Protection**

The Decision in Relation to Protection of Internet Security enacted by the Standing Committee of the National People's Congress of China on December 28, 2000, as amended, provides that, among other things, the following activities conducted through the Internet, if constitutes a criminal act under PRC laws, are subject to criminal punishment: (i) hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack the computer system and the communications network, thus damaging the computer system and the communications networks; (iii) in violation of State regulations, discontinuing the computer network or the communications service without authorization; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through the internet.

The Provisions on Technological Measures for Internet Security Protection, or the Internet Security Protection Measures, promulgated on December 13, 2005 by the Ministry of Public Security require internet service providers and organizations that use interconnection implementing technical measures for internet security protection, like technical measures for preventing any matter or act that may endanger network security, e.g., computer viruses, invasion or attacks to or destruction of the network, require all internet access service providers are required to take measures to keep a record of and preserve user registration information. Under these measures, value-added telecommunications services license holders must regularly update information security and content control systems for their websites and must also report any public dissemination of

prohibited content to local public security authorities. If a value-added telecommunications services license holder violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

On November 7, 2016, the National People's Congress Standing Committee promulgated the Cybersecurity Law which came into effect on June 1, 2017 and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in China. The Cybersecurity Law defines "networks" as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with certain rules and procedures. "Network operators," who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including: (i) complying with security protection obligations in accordance with tiered cybersecurity system's protection requirements, which include formulating internal security management rules and manual, appointing cybersecurity responsible personnel, adopting technical measures to prevent computer viruses and cybersecurity endangering activities, adopting technical measures to monitor and record network operation status and cybersecurity events; (ii) formulating cybersecurity emergency response plans, timely handling of security risks, initiating emergency response plans, taking appropriate remedial measures and reporting to regulatory authorities; and (iii) providing technical assistance and support for public security and national security authorities for protection of national security and criminal investigations in accordance with the law. Network service providers who do not comply with the Cybersecurity Law may be subject to fines, suspension of their businesses, shutdown of their websites, and revocation of their business licenses.

Pursuant to the Decision on Strengthening the Protection of Online Information, issued by the Standing Committee of the National People's Congress in 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information, issued by the MIIT in 2013, any collection and use of a user's personal information must be subject to the consent of the user, be legal, rational and necessary and be limited to specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens, issued in 2013, and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens, which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

## **Regulation Related to Intellectual Property**

### ***Patent***

Patents in the PRC are principally protected under the Patent Law of the PRC. The duration of a patent right is either 10 years or 20 years from the date of application, depending on the type of patent right.



### **Copyright**

Copyright in the PRC, including copyrighted software, is principally protected under the Copyright Law of the PRC and related rules and regulations. Under the Copyright Law, the term of protection for copyrighted software is 50 years. The Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks, as most recently amended on January 30, 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and Internet service providers.

### **Trademark**

Registered trademarks are protected under the Trademark Law of the PRC and related rules and regulations. Trademarks are registered with the State Intellectual Property Office, formerly the Trademark Office of the SAIC. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

### **Domain Name**

Domain names are protected under the Administrative Measures on Internet Domain Names promulgated by the MIIT on August 24, 2017 and effective as of November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

### **Regulation Related to Employment, Social Insurance and Housing Fund**

Pursuant to the PRC Labor Law and the PRC Labor Contract Law, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

In addition, according to the PRC Social Insurance Law and the Regulations on the Administration of Housing Funds, employers in China must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, and medical insurance and housing funds.

### **Regulation Related to Foreign Exchange and Dividend Distribution**

#### ***Regulation on Foreign Currency Exchange***

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, most recently amended in 2008. Under PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or Circular 59, which substantially amends and simplifies the current foreign exchange procedure. Pursuant to Circular 59, the opening of various special purpose foreign

exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches. In February 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment, or SAFE Notice 13. Instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

In March 2015, SAFE promulgated the Circular of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise, or Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 replaced both the Circular of the SAFE on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises, or Circular 142, and the Circular of the SAFE on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas, or Circular 36. Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments and removes certain other restrictions that had been provided in Circular 142. However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective June 2016, which reiterates some of the rules set forth in Circular 19. Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there are substantial uncertainties with respect to Circular 16's interpretation and implementation in practice. Circular 19 or Circular 16 may delay or limit us from using the proceeds of offshore offerings to make additional capital contributions to our PRC subsidiaries and any violations of these circulars could result in severe monetary or other penalties.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profits from domestic entities to offshore entities, including (i) banks must check whether the transaction is genuine by reviewing board resolutions regarding profit distribution, original copies of tax filing records and audited financial statements, and (ii) domestic entities must retain income to account for previous years' losses before remitting any profits. Moreover, pursuant to Circular 3, domestic entities must explain in detail the sources of capital and how the capital will be used, and provide board resolutions, contracts and other proof as a part of the registration procedure for outbound investment.

On October 23, 2019, SAFE issued Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or the Circular 28, which took effect on the same day. Circular 28 allows non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, provided that such investments do not violate the effective special entry

management measures for foreign investment (negative list) and the target investment projects are genuine and in compliance with laws. Since Circular 28 was issued only recently, its interpretation and implementation in practice are still subject to substantial uncertainties.

### **Regulations on Dividend Distributions**

The principal laws, rule and regulations governing dividends distribution by companies in the PRC are the PRC Company Law, which applies to both PRC domestic companies and foreign-invested companies, and the Foreign Investment Law and its implementing rules, which apply to foreign-invested companies. Under these laws, regulations and rules, both domestic companies and foreign-invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

### ***Regulation on Foreign Exchange Registration of Overseas Investment by PRC Residents***

In 2014, SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, replacing the SAFE Circular on Issues Concerning the Regulation of Foreign Exchange in Equity Finance and Return Investments by Domestic Residents through Offshore Special Purpose Vehicles, or SAFE Circular 75. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights and management rights. SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch.

In 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment. This notice has amended SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of the SAFE Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. An amendment to the registration is required if there is a material change with respect to the special purpose vehicle registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions. Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentations or failing to disclose the control of the foreign-invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign-invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

### **Regulation Related to Stock Incentive Plans**

In February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies, or the Stock Option Rules, replacing the

previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, which means the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

## **Regulation Related to Tax**

### ***Enterprise Income Tax***

Under the Enterprise Income Tax Law of the PRC, or the EIT Law, which became effective on January 1, 2008 and was subsequently amended on February 24, 2017 and December 29, 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its "de facto management bodies" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its "High and New Technology Enterprise" status.

The EIT Law and the implementation rules provide that an income tax rate of 10% should normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to

## [Table of Contents](#)

a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Relevant Issues Concerning the “Beneficial Owners” in Tax Treaties issued on February 3, 2018 by the SAT and effective from April 1, 2018, which replaces the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties and the Announcement on the Recognition of Beneficial Owners in Tax Treaties by the SAT, comprehensive analysis based on the stipulated factor therein and actual circumstances shall be adopted when recognizing the “beneficial owner” and agents and designated wire beneficiaries are specifically excluded from being recognized as “beneficial owners.”

### **Value-added Tax and Business Tax**

Pursuant to applicable PRC tax regulations, any entity or individual conducting business in the service industry is generally required to pay a business tax at the rate of 5% on the revenues generated from providing such services. However, if the services provided are related to technology development and transfer, such business tax may be exempted subject to approval by the relevant tax authorities. Whereas, pursuant to the Provisional Regulations on Value-Added Tax of the PRC and its implementation regulations, unless otherwise specified by relevant laws and regulations, any entity or individual engaged in the sales of goods, provision of processing, repairs and replacement services and importation of goods into China is generally required to pay a value-added tax, or VAT, for revenues generated from sales of products, while qualified input VAT paid on taxable purchase can be offset against such output VAT.

In November 2011, the Ministry of Finance and the State Administration of Taxation promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax. In March 2016, the Ministry of Finance and the State Administration of Taxation further promulgated the Notice on Fully Promoting the Pilot Plan for Replacing Business Tax by Value-Added Tax, which became effective on May 1, 2016. Pursuant to the pilot plan and relevant notices, VAT is generally imposed in lieu of business tax in the modern service industries, including the VATS, on a nationwide basis. VAT of a rate of 6% applies to revenue derived from the provision of some modern services. Certain small taxpayers under PRC law are subject to reduced value-added tax at a rate of 3%. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the modern services provided.

On April 4, 2018, the Ministry of Finance and the State Administration of Taxation issued the Notice on Adjustment of VAT Rates, which came into effect on May 1, 2018. According to the abovementioned notice, the taxable goods previously subject to VAT rates of 17% and 11%, respectively, become subject to lower VAT rates of 16% and 10%, respectively, starting from May 1, 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening Value-added Tax Reform jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, which became effective on April 1, 2019, the taxable goods previously subject to VAT rates of 16% and 10%, respectively, become subject to lower VAT rates of 13% and 9%, respectively, starting from April 1, 2019.

### **M&A Rules and Overseas Listings**

On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

## MANAGEMENT

### Directors and Executive Officers

The following table sets forth information regarding our executive officers and directors as of the date of this prospectus.

| <u>Directors and Executive Officers</u> | <u>Age</u> | <u>Position/Title</u>                   |
|---|------------|---|
| Jun Lei                                 | 50         | Chairman of the Board of Directors      |
| Tao Zou                                 | 44         | Vice Chairman of the Board of Directors |
| Yulin Wang                              | 44         | Director, Chief Executive Officer       |
| Haijian He                              | 38         | Chief Financial Officer                 |
| Shou Zi Chew                            | 37         | Director                                |
| Shouxing Liang                          | 40         | Senior Vice President                   |
| Wei Song                                | 40         | Senior Vice President                   |
| Tao Liu                                 | 38         | Vice President                          |
| Yonghong Hu                             | 46         | Senior Vice President                   |
| Kuiguang Niu                            | 41         | Independent Director                    |
| Hang Wang*                              | 48         | Independent Director appointee          |
| Mingto Yu*                              | 57         | Independent Director appointee          |

\* Each of Mr. Hang Wang and Mr. Mingto Yu has accepted appointment as a director, which will be immediately effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

*Jun Lei* has served as the chairman of the board of directors since April 2015. Mr. Lei is the founder of Xiaomi Corporation (HKEx: 1810) and currently serves as the chairman, the chief executive officer and the executive director at Xiaomi Corporation. He joined Kingsoft Group in 1992 and has held various senior positions in Kingsoft Group, including the chairman of the board since July 2011, non-executive director since August 2008, executive director between July 1998 and August 2008, and the chief executive officer between 1998 and December 2007. From 2011 to 2018, Mr. Lei was the chairman of Cheetah Mobile Inc. (NYSE: CMCM). From 2011 to 2016, Mr. Lei was the chairman of YY Inc. (Nasdaq: YY). Mr. Lei received a bachelor's degree in computer science in 1991 from Wuhan University.

*Tao Zou* has served as our director since December 2016, and as the vice chairman of the board of directors since December 2018. Mr. Zou joined Kingsoft Group in 1998 and currently serves as an executive director and the chief executive officer at Kingsoft Group. Mr. Zou also serves as a director at Cheetah Mobile (NYSE: CMCM), a director at Xunlei Limited (Nasdaq: XNET) and a director of 21Vianet Group, Inc. (Nasdaq: VNET). Mr. Zou received a bachelor's degree in science from Nankai University in 1997.

*Yulin Wang* has served as our chief executive officer since December 2016 and our director since April 2015. Mr. Wang served as our president from 2012 to 2016. Mr. Wang joined Kingsoft Group in 2012 and served as a senior vice president at Kingsoft Group until 2020. Prior to joining Kingsoft Group, Mr. Wang served as the executive vice president at Phoenix New Media Limited (NYSE: FENG) from 2009 to 2012. Prior to that, Mr. Wang served as the chief operating officer at CNEC Inc. from 2007 to 2008. Mr. Wang was a vice president of A8 Digital Music Holdings Limited (HKEx: 0800) from 2004 to 2007. Mr. Wang received a bachelor's degree in science from Nankai University in 1998 and an MBA degree from Tsinghua University in 2008.

*Haijian He* has served as our chief financial officer since January 2020. Mr. He has extensive experience in complex merger and acquisition transactions. Prior to joining us in 2020, Mr. He served as an executive director of the TMT (telecommunications, media and technology) group and the mergers and acquisitions group sequentially at Goldman Sachs (Asia) LLC from 2015 to 2020. Mr. He was an associate at Bank of America Merrill Lynch from 2014 to 2015, and was a vice president at Citigroup Global Markets Inc. from 2010 to 2013. Mr. He received an MBA from University of Chicago in 2014, a master's degree in electronic engineering from

## [Table of Contents](#)

Southeast University in 2006, and a bachelor's degree in electronic engineering from Southeast University in 2003. Mr. He is also a CFA charter holder.

*Shou Zi Chew* has served as our director since May 2019. Mr. Chew currently serves as the president of international, executive director and the chief financial officer at Xiaomi. Prior to joining Xiaomi, Mr. Chew was a partner at DST Investment Management Ltd. from August 2011 to June 2015. Mr. Chew worked at Goldman Sachs International from July 2006 to July 2008. Mr. Chew received a bachelor's degree in economics from University College London in 2006 and a master's degree in business administration from Harvard Business School in 2011.

*Shouxing Liang* serves as our senior vice president and is responsible for management of our public cloud and overseas strategies. Prior to joining us in 2015, Mr. Liang served as manager of northern China at Qiniu Cloud from 2014 to 2015. Mr. Liang was a senior director of CC Video from 2011 to 2014. Mr. Liang served as a director of industry department at ChinaCache (Nasdaq: CCIH) from 2006 to 2011. Mr. Liang received a bachelor's degree in computer science from Fuzhou University in 2000.

*Wei Song* serves as our senior vice president and is responsible for management of enterprise cloud services and related technology management. Prior to joining us in 2013, Mr. Song served as a senior architect at Baidu (Nasdaq: BIDU) from 2010 to 2013. Mr. Song was a specialist of Alibaba (NYSE: BABA) from 2009 to 2010. Mr. Song served as an engineer at Lenovo (HKEx: 0992) from 2004 to 2008. Mr. Song received a master's degree in computer science from Tiangong University in 2005.

*Tao Liu* serves as our vice president and is responsible for research and development. Prior to joining us in 2015, Mr. Liu served as a data center architect at Baidu (Nasdaq: BIDU) from 2009 to 2015. Mr. Liu received a bachelor's degree in 2004 and a PhD in 2009 from University of Science and Technology of China.

*Yonghong Hu* serves as our senior vice president and is responsible for financial reporting, legal affairs, administrative operation and human resources of our group. Prior to joining us in 2015, Ms. Hu served as the finance director at Phoenix New Media Limited (NYSE: FENG) from 2010 to 2015. Ms. Hu graduated in financial management from Beijing Normal University in 1998.

*Kuiguang Niu* has served as our director since April 2015. Mr. Niu is currently the partner of IDG Capital. Prior to joining IDG Capital in 2007, he worked at McKinsey & Company. Mr. Niu has served as a non-executive director of Jiangsu Cnano Technology Co., Ltd. (SSE: 688116) since December 2017. Mr. Niu has also served as a non-executive director of Archermind Technology (Nanjing) Co., Ltd (SZSE: 300598) since November 2019. Mr. Niu holds a master's and a bachelor's degree in Computer Science and Technology from Tsinghua University.

*Hang Wang* will serve as our director immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Wang co-founded Hosen Capital in October 2011. Mr. Wang joined New Hope Group as director since 2011 and has served as the vice chairman of New Hope Group since 2013, the vice president from 2004 to 2013 and the chief operation officer of finance department from 2001 to 2004. Mr. Wang has also served as director of New Hope Liuhe Co., Ltd. (SZSE: 000876) since November 2011, and supervisor of China Minsheng Banking Corp., Ltd. (HKEx: 1988; SSE: 600016) since February 2017. Mr. Wang obtained his master's degree in Political Economics from Peking University in July 1996. He passed the PRC bar exam in September 1995, and has obtained the Certificate of Securities (Asset Management) from Asset Management Association of China in July 2017.

*Mingto Yu* will serve as our director immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Yu has served as the vice chairman of Egis Technology Inc. since August 2019. Prior to Egis, Mr. Yu served as the President at Kaiyu Consulting Inc. from 2013 to 2019. Prior to that, Mr. Yu served as the chief financial officer at Xiaomi from 2011 to 2012 and at Mediatek from 2001 to 2010. Mr. Yu received an MBA degree from Wharton School, University of Pennsylvania in 1995.



## **Employment Agreements and Indemnification Agreements**

We have entered into employment agreements with each of our executive officers. Each of our executive officers is employed for indefinite duration until the employment is terminated pursuant to the employment agreement or as mutually agreed between the executive officer and us. We may terminate an executive officer's employment for cause at any time without advance notice in certain events. Save for certain exceptions, either we or the executive officer may terminate the employment at any time by giving a prior written notice.

Each executive officer has agreed to hold, unless expressly consented to by us, at all times during and after the termination of his or her employment agreement, in strict confidence and not to use, any of our confidential information or the confidential information of our customers and suppliers. In addition, each executive officer has agreed to be bound by certain non-competition and non-solicitation restrictions during the term of his or her employment and 12 months after the termination of the employment.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

## **Board of Directors**

Our board of directors will consist of seven directors, including three independent directors, namely Mr. Mingto Yu, Mr. Hang Wang and Mr. Kuiguang Niu, upon the SEC's declaration of effectiveness of our registration statement on Form F-1 to which this prospectus forms a part. A director is not required to hold any shares in our company to qualify to serve as a director. The Listing Rules of the Nasdaq generally require that a majority of an issuer's board of directors must consist of independent directors. However, the Listing Rules of the Nasdaq permit foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We rely on this "home country practice" exception and do not have a majority of independent directors serving on our board of directors.

A director may vote with respect to any contract, proposed contract, or arrangement in which he or she is materially interested, provided (1) such director, if his interest in such contract or arrangement is material, has declared the nature of his interest at the earliest meeting of the board at which it is practicable for him to do so, either specifically or by way of a general notice and (2) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. A director may exercise all the powers of the company to borrow money, mortgage its business, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.

## **Committees of the Board of Directors**

We intend to establish an audit committee, a compensation committee and a nominating and corporate governance committee under our board of directors immediately and adopt a charter for each of the three committees upon the effectiveness of our registration statement on Form F-1, to which this prospectus forms a part. We intend to adopt a charter for each of the three committees prior to the completion of this offering. Each committee's members and functions are described below.

**Audit Committee.** Our audit committee will consist of Mr. Kuiguang Niu, Mr. Hang Wang and Mr. Mingto Yu, and is chaired by Mr. Mingto Yu. We have determined that Mr. Kuiguang Niu, Mr. Hang Wang and Mr. Mingto Yu satisfy the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq and meet the independence standards under Rule 10A-3 under the Securities Exchange Act of 1934, as amended.



## [Table of Contents](#)

We have determined that Mr. Mingo Yu qualifies as an “audit committee financial expert.” The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- reviewing and recommending to our board for approval, the appointment, re-appointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor;
- approving the remuneration and terms of engagement of the independent auditor and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- evaluating the independent auditor’s qualifications, performance and independence;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management’s response;
- discussing with our independent auditor, among other things, the audits of the financial statements, including whether any material information should be disclosed, issues regarding accounting and auditing principles and practices;
- reviewing and approving all proposed related party transactions, as defined in Item 7 of Form 20-F;
- reviewing and recommending the financial statements for inclusion within our quarterly earnings releases and to our board for inclusion in our annual reports;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- periodically reviewing and reassessing the adequacy of the committee charter;
- approving annual audit plans, and undertaking an annual performance evaluation of the internal audit function;
- meeting separately and periodically with management and the independent registered public accounting firm;
- monitoring compliance with our code of business conduct and ethics, and report such compliance to the board; and
- reporting regularly to the board.

**Compensation Committee.** Our compensation committee will consist of Mr. Tao Zou, Mr. Shouzi Zhou and Mr. Kuiguang Niu and is chaired by Mr. Tao Zou. We have determined that Mr. Kuiguang Niu satisfies the “independence” requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

- overseeing the development and implementation of compensation programs in consultation with our management;
- reviewing and approving, or recommending to the board for its approval, the compensation for our executive officers;
- reviewing periodically and approving any incentive compensation or equity plans, programs or other similar arrangements;
- periodically reviewing and reassessing the adequacy of the committee charter;

## [Table of Contents](#)

- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management; and
- reporting regularly to the board.

***Nominating and Corporate Governance Committee.*** Our nominating and corporate governance committee will consist of Mr. Tao Zou, Mr. Yulin Wang and Mr. Kuiguang Niu, and is chaired by Mr. Tao Zou. We have determined that Mr. Kuiguang Niu satisfies the “independence” requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq. The nominating and corporate governance committee assists the board in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board;
- reviewing and evaluating the size, composition, function and duties of the board consistent with its needs;
- reviewing candidates' qualifications for membership on the board or a committee of the board based on the criteria approved by the board;
- making recommendations to the board as to determinations of director independence;
- reviewing and approving compensation (including equity-based compensation) for our directors;
- periodically reviewing and reassessing the adequacy of the committee charter; and
- evaluating the performance and effectiveness of the board as a whole.

### **Duties and Functions of Directors**

Under Cayman Islands law, our directors owe to us fiduciary duties, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances.

In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time.

Our company may have the right to seek damages if a duty owed by our directors is breached. You should refer to “Description of Share Capital—Differences in Corporate Law” for additional information on our standard of corporate governance under Cayman Islands law.

### **Terms of Directors and Officers**

Pursuant to the memorandum and articles of association, which will become effective and replace the current memorandum and articles of association in their entirety immediately prior to the completion of this offering, our officers will be elected by and serve at the discretion of the board. Our directors are not subject to a term of office and hold office until such time as they resign or are removed from office by ordinary resolution of our shareholders.

A director will be removed from office automatically if, among other things, the director (1) becomes bankrupt or makes any arrangement or composition with his creditors; or (2) dies or is found by our company to be of unsound mind.

## **Interested Transactions**

A director may, subject to any separate requirement for audit committee approval under applicable law, the memorandum and article of association or applicable Nasdaq rules, or disqualification by the chairman of the relevant board meeting, vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

## **Compensation of Directors and Executive Officers**

For the fiscal year ended December 31, 2019, we paid an aggregate of RMB7.3 million (US\$1.0 million) in cash to our executive officers, and we did not pay any cash compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and our VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. For share incentive grants to our directors and executive officers, see "—Share Incentive Plan."

## **Share Incentive Plan**

### **2013 Share Option Scheme**

We adopted an employee share option scheme, or the 2013 Share Option Scheme, on February 27, 2013, as amended on June 27, 2013, May 20, 2015 and December 26, 2016. The purpose of the 2013 Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to our company and its directly or indirectly owned subsidiaries and/or to enable our company and its directly or indirectly owned subsidiaries to recruit and retain high-caliber employees and attract human resources that are valuable. Under the 2013 Share Option Scheme, the maximum aggregate number of ordinary shares available for exercise is 209,750,000. As of the date of this prospectus, options to purchase a total of 127,656,000 ordinary shares are outstanding under the 2013 Share Option Scheme.

The following paragraphs summarize the terms of the 2013 Share Option Scheme.

**Eligible participants.** Employees, whether full time or part time, of our company, its subsidiaries or any invested entities are eligible to participate in the 2013 Share Option Scheme.

**Subscription price.** The subscription price in respect of any particular option shall be such price as determined by the board in its absolute discretion at the time of making of the offer (which shall be stated in the offer letter) but in any case the subscription price of options granted after our company or Kingsoft Group has resolved to seek a separate initial public offering and up to date of our company's initial public offering must not be lower than the new issue price in its initial public offering. In particular, any options granted during the period commencing six months before the lodgment of Form A1 (or its equivalent) up to the date of our company's initial public offering are subject to this requirement. The subscription price of options granted during such period shall be subject to adjustment to a price not lower than the new issue price in our initial public offering.

**Administration.** The 2013 Share Option Scheme shall be administrated by the board of our company and Kingsoft Group.

**Vesting schedule.** The board shall determine the schedule for the vesting of shares comprised in the option on the offer date.

**Lapse of options.** An option issued under the scheme shall lapse automatically under certain circumstances, including, but not limited to, the expiry of option period, ceasing to be a participant and commencement of the winding-up of our company.

**Transfer restrictions.** An option shall be personal to the grantee and not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option.

**Termination.** We may by resolution in general meeting at any time terminate the operation of the 2013 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to valid and exercisable in accordance with the 2013 Option Scheme.

### **2013 Share Award Scheme**

We adopted an employee share award scheme, or the 2013 Share Award Scheme, on February 22, 2013, as amended on January 9, 2015, March 3, 2016, June 8, 2016 and December 7, 2018 and November 6, 2019. The purpose of the 2013 Share Award Scheme is to provide incentives or rewards to selected employees for their contribution and/or to enable us to recruit and retain high-caliber employees and attract human resources that are valuable. Under the 2013 Share Award Scheme, the maximum aggregate number of ordinary shares which may be issued upon exercise of all awards to be granted thereunder is 215,376,304 ordinary shares. As of the date of this prospectus, a total of 125,532,976 awards are outstanding under the 2013 Share Award Scheme.

The following paragraphs summarize the terms of the 2013 Share Award Scheme.

**Types of awards.** The 2013 Share Award Scheme provides for the award of our ordinary shares by the board subject to certain terms and conditions as it may think fit to selected employees.

**Award notice.** Our company shall inform the selected employees by written notice in such form as our company may from time to time determine requiring the selected employees to undertake to hold the award on the terms on which it is to be granted and to be bound by the rules of the 2013 Share Award Scheme.

**Eligibility.** Employees, whether full time or part time, of our company, its subsidiaries or any entity in which the company and its owned subsidiaries holds any equity interest are eligible to participate in the 2013 Share Award Scheme.

**Plan administration.** The 2013 Share Award Scheme shall be administrated by the board of our Company.

**Lapse of the awards.** An award will automatically lapse if (i) a selected employee ceases to be an eligible employee, (ii) a selected employee is found to be an excluded employee, or (iii) a selected employee has breached the 2013 Share Award Scheme or any exhibit hereof in any material respect, or (iv) the company by which a selected employee is employed ceases to be a member of the group or any entity in which the group holds any equity interest, or (v) an order for the winding-up of our company is made or a resolution is passed for the voluntary winding-up of our company.

**Transfer restrictions.** Any award made under the 2013 Share Award Scheme shall be personal to the selected employee to whom it is made and shall not be assignable and no selected employee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interests in favor of any other third party over or in relation to either the award referable to him pursuant to such award (regardless of whether it has been vested) or any beneficial interest therein.

**Termination.** The 2013 Share Award Scheme will terminate on the earliest of (i) the end of February 21, 2023, being the day before the 10<sup>th</sup> anniversary of the adoption date, (ii) the date when an order for the winding up of our company is made or a resolution is passed for the voluntary winding-up of our company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement), and, (iii) such date of early termination as determined by the Board, unless terminated at an earlier date by our board of directors.

## [Table of Contents](#)

The following table summarizes, as of the date of this prospectus, the number of ordinary shares under outstanding options and awards that we granted to our directors and executive officers:

|                | <b>Ordinary<br/>Shares<br/>Underlying<br/>Share-based<br/>Awards<br/>Granted</b> | <b>Exercise<br/>Price (US\$/Share)</b> | <b>Date of Grant</b>  | <b>Date of Expiration</b>                                   |
|----------------|--|--|---|---|
| Jun Lei        | —  | —                                      | —   | —   |
| Tao Zou        | —  | —                                      | —   | —   |
| Yulin Wang     | 54,000,000   | nil to 0.86978                         | January 20, 2020  | January 20, 2030  |
| Haijian He     | *  | nil to 0.86978                         | February 8, 2020  | February 8, 2030  |
| Shou Zi Chew   | —  | —                                      | —   | —   |
| Shouxing Liang | *  | nil to 0.86978                         | various dates from February 15,<br>2016 to December 5, 2019 | various dates from February 15,<br>2026 to December 5, 2029 |
| Wei Song       | *  | nil to 0.86978                         | various dates from November 20,<br>2013 to December 5, 2019 | various dates from November 20,<br>2023 to December 5, 2029 |
| Tao Liu        | *  | nil to 0.86978                         | various dates from February 15,<br>2016 to December 5, 2019 | various dates from February 15,<br>2026 to December 5, 2029 |
| Yonghong Hu    | *  | nil to 0.86978                         | various dates from February 15,<br>2016 to December 5, 2019 | various dates from February 15,<br>2026 to December 5, 2029 |
| Kuiguang Niu   | —  | —                                      | —   | —   |
| Hang Wang**    | —  | —                                      | —   | —   |
| Mingto Yu**    | —  | —                                      | —   | —   |

Note:

\* Less than 1% of our total outstanding shares.

\*\* Each of Mr. Hang Wang and Mr. Mingto Yu has accepted appointment as a director, which will be immediately effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

As of the date of this prospectus, our employees other than members of our senior management as a group hold (i) outstanding options to purchase 94,710,000 ordinary shares, with exercise prices ranging from US\$0.02 per share to the initial public offering price of \_\_\_\_\_ per share, and (ii) 44,652,976 outstanding awards.

For discussions of our accounting policies and estimates for options and awards granted pursuant to the 2013 Share Option Scheme and the 2013 Share Award Scheme, respectively, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies, Judgments and Estimates—Share-based compensation."

## PRINCIPAL SHAREHOLDERS

The following table sets forth information concerning the beneficial ownership of our ordinary shares as of the date of this prospectus, assuming conversion of all of our outstanding preferred shares into ordinary shares on a one-to-one basis, by:

- each of our directors and executive officers; and
- each person known to us to beneficially own more than 5% of our ordinary shares.

The calculations in the table below are based on 2,618,005,517 ordinary shares on an as-converted basis outstanding as of the date of this prospectus and ordinary shares outstanding immediately after the completion of this offering, including (i) ordinary shares to be sold by us in this offering in the form of ADSs, (ii) ordinary shares converted from outstanding ordinary shares and preferred shares, and excluding a total of 5,475,254 ordinary shares we repurchased in February 2020 and a total of 170,855,104 ordinary shares issued but deemed to be not outstanding, consisting of: (i) the 167,255,104 ordinary shares underlying share awards under our share incentive plans that are issued but deemed to be not outstanding and held by TMF Trust (HK) Limited, as trustee of the share awards, and (ii) the 3,600,000 ordinary shares underlying share awards under our share incentive plans that are issued but deemed to be not outstanding and held by River Jade Holdings Limited, a British Virgin Islands company ultimately controlled by Mr. Wang, assuming that the underwriters do not exercise their option to purchase additional ADSs.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

|   | Ordinary Shares Beneficially Owned Prior to This Offering |      | Ordinary Shares Beneficially Owned After this Offering |   |
|---|---|------|--|---|
|   | Number  | %**  | Number   | % |
| <b>Directors and Executive Officers:†</b>       |   |      |  |   |
| Jun Lei (1)                                     | 414,376,000   | 15.8 |  |   |
| Tao Zou   | —   | —    |  |   |
| Yulin Wang(2)                                   | 54,829,413  | 2.1  |  |   |
| Haijian He                                      | —   | —    |  |   |
| Shou Zi Chew                                    | —   | —    |  |   |
| Shouxing Liang                                  | *   | *    |  |   |
| Wei Song  | *   | *    |  |   |
| Tao Liu   | *   | *    |  |   |
| Yonghong Hu                                     | *   | *    |  |   |
| Kuiguang Niu                                    | —   | —    |  |   |
| Hang Wang ††                                    | —   | —    |  |   |
| Mingto Yu ††                                    | —   | —    |  |   |
| All directors and executive officers as a group | 487,656,000   | 18.6 |  |   |
| <b>Principal Shareholders:</b>                  |   |      |  |   |
| Kingsoft Corporation Limited (3)                | 1,407,275,559   | 53.8 |  |   |
| Xiaomi Corporation (4)                          | 414,376,000   | 15.8 |  |   |
| FutureX Entities(5)                             | 149,068,637   | 5.7  |  |   |

Notes:

\* Less than 1% of our total outstanding shares on an as-converted basis.

## Table of Contents

- \*\* For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 2,618,005,517 being the number of ordinary shares on an as-converted basis outstanding as of the date of this prospectus, and (ii) the number of ordinary shares underlying share options held by such person or group that are exercisable within 60 days after the date of this prospectus.
- † The address of our directors and executive officers except for Mr. Jun Lei and Mr. Shou Zi Chew is Kingsoft Tower, No. 33, Xiao Ying West Road, Haidian District Beijing, 100085, the People's Republic of China. The business address of Mr. Jun Lei and Mr. Shou Zi Chew is Xiaomi Campus, No. 33 Xi Erqi Middle Road, Haidian District, Beijing, 100085, the People's Republic of China.
- †† Each of Mr. Hang Wang and Mr. Mingto Yu has accepted appointment as a director, which will be immediately effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.
- (1) Mr. Lei has the majority voting power in Xiaomi Corporation and is deemed to beneficially own our shares held by Xiaomi Corporation.
- (2) Represent (i) 48,605,125 ordinary shares held by Autogold Limited, a British Virgin Islands company wholly owned by Prosper River Group Limited and ultimately controlled by The YTCM Trust. The YTCM Trust is a trust established under the laws of the Republic of Singapore and managed by Vistra Trust (Singapore) Pte. Limited as the trustee. Mr. Yulin Wang is the settlor of the trust, and Mr. Yulin Wang and his family members are the trust's beneficiaries. The registered address of Autogold Limited is c/o P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, (ii) 6,000,000 ordinary shares held by River Jade Holdings Limited, a British Virgin Islands company ultimately controlled by Mr. Yulin Wang. The registered address of River Jade Holdings Limited is c/o P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, and (iii) 224,288 ordinary shares underlying share awards under our share incentive plans held by TMF Trust (HK) Limited, as trustee of the share awards.
- (3) Represent 669,000,000 ordinary shares, 134,740,000 Series A convertible preferred shares, 79,873,872 Series B convertible preferred shares, 102,292,296 Series C Preferred Shares and 421,369,391 Series D Preferred Shares directly held by Kingsoft Corporation Limited, a Cayman Islands company. The registered address of Kingsoft Corporation Limited is Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands.
- (4) Represent 91,000,000 ordinary shares and 323,376,000 Series A convertible preferred shares directly held by Xiaomi Corporation, a Cayman Islands company. The registered address of Xiaomi Corporation is PO Box 309, Uglan House, Grand Cayman, KY1-11074, Cayman Islands.
- (5) Represent (i) 16,369,647 Series C Preferred Shares held by FutureX Innovation SPC—Special Opportunity Fund VI SP, a Cayman Islands company, (ii) 17,727,785 Series C Preferred Shares held by FutureX Innovation SPC (for the account of and on behalf of Special Opportunity Fund V SP), a Cayman Islands company, (iii) 41,271,160 Series D Preferred Shares held by FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), a Cayman Islands company, (iv) 57,485,603 Series D Preferred Shares held by FutureX AI Opportunity Fund LP, a Cayman Islands limited partnership, and (v) 16,214,442 Series D Preferred Shares held by Howater Innovation I Limited Partnership, a Cayman Islands limited partnership. Each of FutureX Innovation SPC—Special Opportunity Fund VI SP, FutureX Innovation SPC (for the account of and on behalf of Special Opportunity Fund V SP) and FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios) (collectively as the "FutureX Innovation SPC Entities") is controlled by FutureX Capital Limited, a Cayman Islands company. The general partner of FutureX AI Opportunity Fund LP is FutureX Innovation Limited, a Cayman Islands company, which is controlled by FutureX Capital Limited. FutureX Capital Limited is controlled by Ms. Qian Zhang. The general partner of Howater Innovation I Limited Partnership is Howater Capital (Cayman) Limited, a Cayman Islands company. According to the proxy arrangement among the FutureX Innovation SPC Entities, FutureX AI Opportunity Fund LP and Howater Innovation I Limited Partnership, each of the FutureX Innovation SPC Entities and Howater Innovation I Limited Partnership has irrevocably and unconditionally appointed and constituted FutureX AI Opportunity Fund LP or any person nominated by FutureX AI Opportunity Fund LP, as its proxy, to vote all shares then held by them on behalf of them at any shareholder meeting of the Company (and at any adjournment thereof) held at any time and in any manner or direction as FutureX AI Opportunity Fund LP may deem fit in its sole discretion. The registered office of the FutureX Innovation SPC Entities and FutureX AI Opportunity Fund LP is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The registered office of Howater Innovation I Limited Partnership is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands.

As of the date of this prospectus, none of our outstanding ordinary shares or preferred shares are held by record holders in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company. See "Description of Share Capital—History of Securities Issuances" for a description of issuances of our ordinary shares and preferred shares that have resulted in significant changes in ownership held by our major shareholders. Upon the completion of this offering, Kingsoft Group will remain our largest shareholder.

## RELATED PARTY TRANSACTIONS

### Contractual Arrangements

See “Corporate History and Structure” for a description of the contractual arrangements by and among our PRC subsidiaries, our VIEs and the shareholders of our VIEs.

### Employment Agreements and Indemnification Agreements

See “Management—Employment Agreements and Indemnification Agreements.”

### Private Placements

See “Description of Share Capital—History of Securities Issuances.”

### Shareholders Agreement

See “Description of Share Capital—Shareholders Agreement.”

### Registration Rights Agreement

See “Description of Share Capital—Registration Rights Agreement.”

### Share Incentives

See “Management—Share Incentive Plan.”

### Transactions with Kingsoft Group

#### *Intellectual Property Licenses*

On November 9, 2012, Kingsoft Group, as the licensor, and we, as the licensee, entered into a license agreement in relation to the licensing of certain trademarks and patents, which was later supplemented on January 28, 2013 and September 13, 2017 (collectively, the “2012 License Agreement”). On December 18, 2019, in connection with this offering, Kingsoft Group, as the licensor, and we, as the licensee, have entered into a trademark license agreement (the “Trademark License Agreement”) and a patent license agreement (the “Patent License Agreement”, and together with the Trademark License Agreement, the “2019 License Agreements”). The 2019 License Agreements superseded and replaced the 2012 License Agreement in its entirety.

Pursuant to the Trademark License Agreement, Kingsoft Group granted us the license of certain trademarks, including “Kingsoft Cloud” and “ ”, in specified areas. The license remains valid until expiry of the trademarks or until certain conditions as agreed and stipulated in the Trademark License Agreement are no longer satisfied, whichever is earlier.

Pursuant to the Patent License Agreement, Kingsoft Group granted us the license of certain patents in specified areas. The license remains valid until expiry of the patents or until certain conditions as agreed and stipulated in Patent License Agreement are no longer satisfied, whichever is earlier. We have accrued all the specified fees in relation to the licensed patents.

#### *Other Transactions with Kingsoft Group*

In 2017, 2018 and 2019, we generated public cloud service revenues of RMB49.6 million, RMB77.7 million and RMB109.2 million (US\$15.7 million), respectively, from Kingsoft Group.



## [Table of Contents](#)

In 2017, 2018 and 2019, we incurred interest expenses for loans provided by Kingsoft Group of RMB30.2 million, RMB25.1 million and RMB4.9 million (US\$0.7 million), respectively. In 2017, 2018 and 2019, we incurred expenses for rental of office space and administrative services provided by Kingsoft Group of RMB18.2 million, RMB21.3 million and RMB24.5 million (US\$3.5 million), respectively.

In 2014, we entered into a loan agreement with Kingsoft Group, pursuant to which Kingsoft Group agreed to provide a facility of US\$500.0 million to us to facilitate our daily operational cash flow needs. The maturity date of the facility is three years from the draw down date. As of December 31, 2018, RMB225.0 million was provided under this facility at an interest rate of 5.23% per annum. As of December 31, 2019, the entire outstanding balance was fully repaid.

As of December 31, 2019, we had amounts due from Kingsoft Group RMB43.7 million (US\$6.3 million) for public cloud services.

As of December 31, 2019, we had amounts due to Kingsoft Group RMB81.9 million (US\$11.8 million), which mainly represent rental of office space and administrative services from Kingsoft Group.

### **Transactions with Xiaomi**

In 2017, 2018 and 2019, we generated public cloud service revenues of RMB322.9 million, RMB546.6 million and RMB570.4 million (US\$81.9 million), respectively, from Xiaomi. In 2017, we also generated enterprise cloud service revenues of RMB11.3 million from Xiaomi.

In the fourth quarter of 2018, we incurred cost of revenues for services provided by Xiaomi of RMB18.9 million. In 2019, we purchased devices from Xiaomi of RMB2.7 million (US\$0.4 million). In 2019, we incurred expenses for rental of a building from Xiaomi of RMB9.6 million (US\$1.4 million).

As of December 31, 2019, we had amounts due from Xiaomi RMB63.9 million (US\$9.2 million) for public cloud services we provided.

As of December 31, 2019, we had amounts due to Xiaomi RMB22.4 million (US\$3.2 million) for services provided by Xiaomi.

### **Other Related Party Transactions**

#### ***Transactions with Cheetah Group***

Cheetah Mobile Inc. is an entity that Kingsoft Group exercises significant influence over.

In 2017, 2018 and 2019, we generated public cloud service revenues of RMB23.9 million, RMB6.2 million and RMB8.6 million (US\$1.2 million), respectively, from Cheetah Group.

As of December 31, 2019, we had amounts due from Cheetah Group RMB1.9 million (US\$0.3 million) for public cloud services.

#### ***Transactions with Management***

As of December 31, 2019, we had amounts due from management of RMB24.5 million (US\$3.5 million) representing interest bearing loans to senior executives, including Mr. Yulin Wang, Mr. Shouxing Liang, Mr. Wei Song, Mr. Tao Liu and Ms. Yonghong Hu, among others. In February 2020, the Company entered into an arrangement to allow those senior executives to settle its due on demand interest bearing loans (the "Settlement Arrangement"). Under the terms of the Settlement Arrangement, the Company will repurchase

---

[Table of Contents](#)

ordinary shares already issued to those senior executives for a cashless settlement of the outstanding loan amount including interest and related individual income taxes. The number of ordinary shares to be repurchased is calculated by dividing the outstanding amount on settlement date by US\$0.70 per share, which is below the estimated fair value per ordinary share of US\$0.76 determined by the Company with the assistance of an independent appraiser. Therefore, there is no compensation expense to be recorded as a result of this repurchase. On February 29, 2020, the Company repurchased 5,475,254 ordinary shares at nil consideration from those senior executives and the outstanding balances of the interest bearing loans to those senior executives were fully settled.

## DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and Companies Law (2020 Revision) of the Cayman Islands, which we refer to as the “Companies Law” below, and the common law of the Cayman Islands.

As of the date hereof, our authorized share capital consists of US\$3,000,000 divided into (i) 1,282,750,429 ordinary shares with a par value of US\$0.001 each, (ii) 458,116,000 convertible Series A preferred shares with a par value of US\$0.001 each, and (iii) 153,603,600 convertible Series B preferred shares with a par value of US\$0.001 each, (iv) 185,665,192 redeemable convertible Series C preferred shares with a par value of US\$0.001 each, (v) 842,738,782 redeemable convertible Series D preferred shares with a par value of US\$0.001 each, and (vi) 77,125,997 redeemable convertible Series D+ preferred shares with a par value of US\$0.001 each.

As of the date of this prospectus, there are 2,618,005,517 ordinary shares on an as-converted basis outstanding, 5,475,254 ordinary shares we repurchased in February 2020 and a total of 170,855,104 ordinary shares issued but deemed to be not outstanding, consisting of (i) the 167,255,104 ordinary shares underlying share awards under our share incentive plans that are issued but deemed to be not outstanding and held by TMF Trust (HK) Limited, as trustee of the share awards, and (ii) the 3,600,000 ordinary shares underlying share awards under our share incentive plans that are issued but deemed to be not outstanding and held by River Jade Holdings Limited, a British Virgin Islands company ultimately controlled by Mr. Wang. All of our issued and outstanding ordinary shares are fully paid. Immediately prior to the completion of this offering, all of our issued and outstanding preferred shares will be redesignated or converted into ordinary shares on a one-for-one basis.

We plan to adopt, subject to the approval of the existing shareholders, an amended and restated memorandum and articles of association, which will become effective immediately prior to the completion of this offering and replace the current memorandum and articles of association in its entirety immediately prior to the completion of this offering. Our authorized share capital immediately prior to the completion of the offering will be US\$4,000,000 divided into 4,000,000,000 ordinary shares of a par value of US\$0.001 each. We will issue \_\_\_\_\_ ordinary shares represented by ADSs in this offering. All options, regardless of grant dates, will entitle holders to an equivalent number of ordinary shares once the vesting and exercising conditions are met.

The following are summaries of material provisions of our post-offering amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares that we expect will become effective immediately prior to the completion of this offering.

### Ordinary Shares

**General.** Immediately after the completion of this offering, our issued and outstanding ordinary shares will consist of 4,000,000,000 ordinary shares, assuming the underwriters do not exercise their option to acquire additional ADSs. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

**Dividends.** Subject to the Companies Law, our directors may declare dividends in any currency to be paid to our shareholders. Dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our directors determine is no longer needed. Our board of directors may also declare and pay dividends out of the share premium account or any other fund or account that can be authorized for this purpose in accordance with the Companies Law. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provides, (1) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on that share and (2) all dividends shall be apportioned and paid pro

## [Table of Contents](#)

rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Our directors may also pay interim dividends, whenever our financial position, in the opinion of our directors, justifies such payment.

Our directors may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise.

No dividend or other money payable by us on or in respect of any share shall bear interest against us. In respect of any dividend proposed to be paid or declared on our share capital, our directors may resolve and direct that (1) such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that our shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if our directors so determine) in cash in lieu of such allotment or (2) the shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our directors may think fit. Our shareholders may, upon the recommendation of our directors, by ordinary resolution resolve in respect of any particular dividend that, notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend interest or other sum payable in cash to the holder of shares may be paid by check or warrant sent by mail addressed to the holder at his registered address, or addressed to such person and at such addresses as the holder may direct. Every check or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to us.

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our board of directors for the benefit of our company until claimed. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and reverted to us.

Whenever our directors have resolved that a dividend be paid or declared, our directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe for our securities or securities of any other company. Where any difficulty arises with regard to such distribution, our directors may settle it as they think expedient. In particular, our directors may issue fractional certificates, ignore fractions altogether or round the same up or down, fix the value for distribution purposes of any such specific assets, determine that cash payments shall be made to any of our shareholders upon the footing of the value so fixed in order to adjust the rights of the parties, vest any such specific assets in trustees as may seem expedient to our directors, and appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, which appointment shall be effective and binding on our shareholders.

**Voting Rights.** On a show of hands each shareholder is entitled to one vote or, on a poll, each shareholder is entitled to one vote for ordinary share, on all matters that require a shareholder's vote. Voting at any shareholders' meeting is by show of hands of shareholders who are present in person or by proxy or, in the case of a shareholder being a corporation, by its duly authorized representative, unless a poll is demanded.

A poll may be demanded by the chairman of such meeting or any shareholder present in person or by proxy.

No shareholder shall be entitled to vote or be reckoned in a quorum, in respect of any share, unless such shareholder is duly registered as our shareholder and all calls or instalments due by such shareholder to us have been paid.

## [Table of Contents](#)

If a clearing house (or its nominee(s)) or a central depository entity, being a corporation, is our shareholder, it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting or at any meeting of any class of shareholders, provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision is entitled to exercise the same powers on behalf of the clearing house or central depository entity (or its nominee(s)) as if such person was the registered holder of our shares held by that clearing house or central depository entity (or its nominee(s)) including the right to vote individually in a show of hands.

**Transfer of Ordinary Shares.** Subject to any applicable restrictions set forth in our articles of association, including, for example, the board of directors' discretion to refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under share incentive plans for employees upon which a restriction on transfer imposed thereby still subsists, or a transfer of any share to more than four joint holders, any of our shareholders may transfer all or any of his or her shares by an instrument of transfer in the usual or common form or in a form prescribed by the Nasdaq or in another form that our directors may approve.

Our directors may decline to register any transfer of any share which is not paid up or on which we have a lien. Our directors may also decline to register any transfer of any share unless:

- the instrument of transfer is lodged with us and is accompanied by the certificate for the shares to which it relates and such other evidence as our directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of share;
- the instrument of transfer is properly stamped (in circumstances where stamping is required); and
- fee of such maximum sum as the Nasdaq may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

**Liquidation.** Subject to any future shares which are issued with specific rights, (1) if we are wound up and the assets available for distribution among our shareholders are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed pari passu among those shareholders in proportion to the amount paid up at the commencement of the winding up on the shares held by them, respectively, and (2) if we are wound up and the assets available for distribution among the shareholders as such are insufficient to repay the whole of the paid-up capital, those assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up at the commencement of the winding up on the shares held by them, respectively.

If we are wound up (whether the liquidation is voluntary or by the court), the liquidator may with the sanction of our special resolution and any other sanction required by the Companies Law, divide among our shareholders in specie or kind the whole or any part of our assets (whether or not they shall consist of property of the same kind) and may, for such purpose, set such value as the liquidator deems fair upon any property to be divided and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

The liquidator may also vest the whole or any part of these assets in trustees upon such trusts for the benefit of the shareholders as the liquidator shall think fit, but so that no shareholder will be compelled to accept any assets, shares or other securities upon which there is a liability.

**Calls on Ordinary Shares and Forfeiture of Ordinary Shares.** Subject to our memorandum and articles of association and to the terms of allotment our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment.

## [Table of Contents](#)

The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

**Redemption, Repurchase and Surrender of Ordinary Shares.** We are empowered by the Companies Law and our amended and restated articles of association to purchase our own shares, subject to certain restrictions.

Our directors may only exercise this power on our behalf, subject to the Companies Law, our memorandum and articles of association and to any applicable requirements imposed from time to time by the Nasdaq, the Securities and Exchange Commission, or by any other recognized stock exchange on which our securities are listed.

Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (1) unless it is fully paid up, (2) if such redemption or repurchase would result in there being no shares outstanding, or (3) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

**Variations of Rights of Shares.** If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority of two-thirds of the vote of all of the shares in that class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

**Inspection of Books and Records.** Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

**Issuance of Additional Shares.** Our post-offering amended and restated memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our post-offering amended and restated memorandum of association also authorizes our board of directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

**Anti-Takeover Provisions.** Some provisions of our post-offering amended and restated memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that

## [Table of Contents](#)

shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

### **Register of Members**

In accordance with Section 48 of the Companies Law, the register of members is prima facie evidence of the registered holder or member of shares of a company. Therefore, a person becomes a registered holder or member of shares of the company only upon entry being made in the register of members. Our directors will maintain one register of members, at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, which provides us with corporate administrative services. We will perform the procedures necessary to register the shares in the register of members as required in “PART III—Distribution of Capital and Liability of Members of Companies and Associations” of the Companies Law, and will ensure that the entries on the register of members are made without any delay.

The depositary will be included in our register of members as the only holder of the common shares underlying the ADSs in this offering. The shares underlying the ADSs are not shares in bearer form, but are in registered form and are “non-negotiable” or “registered” shares in which case the shares underlying the ADSs can only be transferred on the books of the company in accordance with Section 166 of the Companies Law.

The depositary will hold a share certificate evidencing the depositary as the registered holder of shares underlying the ADSs. Further, Section 46 of the Companies Law provides for recourse to be available to our investors in case we fail to update our register of members.

In the event we fail to update our register of member, the depositary, as the aggrieved party, may apply for an order with the courts of the Cayman Islands for the rectification of the register.

### **Differences in Corporate Law**

The Companies Law is derived, to a large extent, from the older Companies Acts of England but does not follow recent United Kingdom statutory enactments, and accordingly there are significant differences between the Companies Law and the current Companies Act of England.

In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to United States corporations and companies incorporated in the State of Delaware.

***Mergers and Similar Arrangements.*** The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting

## [Table of Contents](#)

shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a “parent” of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Law. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, *provided* that the arrangement is approved by a majority in number of each class of shareholders or creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the Grand Court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

The Companies Law also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of a dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.



**Shareholders' Suits.** In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of our company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control our company are perpetrating a “fraud on the minority.”

**Indemnification of Directors and Executive Officers and Limitation of Liability.** Cayman Islands law does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our post-offering memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-offering amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Directors’ Fiduciary Duties.** Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a personal profit based on his or her position as director (unless the company permits him or her to do so), a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third

party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

**Shareholder Action by Written Consent.** Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Under Cayman Islands Law, a company may eliminate the ability of shareholders to approve corporate matters by way of written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matters at a general meeting without a meeting being held by amending the articles of association. Our post-offering amended and restated memorandum and articles of association do not allow shareholders to act by written resolutions.

**Shareholder Proposals.** Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

With respect to shareholder proposals, Cayman Islands law is essentially the same as Delaware law. The Companies Law does not provide shareholders with an express right to put forth any proposal before an annual meeting of the shareholders. However, the Companies Law may provide shareholders with limited rights to requisition a general meeting, but such rights must be stipulated in the articles of association of the Company.

Any one or more shareholders holding not less than two-thirds of the votes attaching to the total issued and paid up share capital of the Company at the date of deposit of the requisition shall at all times have the right, by written requisition to the board of directors or the secretary of the company, to require an extraordinary general meeting to be called by the board of directors for the transaction of any business specified in such requisition.

**Cumulative Voting.** Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our post-offering amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

**Removal of Directors.** Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering amended and restated articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind or dies; (iii) resigns his office by notice in writing to the company; (iv) without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; (v) is prohibited by law from being a director; or (vi) is removed from office pursuant to any other provisions of our post-offering amended and restated memorandum and articles of association.

**Transactions with Interested Shareholders.** The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting share within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, the directors of our company are required to comply with fiduciary duties which they owe to our company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests of the company, and are entered into for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

**Dissolution; Winding up.** Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances, including where it is, in the opinion of the court, just and equitable to do so.

**Variation of Rights of Shares.** Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our post-offering amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of a majority of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

**Amendment of Governing Documents.** Under the Delaware General Corporation Law, a corporation’s governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Law and our post-offering amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

**Rights of Nonresident or Foreign Shareholders.** There are no limitations imposed by our post-offering amended and restated memorandum and articles of association on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

## **History of Securities Issuances**

The following is a summary of our securities issuances in the past three years.

### ***Ordinary Shares***

On December 7, 2018, we issued 62,280,000 ordinary shares to TMF Trust (HK) Limited, as trustee of the share awards, in relation to the share awards under our share incentive plans.

On November 6, 2019, we issued 141,850,828 ordinary shares to TMF Trust (HK) Limited, as trustee of the share awards, in relation to the share awards under our share incentive plans.

### ***Preferred Shares***

On September 21, 2017, we issued 58,922,728 Series D preferred shares to Kingsoft Corporation Limited for a consideration of US\$50,000,000.

On September 21, 2017, we issued 58,922,728 Series D preferred shares to METAWIT CAPITAL L.P. (formerly known as LIYUE JINSHI INVESTMENT L.P.) for a consideration of US\$50,000,000.

On December 6, 2017, we issued 117,845,456 Series D preferred shares to Kingsoft Corporation Limited for a consideration of US\$100,000,000.

On December 6, 2017, we issued 81,313,365 Series D preferred shares to New Cloud Ltd. for a consideration of US\$69,000,000.

On February 28, 2018, we issued 129,630,002 Series D preferred shares to Kingsoft Corporation Limited for a consideration of US\$110,000,000.

On February 28, 2018, we issued 58,922,728 Series D preferred shares to METAWIT CAPITAL L.P. for a consideration of US\$50,000,000.

On February 28, 2018, we issued 11,784,546 Series D preferred shares to Shunwei Growth III Limited for a consideration of US\$10,000,000.

On February 28, 2018, we issued 58,922,728 Series D preferred shares to Precious Steed Limited for a consideration of US\$50,000,000.

On March 29, 2018, we issued 114,971,205 Series D preferred shares to Kingsoft Corporation Limited for a consideration of US\$100,000,000.

On March 29, 2018, we issued 57,485,603 Series D preferred shares to FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner) for a consideration of US\$50,000,000.

On March 29, 2018, we issued 57,485,602 Series D preferred shares to FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios) for a consideration of US\$50,000,000.

On May 25, 2018, we issued 36,532,091 Series D preferred shares to New Cloud Ltd. for a consideration of US\$31,000,000.

On December 27, 2019, we issued 55,089,998 Series D+ preferred shares to China Internet Investment Fund for a consideration of US\$50,000,000.

## [Table of Contents](#)

On December 27, 2019, we issued 22,035,999 Series D+ preferred shares to Design Time Limited for a consideration of US\$20,000,000.

All of our preferred shares will automatically convert into ordinary shares upon the completion of this offering at an initial conversion ratio of one-to-one, adjusted for share splits, share dividends, recapitalizations and similar transactions.

### **Option and Award Grants**

We have granted options to purchase our ordinary shares and awards to certain of our executive officers and employees. See “Management—Share Incentive Plan.”

### **Shareholders Agreement**

Our currently effective shareholders agreement was entered into on December 27, 2019 by and among us, our shareholders, and certain other parties named therein.

The current shareholders agreement provides for certain special rights, including right of participation, drag-along right and information and inspection right and contains provision governing the board of directors and other corporate governance matters. These special rights, as well as the corporate governance provisions, will automatically terminate upon the completion of this offering.

### **Registration Rights Agreement**

We have entered into a registration rights agreement with ChinaAMC Special Investment Limited, Buddies Team Limited, Celestial Power Limited, Metawit Capital L.P., New Cloud Ltd., Precious Steed Limited, Shunwei Growth III Limited, FutureX Innovation SPC—Special Opportunity Fund VI SP, FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner), FutureX Innovation SPC (for the account of and on behalf of Special Opportunity Fund V SP), Howater Innovation I Limited Partnership, China Internet Investment Fund, Design Time Limited, Xiaomi Corporation and Kingsoft Corporation Limited on April 7, 2020. Pursuant to the registration rights agreement, we have granted certain registration rights to such shareholders as described below, which rights will terminate upon the earliest to occur of (a) the fifth anniversary of the consummation of an initial public offering; or (b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such shareholders’ registrable securities without limitation during a thirty-day period without registration. As of the date of this prospectus, such shareholders held an aggregate of 458,116,000 Series A preferred shares, an aggregate of 153,603,600 Series B preferred shares, an aggregate of 185,665,192 Series C preferred shares, an aggregate of 842,738,782 Series D preferred shares, an aggregate of 77,125,997 Series D+ preferred shares, and an aggregate of 760,000,000 ordinary shares.

### **Demand Registration Rights**

At any time after the earlier of (i) December 27, 2023, or (ii) the first anniversary of the consummation of an initial public offering, holders holding in the aggregate not less than 30% of the registrable securities then outstanding may make a written request to the Company to register, and the Company shall use its best efforts to register, under the Securities Act the number of registrable securities specified in such requests, provided, however, that (i) the Company shall not be obligated to effect more than two such demand registrations and (ii) the Company shall not be obligated to effect a demand registration if the initiating holders propose to sell their registrable securities in an amount less than 30% of the registrable securities then outstanding.

If the managing underwriters or underwriters selected of any underwritten offering believe that the registration of all or part of the registrable securities which the holders have requested to be included would

## [Table of Contents](#)

materially adversely affect the success of such public offering, then the Company shall be required to include in the underwritten offering, to the extent of the amount that the managing underwriters or underwriters selected believe may be sold without causing such adverse effect, first, all of the registrable securities to be offered for the account of the holders, pro rata based on the number of registrable securities owned by such holders; and second, any other securities requested to be included in such offering.

### ***Piggyback Registration Rights***

If the Company proposes to register any ordinary shares in connection with an offering by the Company for its own account (other than a registration utilizing Form F-4 or F-8 or any successor thereto) or for the account of any shareholder of the Company other than a holder of the registrable securities, then each holder shall have the right to have all or any portion of its registrable securities included in such registration.

If the managing underwriters of any underwritten offering determine that the registration of all or part of the registrable securities which the holders have requested to be included would materially adversely affect the success of such offering, then the Company shall be required to include in such registration, to the extent of the amount that the managing underwriters believe may be sold without causing such adverse effect, first, all of the securities to be offered for the account of the Company; second, the registrable securities to be offered for the account of the holders, pro rata based on the number of registrable securities owned by each such holder; and third, any other securities requested to be included in such offering.

### ***F-3 Registration Rights***

At any time following the consummation of an IPO, after the Company becomes eligible to use Form F-3 in connection with a public offering of its securities, holder(s) holding in the aggregate not less than 30% of the registrable securities may make a written request to the Company to register, and the Company shall use its commercially reasonable efforts to register, under the Securities Act on Form F-3 the number of registrable securities specified in such request within 60 days after the Company receives such written request. However, the Company shall not be required to effect any such registration (a) within 90 days after the effective date of any other registration statement of the Company; (b) if within the twelve month period preceding the date of such request, the Company has effected two such registrations on Form F-3; (c) if Form F-3 is not available for such offering by such holders; or (d) if holders requesting inclusion of registrable securities in such registration propose to sell such registrable securities at an aggregate price to the public of less than US\$2,000,000.

If the managing underwriters or underwriters selected of any underwritten offering believe that the registration of all or part of the registrable securities which the holders have requested to be included would materially adversely affect the success of such public offering, then the Company shall be required to include in the underwritten offering, to the extent of the amount that the managing underwriters or underwriters selected believe may be sold without causing such adverse effect, first, all of the registrable securities to be offered for the account of the holders, pro rata based on the number of registrable securities owned by such holders; and second, any other securities requested to be included in such offering.

### ***Registration Expenses***

The Company shall pay all expenses arising from or incident to its performance of, or compliance with, the registration rights agreement, subject to certain exceptions.

## DESCRIPTION OF AMERICAN DEPOSITARY SHARES

### American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent ordinary shares (or a right to receive ordinary shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. Directions on how to obtain copies of those documents are provided on page 206 "Where You Can Find Additional Information."

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on the shares?*

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

**Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation." The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

**Shares.** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

**Rights to purchase additional shares.** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

**Other Distributions.** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

## **Deposit, Withdrawal and Cancellation**

### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

### ***How can ADS holders withdraw the deposited securities?***

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of



## [Table of Contents](#)

ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

### **How do ADS holders interchange between certificated ADSs and uncertificated ADSs?**

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

## **Voting Rights**

### **How do you vote?**

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

*Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.*

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

## **Fees and Expenses**

| <b>Persons depositing or withdrawing shares or<br/>ADS holders must pay:</b>   | <b>For:</b>  |
|--|--|
| <ul style="list-style-type: none"><li>• \$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)</li><br/><li>• \$.05 (or less) per ADS</li><br/><li>• A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs</li></ul> | <ul style="list-style-type: none"><li>• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property</li><br/><li>• Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates</li><br/><li>• Any cash distribution to ADS holders</li><br/><li>• Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders</li></ul> |

## Table of Contents

| <b>Persons depositing or withdrawing shares or ADS holders must pay:</b>  | <b>For:</b>   |
|---|---|
| <ul style="list-style-type: none"><li>• \$.05 (or less) per ADS per calendar year</li><li>• Registration or transfer fees</li><li>• Expenses of the depositary</li><li>• Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes</li><li>• Any charges incurred by the depositary or its agents for servicing the deposited securities</li></ul> | <ul style="list-style-type: none"><li>• Depositary services</li><li>• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares</li><li>• Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement)</li><li>• Converting foreign currency to U.S. dollars</li><li>• As necessary</li><li>• As necessary</li></ul> |

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or

## [Table of Contents](#)

indirect losses associated with the rate. In certain instances, the depository may receive dividends or other distributions from the us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depository will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depository may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depository sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

### **Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depository will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depository may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depository as a holder of deposited securities, the depository will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depository receives new securities in exchange for or in lieu of the old deposited securities, the depository will hold those replacement securities as deposited securities under the deposit agreement. However, if the depository decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depository may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depository will continue to hold the replacement securities, the depository may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depository may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

### **Amendment and Termination**

#### ***How may the deposit agreement be amended?***

We may agree with the depository to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depository for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depository notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

***How may the deposit agreement be terminated?***

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depositary has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

**Limitations on Obligations and Liability**

***Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;

## [Table of Contents](#)

- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depository has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

### **Requirements for Depository Actions**

Before the depository will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depository may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depository may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depository or our transfer books are closed or at any time if the depository or we think it advisable to do so.

### **Your Right to Receive the Shares Underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depository has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the

## [Table of Contents](#)

ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depository will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository's reliance on and compliance with instructions received by the depository through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depository.

### **Shareholder communications; inspection of register of holders of ADSs**

The depository will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depository will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

### **Jury Trial Waiver**

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depository's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.

## SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have \_\_\_\_\_ ADSs outstanding, representing \_\_\_\_\_ ordinary shares, or approximately \_\_\_\_\_ % of our outstanding ordinary shares, assuming the underwriters do not exercise their option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than our “affiliates” without restriction or further registration under the Securities Act. Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and while the ADSs have been approved for listing on the Nasdaq, we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

### Lock-up Agreements

We, our directors, executive officers, existing shareholders and holders of share-based awards have agreed, subject to some exceptions, not to transfer or dispose of, directly or indirectly, any of our ordinary shares, in the form of ADSs or otherwise, or any securities convertible into or exchangeable or exercisable for our ordinary shares, in the form of ADSs or otherwise, for a period of 180 days after the date of this prospectus. After the expiration of the 180-day period, the ordinary shares or ADSs held by our directors, executive officers and our existing shareholders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

### Rule 144

All of our ordinary shares outstanding prior to this offering are “restricted shares” as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements. Under Rule 144 as currently in effect, a person who has beneficially owned our restricted shares for at least six months is generally entitled to sell the restricted securities without registration under the Securities Act beginning 90 days after the date of this prospectus, subject to certain additional restrictions.

Our affiliates may sell within any three-month period a number of restricted shares that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares of the same class, in the form of ADSs or otherwise, which will equal approximately \_\_\_\_\_ ordinary shares immediately after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs; or
- the average weekly trading volume of our ordinary shares in the form of ADSs or otherwise on the Nasdaq during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Affiliates who sell restricted securities under Rule 144 may not solicit orders or arrange for the solicitation of orders, and they are also subject to notice requirements and the availability of current public information about us.

Persons who are not our affiliates are only subject to one of these additional restrictions, the requirement of the availability of current public information about us, and this additional restriction does not apply if they have beneficially owned our restricted shares for more than one year.

### Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock or option plan or

---

[Table of Contents](#)

other written agreement relating to compensation is eligible to resell such ordinary shares 90 days after we became a reporting company under the Exchange Act in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

**Registration Rights**

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the lock-up agreements described above. See “Description of Share Capital—Registration Rights Agreement.”



## TAXATION

*The following discussion of Cayman Islands, PRC and United States federal income tax consequences of an investment in the ADSs or ordinary shares is based upon laws and relevant interpretations thereof as of the date of this prospectus, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Conyers Dill & Pearman, our Cayman Islands counsel. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of Fangda Partners, our PRC legal counsel.*

### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands.

The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Law (2020 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on our shares, debentures or other obligations.

The undertaking for us is for a period of twenty years from December 23, 2019.

### **People's Republic of China Taxation**

Under the PRC EIT Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018, an enterprise established outside the PRC with “de facto management bodies” within the PRC is considered a “resident enterprise” for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation regulations to the PRC EIT Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

In addition, the SAT Circular 82 issued by the SAT in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises if the following are located or resident in the PRC: (a) senior management personnel and departments that are responsible for daily production, operation and management; (b) financial and personnel decision making bodies; (c) key properties, accounting books, company seal, minutes of board meetings and shareholders' meetings; and (d) half or more of the senior management or directors having voting rights. Further to SAT Circular 82, the SAT issued the SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration

details of determination on resident status and administration on post-determination matters. Our company is incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For the same reasons, we believe our other entities outside of China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” There can be no assurance that the PRC government will ultimately take a view that is consistent with us. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, our Cayman Islands holding company would be subject to 25% enterprise income tax on its worldwide income. Further, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders (including the ADS holders). In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. See “Risk Factors—Risks Relating to Doing Business in China—If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders and ADS holders.”

### **Material U.S. Federal Income Tax Considerations**

In the opinion of Davis Polk & Wardwell LLP, the following are material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of the ADSs or ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person’s decision to acquire the ADSs or ordinary shares.

This discussion applies only to a U.S. Holder that acquires the ADSs in this offering and holds the ADSs or ordinary shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder’s particular circumstances, including the alternative minimum tax, the Medicare contribution tax on net investment income and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or ordinary shares as part of a straddle, integrated or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, “individual retirement accounts” or “Roth IRAs”;
- persons that own or are deemed to own ADSs or ordinary shares representing 10% or more of our voting power or value; or
- persons holding ADSs or ordinary shares in connection with a trade or business outside the United States.

## [Table of Contents](#)

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ADSs or ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning ADSs or ordinary shares and their partners should consult their tax advisers as to their particular U.S. federal income tax consequences of owning and disposing of ADSs or ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended, (the “Code”), administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC, (the “Treaty”), all as of the date hereof, any of which is subject to change, possibly with retroactive effect. This discussion assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms.

As used herein, a “U.S. Holder” is a person that is for U.S. federal income tax purposes a beneficial owner of the ADSs or ordinary shares and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder that owns ADSs will be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying ordinary shares represented by those ADSs.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or ordinary shares in their particular circumstances.

### **Taxation of Distributions**

Subject to the passive foreign investment company (“PFIC”) rules described below, distributions paid on the ADSs or ordinary shares, other than certain pro rata distributions of ADSs or ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid on our ADSs to certain non-corporate U.S. Holders may be taxable at the reduced rates applicable to “qualified dividend income” if certain conditions are met, and provided that we are not a PFIC for the taxable year of distribution and were not a PFIC for the preceding taxable year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of the reduced tax rates on dividends in their particular circumstances.

Dividends will be included in a U.S. Holder’s income on the date of the U.S. Holder’s (in the case of ordinary shares) or the depository’s (in the case of ADSs) actual or constructive receipt. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income, and generally will constitute passive income or in certain cases, general category income, for foreign tax credit purposes. As described in “—People’s Republic of

China Taxation,” dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC withholding tax. Subject to applicable limitations, which vary depending upon the U.S. Holder’s circumstances, PRC taxes withheld from dividend payments (at a rate not exceeding the applicable rate provided in the Treaty in the case of a U.S. Holder that is eligible for Treaty benefits) generally will be creditable against a U.S. Holder’s U.S. federal income tax liability. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct any such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the relevant taxable year.

### **Sale or Other Taxable Disposition of ADSs or Ordinary Shares**

Subject to the PFIC rules described below, a U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized on the sale or disposition and the U.S. Holder’s tax basis in the ADSs or ordinary shares disposed of, in each case as determined in U.S. dollars. Such gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders are subject to tax rates that are lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations.

As described in “—People’s Republic of China Taxation,” gains on the sale of ADSs or ordinary shares may be subject to PRC taxes. A U.S. Holder is entitled to use foreign tax credits to offset only the portion of its U.S. federal income tax liability that is attributable to foreign-source income. Because under the Code capital gains of U.S. persons are generally treated as U.S.-source income, this limitation may preclude a U.S. Holder from claiming a credit for all or a portion of any PRC taxes imposed on any such gains. However, U.S. Holders that are eligible for the benefits of the Treaty may be able to elect to treat the gain as PRC-source income and therefore claim foreign tax credits in respect of PRC taxes on such gain. U.S. Holders should consult their tax advisers regarding their eligibility for the benefits of the Treaty and the creditability of any PRC tax on disposition gains in their particular circumstances.

### **Passive Foreign Investment Company Rules**

In general, a non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) 50% or more of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income, or (ii) 75% or more of its gross income consists of passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it directly held its proportionate share of the assets of the other corporation and directly earned its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash and cash-equivalents are passive assets for these purposes. Goodwill is generally characterized as an active asset to the extent it is associated with business activities that produce active income. However, in determining the annual PFIC status of a foreign corporation, the value of its goodwill is not taken into account if the company is a controlled foreign corporation for U.S. federal income tax purposes (a “CFC”) that is not publicly traded “for the taxable year.” A CFC is a foreign corporation more than 50% of the stock (by vote or value) of which is owned (directly, indirectly or constructively) by “United States shareholders.” We are not actually controlled by “United States shareholders” for purposes of the CFC rules. Therefore, we do not expect to be a CFC for the taxable year in which the offering occurs for purposes of the PFIC rules, provided that certain ownership attribution rules will not apply to treat us as constructively controlled by U.S. subsidiaries of Kingsoft Group (our controlling shareholder) for such purposes. Under recently proposed Treasury regulations (on which taxpayers can rely if they and their related persons apply them consistently to all foreign corporations), such ownership attribution rules would not apply for purposes of the PFIC rules, and we would not be treated as constructively

## [Table of Contents](#)

controlled by such U.S. subsidiaries for such purposes. The remainder of this discussion assumes that, pursuant to these proposed Treasury regulations, we will not be treated as a CFC by any U.S. Holder for purposes of the PFIC rules.

Based on the current and expected composition of our income and assets and value of our assets, including goodwill, which is based, in part, on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, our PFIC status for any taxable year is an annual determination that can be made only after the end of that taxable year and will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of the ADSs, which could be volatile). Because we will hold a substantial amount of cash and cash-equivalents following this offering, our PFIC status for any taxable year may also depend on how, and how quickly, we use our liquid assets and cash. If our market capitalization declines significantly while we continue to hold a substantial amount of cash and cash-equivalents for any taxable year, we could be a PFIC for that year. Moreover, it is not entirely clear how the contractual arrangements between us and our VIEs will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIEs are not treated as owned by us for these purposes. Accordingly, there can be no assurance that we will not be a PFIC for our current or any future taxable year.

If we were a PFIC for any taxable year and any entity in which we own or are deemed to own equity interests (including our subsidiaries and VIEs) were also a PFIC (any such entity, a “Lower-tier PFIC”), a U.S. Holder would be deemed to own a proportionate amount (by value) of the shares of each such Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the next paragraph on (i) certain distributions by any Lower-tier PFIC and (ii) dispositions of shares of any Lower-tier PFIC, in each case, as if the U.S. Holder held such shares directly, even though the U.S. Holder did not receive any proceeds of those distributions or dispositions.

In general, if we were a PFIC for any taxable year during which a U.S. Holder held our ADSs or ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ADSs or ordinary shares would be allocated ratably over its holding period. The amounts allocated to the taxable year of the sale or disposition and to any taxable years before the first taxable year in which we became a PFIC would be taxed as ordinary income. The amounts allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as applicable, for that taxable year, and an interest charge would be imposed on the resulting tax liability for each such year. Furthermore, to the extent that any distribution received by a U.S. Holder in any year on its ADSs or ordinary shares exceeds 125% of the average of the annual distributions on the ADSs or ordinary shares received during the preceding three taxable years or the U.S. Holder’s holding period, whichever is shorter, such distributions would be subject to taxation in the same manner. If we were a PFIC for any taxable year during which a U.S. Holder owned ADSs or ordinary shares, we would generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owned the ADSs or ordinary shares, even if we ceased to meet the threshold requirements for PFIC status, unless we ceased to be a PFIC and the U.S. Holder made a timely “deemed sale” election with respect to the ADSs or ordinary shares, in which case such U.S. Holder would be deemed to have sold the ADSs or ordinary shares held at their fair market value, and any gain on the deemed sale would be taxed under the PFIC rules described above.

Alternatively, if we were a PFIC and if the ADSs were “regularly traded” on a “qualified exchange,” as defined in applicable Treasury Regulations, a U.S. Holder could make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described in the preceding paragraph. The ADSs will be treated as regularly traded for any calendar year in which more than a de minimis quantity of the ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter. The Nasdaq, where the ADSs, but not the ordinary shares, are expected to be listed, is a qualified exchange for this purpose. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over the U.S. Holder’s adjusted tax basis in the ADSs and will recognize an ordinary loss in respect of any excess of the adjusted tax basis in the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of

## [Table of Contents](#)

income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the ADSs will be adjusted to reflect the amounts of any income or loss recognized. Any gain recognized on the sale or other disposition of the ADSs in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as capital loss). If a U.S. Holder makes the mark-to-market election, distributions paid on ADSs will be treated as discussed under "—Taxation of Distributions" above (but subject to the discussion in the immediately subsequent paragraph). U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ADSs given that we may have Lower-tier PFICs for which a mark-to-market election will not be available.

If we were a PFIC (or, with respect to a particular U.S. Holder, were treated as a PFIC) for any taxable year in which we paid a dividend or for the prior taxable year, the favorable tax rate described above under "—Taxation of Distributions" with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If we were a PFIC for any taxable year during which a U.S. Holders owned any ADSs or ordinary shares, the U.S. Holder would generally be required to file annual reports with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ADSs or ordinary shares.

### ***Information Reporting and Backup Withholding***

Payments of dividends and proceeds from the sale or exchange of ADSs or ordinary shares that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other "exempt recipient" and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding, generally on Internal Revenue Service Form W-9. Backup holding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will generally be allowed as a credit against its U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of the ADSs or ordinary shares, or any non-U.S. accounts through which the ADSs or ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to our ADSs or ordinary shares.

## UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of ADSs indicated in the table below. J.P. Morgan Securities LLC, UBS Securities LLC and Credit Suisse Securities (USA) LLC are the representatives of the underwriters.

| <u>Underwriters</u>  | <u>Number of ADSs</u> |
|--|-----------------------|
| J.P. Morgan Securities LLC   |                       |
| UBS Securities LLC   |                       |
| Credit Suisse Securities (USA) LLC                                   |                       |
| China International Capital Corporation Hong Kong Securities Limited |                       |
| <b>Total</b>   |                       |

The underwriters are committed, severally and not jointly, to taking and paying for all of the ADSs being offered, if any are taken, other than the ADSs covered by the option described below unless and until this option is exercised. [If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.]

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. China International Capital Corporation Hong Kong Securities Limited is not a broker-dealer registered with the SEC and, to the extent that its conduct may be deemed to involve participation in offers or sales of ADSs in the United States, those offers or sales will be made through one or more SEC-registered broker-dealers in compliance with applicable laws and regulations.

The underwriters have an option to buy up to an additional                      ADSs from the Company to cover sales by the underwriters of a greater number of ADSs than the total number set forth in the table above. They may exercise that option for 30 days. If any ADSs are purchased pursuant to this option, the underwriters will severally purchase ADSs in approximately the same proportion as set forth in the table above.

The following tables show the per ADS and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase                      additional ADSs.

### Paid by Us

|         | <u>No Exercise</u> | <u>Full Exercise</u> |
|---------|--------------------|----------------------|
| Per ADS | \$                 | \$                   |
| Total   | \$                 | \$                   |

ADSs sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any ADSs sold by the underwriters to securities dealers may be sold at a discount of up to \$                      per ADS from the initial public offering price. After the initial offering of the ADSs, the representatives may change the offering price and the other selling terms. The offering of the ADSs by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions.

## [Table of Contents](#)

Some of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC.

We, our directors, executive officers, existing shareholders and holders of share-based awards have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their ordinary shares or ADSs or any securities convertible into or exchangeable for our ordinary shares or ADSs during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See “Shares Eligible for Future Sale” for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the ADSs. The initial public offering price has been negotiated among the representatives and us. Among the factors to be considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, will be our historical performance, estimates of the business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

An application has been made to list the ADSs on the Nasdaq under the symbol “KC”.

In connection with the offering, the underwriters may purchase and sell the ADSs in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales in accordance with Regulation M under the Exchange Act. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional ADSs for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to cover the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional ADSs for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of the ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ADSs sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our ADSs, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on Nasdaq, in the over-the-counter market or otherwise.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$ .



## [Table of Contents](#)

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, financing, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may have, from time to time, provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees, commissions and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may at any time purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

A prospectus in electronic format will be made available on the websites maintained by one or more of the underwriters or one or more securities dealers. One or more of the underwriters may distribute prospectuses electronically. The underwriters may agree to allocate a number of ADSs for sale to their online brokerage account holders. ADSs to be sold pursuant to an Internet distribution will be allocated on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained in any other website maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

The address of J.P. Morgan Securities LLC is 383 Madison Avenue, New York, NY 10179, United States. The address of UBS Securities LLC is 1285 Avenue of The Americas, New York, NY 10019, United States. The address of Credit Suisse Securities (USA) LLC is Eleven Madison Avenue, New York, NY 10010, United States. The address of China International Capital Corporation Hong Kong Securities Limited is 29th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

### **Selling Restrictions**

No action may be taken in any jurisdiction other than the United States that would permit a public offering of the ADSs or the possession, circulation or distribution of this prospectus in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither the prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

## Table of Contents

### **Australia**

This document has not been lodged with the Australian Securities & Investments Commission and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

- (a) you confirm and warrant that you are either:
  - (i) “sophisticated investor” under section 708(8)(a) or (b) of the Corporations Act 2001 (Cth) of Australia, or the Corporations Act;
  - (ii) “sophisticated investor” under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
  - (iii) person associated with the company under section 708(12) of the Corporations Act; or
  - (iv) “professional investor” within the meaning of section 708(11)(a) or (b) of the Corporations Act;

and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act, any offer made to you under this document is void and incapable of acceptance;

(b) you warrant and agree that you will not offer any of the ADSs issued to you pursuant to this document for resale in Australia within 12 months of those ADSs being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

### **Bermuda**

ADSs may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

### **British Virgin Islands**

The ADSs are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Company. The ADSs may be offered to companies incorporated under the British Virgin Islands Business Companies Act, 2004, or BVI Companies, but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

### **Canada**

The ADSs may be sold in Canada only to purchasers resident or located in the Provinces of Ontario, Quebec, Alberta and British Columbia, purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the ADSs must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit

## [Table of Contents](#)

prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### ***Cayman Islands***

This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs in the Cayman Islands.

### ***Dubai International Finance Center***

This document relates to an Exempt Offer, as defined in the Offered Securities Rules module of the DFSA Rulebook, or the OSR, in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to Persons, as defined in the OSR, of a type specified in those rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The ADSs to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this document you should consult an authorized financial adviser.

### ***European Economic Area and the United Kingdom***

In relation to the EU Prospectus Regulation (EU) 2017/1129 repealing Directive (2003/71/EC), as implemented by the member states of the European Economic Area and the United Kingdom (each, a "Relevant State") as well as any equivalent or similar law, rule or regulation or guidance implemented in the United Kingdom as a result of it ceasing to be part of the European Economic Area ("Prospectus Regulation"), an offer to the public of any shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant State unless the prospectus has been approved by the competent authority in such Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that an offer to the public in that Relevant State of any shares may be made at any time under the following exemptions under the Prospectus Regulation, as implemented in that Relevant State:

- to "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation;
- by the underwriters to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Regulation) subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation; provided that no such offer of shares shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Any person making or intending to make any offer of shares within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such

## Table of Contents

offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression an “offer of shares to the public” in relation to any shares in any Relevant State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and any shares to be offered, so as to enable an investor to decide to purchase any shares, as the same may be varied in that Relevant State by any measure implementing the Prospectus Regulation in that Relevant State.

Each person in a Relevant State who receives any communication in respect of, or who acquires any shares under, the offer of shares contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

- it is a “qualified investor” within the meaning of the law in that Relevant State implementing Article 2(e) of the Prospectus Regulation (unless otherwise expressly disclosed to us and/or the relevant underwriter in writing); and
- in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, (i) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than “qualified investors” (as defined in the Prospectus Regulation), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Regulation as having been made to such persons.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) who are high-net-worth entities falling within Article 49(2) of the Order, and (iii) any other persons to whom it may otherwise lawfully be communicated pursuant to the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

### ***Hong Kong***

The ADSs may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

***Israel***

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus may be distributed only to, and is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds; provident funds; insurance companies; banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange Ltd., underwriters, each purchasing for their own account; venture capital funds; entities with equity in excess of NIS 50 million and “qualified individuals,” each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors shall be required to submit written confirmation that they fall within the scope of the Addendum.

***Japan***

The ADSs have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and ADSs will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to any exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

***Korea***

The ADSs may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The ADSs have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the ADSs may not be resold to Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

***Kuwait***

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 “Regulating the Negotiation of Securities and Establishment of Investment Funds,” its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

***Malaysia***

No prospectus or other offering material or document in connection with the offer and sale of the securities has been or will be registered with the Securities Commission of Malaysia, or Commission, for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the securities as principal, if the offer is on terms that the securities may only be

acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the securities is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

### ***People's Republic of China***

This prospectus has not been and will not be circulated or distributed in the PRC, and ADSs may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the ADSs or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this prospectus are required by the issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

### ***Qatar***

In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person's request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Centre Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

### ***Saudi Arabia***

This prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

### **Singapore**

This prospectus or any other offering material relating to our ADSs has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our ADSs may not be circulated or distributed, nor may our ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or SFA, (ii) to a relevant person or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where our ADSs are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs under Section 275 of the SFA, except: (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

### **Switzerland**

The ADSs will not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to our company or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of the ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of the ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the ADSs.

### **Taiwan**

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the ADSs in Taiwan.

## [Table of Contents](#)

### ***United Arab Emirates***

This prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates, or the UAE. The ADSs and the underlying shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange.

The offering, the ADSs, the underlying shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the ADSs and the underlying shares may not be offered or sold directly or indirectly to the public in the UAE.

### ***United Kingdom***

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of the FSMA is not breached by us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.



**EXPENSES RELATING TO THIS OFFERING**

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee and the Nasdaq listing fee, all amounts are estimates. We will pay all of the expenses of this offering.

| <u>Expenses</u>  | <u>Amount</u> |
|--|---------------|
| U.S. Securities and Exchange Commission registration fee | US\$          |
| Nasdaq listing fee                                       | US\$          |
| FINRA filing fee   | US\$          |
| Printing and engraving expenses                          | US\$          |
| Legal fees and expenses                                  | US\$          |
| Accounting fees and expenses                             | US\$          |
| Miscellaneous costs                                      | US\$          |
| <b>Total</b>   | <b>US\$</b>   |

## LEGAL MATTERS

We are being represented by Davis Polk & Wardwell LLP with respect to certain legal matters of U.S. federal securities and New York State law. Certain legal matters with respect to U.S. federal and New York State law in connection with this offering will be passed upon for the underwriters by Kirkland & Ellis International LLP. The validity of the ordinary shares represented by the ADSs offered in this offering and other certain legal matters as to Cayman Islands law will be passed upon for us by Conyers Dill & Pearman. Legal matters as to PRC law will be passed upon for us by Fangda Partners and for the underwriters by Han Kun Law Offices. Davis Polk & Wardwell LLP may rely upon Conyers Dill & Pearman with respect to matters governed by Cayman Islands law and Fangda Partners with respect to matters governed by PRC law. Kirkland & Ellis International LLP may rely upon Han Kun Law Offices with respect to matters governed by PRC law.

## EXPERTS

The consolidated financial statements of Kingsoft Cloud Holdings Limited as of December 31, 2018 and 2019 and for each of the three years in the period ended December 31, 2019, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young Hua Ming LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The offices of Ernst & Young Hua Ming LLP are located at Oriental Plaza, No. 1 East Chang An Avenue, Dong Cheng District, Beijing 100738, the People's Republic of China.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the U.S. Securities and Exchange Commission a registration statement (including amendments and exhibits to the registration statement) on Form F-1 under the Securities Act. This prospectus, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

Upon completion of this offering, we will become subject to the informational requirements of the Exchange Act. Accordingly, we will be required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information we have filed electronically with the SEC.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

[Table of Contents](#)

**KINGSOFT CLOUD HOLDINGS LIMITED**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

|  | <u>Page</u> |
|--|-------------|
| <a href="#">Report of Independent Registered Public Accounting Firm</a>  | F-2         |
| <a href="#">Consolidated Balance Sheets as of December 31, 2018 and 2019</a>   | F-3         |
| <a href="#">Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2017, 2018 and 2019</a>               | F-6         |
| <a href="#">Consolidated Statements of Changes in Shareholders' Deficit for the Years Ended December 31, 2017, 2018 and 2019</a> | F-8         |
| <a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2017, 2018 and 2019</a>                       | F-10        |
| <a href="#">Notes to the Consolidated Financial Statements</a>   | F-12        |

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Kingsoft Cloud Holdings Limited

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Kingsoft Cloud Holdings Limited (the “Company”) as of December 31, 2018 and 2019, the related consolidated statements of comprehensive loss, changes in shareholders’ deficit and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young Hua Ming LLP

We have served as the Company’s auditor since 2019.  
Beijing, the People’s Republic of China  
March 10, 2020, except for Note 21, as to which the date is April 17, 2020

KINGSOFT CLOUD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”), except for number of shares and per share data)

|  | Notes | As at December 31 |                  |                |             |              |
|--|-------|-------------------|------------------|----------------|-------------|--------------|
|  |       | 2018<br>RMB       | 2019<br>RMB      | 2019<br>US\$   | 2019<br>RMB | 2019<br>US\$ |
| <b>ASSETS</b>  |       |                   |                  |                |             |              |
| <b>Current assets:</b>   |       |                   |                  |                |             |              |
| Cash and cash equivalents  |       | 1,507,071         | 2,023,263        | 290,624        |             |              |
| Accounts receivable, net of allowance of RMB2,249 and RMB22,894 (US\$3,289) as of December 31, 2018 and 2019, respectively   | 5     | 541,584           | 1,347,481        | 193,554        |             |              |
| Short-term investments   |       | 2,208,105         | 225,425          | 32,380         |             |              |
| Prepayments and other assets   | 6     | 281,090           | 421,938          | 60,608         |             |              |
| Amounts due from related parties   | 17    | 196,559           | 131,632          | 18,908         |             |              |
| <b>Total current assets</b>  |       | <b>4,734,409</b>  | <b>4,149,739</b> | <b>596,074</b> |             |              |
| <b>Non-current assets:</b>   |       |                   |                  |                |             |              |
| Property and equipment, net  | 7     | 1,043,155         | 1,720,974        | 247,202        |             |              |
| Intangible assets, net   | 8     | 10,147            | 7,428            | 1,067          |             |              |
| Prepayments and other assets   | 6     | 64,152            | 36,468           | 5,238          |             |              |
| Equity investments   | 2     | 5,000             | 114,876          | 16,501         |             |              |
| Amounts due from related parties   | 17    | 2,336             | 2,336            | 336            |             |              |
| <b>Total non-current assets</b>  |       | <b>1,124,790</b>  | <b>1,882,082</b> | <b>270,344</b> |             |              |
| <b>Total assets</b>  |       | <b>5,859,199</b>  | <b>6,031,821</b> | <b>866,418</b> |             |              |
| <b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS’ DEFICIT</b>   |       |                   |                  |                |             |              |
| <b>Current liabilities (including current liabilities of the consolidated VIEs without recourse to the primary beneficiary of RMB1,231,051 and RMB2,168,169 (US\$311,438) as of December 31, 2018 and 2019, respectively):</b> |       |                   |                  |                |             |              |
| Accounts payable   |       | 720,805           | 1,254,589        | 180,210        |             |              |
| Accrued expenses and other current liabilities   | 9     | 423,634           | 949,213          | 136,346        |             |              |
| Long-term bank loan, current portion   | 10    | 80,786            | 100,000          | 14,364         |             |              |
| Income tax payable   | 11    | 7,028             | 11,930           | 1,714          |             |              |
| Amounts due to related parties   | 17    | 204,634           | 104,259          | 14,976         |             |              |
| <b>Total current liabilities</b>   |       | <b>1,436,887</b>  | <b>2,419,991</b> | <b>347,610</b> |             |              |

The accompanying notes are an integral part of the consolidated financial statements.

KINGSOFT CLOUD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”), except for number of shares and per share data)

| Notes  | As at December 31                          |                  |                  |                  |              |
|--|--|------------------|------------------|------------------|--------------|
|  | 2018<br>RMB                                | 2019<br>RMB      | 2019<br>US\$     | 2019<br>RMB      | 2019<br>US\$ |
|  | Pro forma shareholders' equity (unaudited) |                  |                  |                  |              |
| <b>Non-current liabilities</b> (including non-current liabilities of the consolidated VIEs without recourse to the primary beneficiary of RMB319,735 and RMB74,557 (US\$10,710) as of December 31, 2018 and 2019, respectively): |  |                  |                  |                  |              |
| Long-term bank loan  | 10   | 174,352          | 74,351           | 10,680           |              |
| Deferred tax liabilities   | 11   | 383              | 206              | 30               |              |
| Amounts due to related parties   | 17   | 145,000          | —                | —                |              |
| <b>Total non-current liabilities</b>   |  | <b>319,735</b>   | <b>74,557</b>    | <b>10,710</b>    |              |
| <b>Total liabilities</b>   |  | <b>1,756,622</b> | <b>2,494,548</b> | <b>358,320</b>   |              |
| <b>Commitments and contingencies</b>   | 18   |                  |                  |                  |              |
| <b>Mezzanine equity:</b>   |  |                  |                  |                  |              |
| Series B convertible preferred shares (par value of US\$0.001 per share; 153,603,600 shares authorized, issued and outstanding as of December 31, 2018 and 2019)   | 13   | 337,268          | 337,268          | 48,446           | —            |
| Series C redeemable convertible preferred shares (par value of US\$0.001 per share; 185,665,192 shares authorized, issued and outstanding as of December 31, 2018 and 2019)  | 13   | 1,043,147        | 1,043,147        | 149,839          | —            |
| Series D redeemable convertible preferred shares (par value of US\$0.001 per share; 842,738,782 shares authorized, issued and outstanding as of December 31, 2018 and 2019)  | 13   | 5,965,273        | 5,965,273        | 856,858          | —            |
| Series D+ redeemable convertible preferred shares (par value of US\$0.001 per share; nil and 77,125,997 shares authorized, nil and 55,089,998 shares issued and outstanding as of December 31, 2018 and 2019, respectively)      | 13   | —                | 388,844          | 55,854           | —            |
| <b>Total mezzanine equity</b>  |  | <b>7,345,688</b> | <b>7,734,532</b> | <b>1,110,997</b> | —            |

The accompanying notes are an integral part of the consolidated financial statements.



KINGSOFT CLOUD HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEETS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”),  
except for number of shares and per share data)

|   | Notes | As at December 31  |                    |                  |                  |                |
|---|-------|--------------------|--------------------|------------------|------------------|----------------|
|   |       | 2018<br>RMB        | 2019<br>RMB        | 2019<br>US\$     | 2019<br>RMB      | 2019<br>US\$   |
| <b>Shareholders’ deficit:</b>   |       |                    |                    |                  |                  |                |
| Series A convertible preferred shares (par value of US\$0.001 per share; 458,116,000 shares authorized, issued and outstanding as of December 31, 2018 and 2019)  | 13    | 123,186            | 123,186            | 17,695           | —                | —              |
| Ordinary shares (par value of US\$0.001 per share; 1,359,876,426 and 1,282,750,429 shares authorized, 935,235,476 and 1,077,086,304 shares issued, 793,430,000 and 894,711,200 shares outstanding as of December 31, 2018 and 2019, respectively) |       | 4,851              | 5,558              | 798              | 17,564           | 2,522          |
| Additional paid-in capital  |       | —                  | 91,746             | 13,178           | 8,155,075        | 1,171,405      |
| Accumulated deficit   |       | (3,790,898)        | (4,902,097)        | (704,142)        | (4,990,701)      | (716,869)      |
| Accumulated other comprehensive income  | 19    | 419,750            | 484,348            | 69,572           | 484,348          | 69,572         |
| <b>Total shareholders’ deficit</b>  |       | <b>(3,243,111)</b> | <b>(4,197,259)</b> | <b>(602,899)</b> | <b>3,666,286</b> | <b>526,630</b> |
| <b>Total liabilities, mezzanine equity and shareholders’ deficit</b>  |       | <b>5,859,199</b>   | <b>6,031,821</b>   | <b>866,418</b>   |                  |                |

The accompanying notes are an integral part of the consolidated financial statements.

**KINGSOFT CLOUD HOLDINGS LIMITED**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”), except for number of shares and per share data)

|  | Notes | For the year ended December 31 |                    |                    |                  |
|--|-------|--------------------------------|--------------------|--------------------|------------------|
|  |       | 2017<br>RMB                    | 2018<br>RMB        | 2019<br>RMB        | 2019<br>US\$     |
| <b>Revenues:</b>   | 4,17  |                                |                    |                    |                  |
| Public cloud services (including related party amounts of RMB396,453, RMB630,511 and RMB688,187 (US\$98,852) for the years ended December 31, 2017, 2018 and 2019, respectively) |       | 1,202,485                      | 2,110,513          | 3,458,843          | 496,832          |
| Enterprise cloud services (including related party amounts of RMB11,321, RMB nil and RMB nil (US\$ nil) for the years ended December 31, 2017, 2018 and 2019, respectively)      |       | 15,271                         | 94,369             | 486,308            | 69,854           |
| Others (including related party amounts of RMB nil, RMB nil and RMB120 (US\$17) for the years ended December 31, 2017, 2018 and 2019, respectively)                              |       | 18,211                         | 13,290             | 11,202             | 1,609            |
| <b>Total revenues</b>  |       | <b>1,235,967</b>               | <b>2,218,172</b>   | <b>3,956,353</b>   | <b>568,295</b>   |
| Cost of revenues (including related party amounts of RMB nil, RMB18,868 and RMB660 (US\$95) for the years ended December 31, 2017, 2018 and 2019, respectively)                  | 17    | (1,354,153)                    | (2,418,562)        | (3,948,644)        | (567,187)        |
| <b>Gross (loss) profit</b>   |       | <b>(118,186)</b>               | <b>(200,390)</b>   | <b>7,709</b>       | <b>1,108</b>     |
| <b>Operating expenses:</b>   |       |                                |                    |                    |                  |
| Selling and marketing expenses   |       | (115,861)                      | (191,671)          | (317,426)          | (45,595)         |
| General and administrative expenses  |       | (93,649)                       | (146,846)          | (238,648)          | (34,280)         |
| Research and development expenses  |       | (399,209)                      | (440,518)          | (595,169)          | (85,491)         |
| <b>Total operating expenses</b>  |       | <b>(608,719)</b>               | <b>(779,035)</b>   | <b>(1,151,243)</b> | <b>(165,366)</b> |
| <b>Operating loss</b>  |       | <b>(726,905)</b>               | <b>(979,425)</b>   | <b>(1,143,534)</b> | <b>(164,258)</b> |
| Interest income  |       | 19,628                         | 116,500            | 78,612             | 11,292           |
| Interest expense   |       | (36,410)                       | (38,826)           | (4,925)            | (707)            |
| Foreign exchange gain (loss)   |       | 25,863                         | (102,202)          | (38,961)           | (5,596)          |
| Changes in fair value of financial instruments   | 2     | 3,016                          | 6,404              | —                  | —                |
| Other income, net  |       | 1,226                          | 739                | 6,612              | 950              |
| <b>Loss before income taxes</b>  |       | <b>(713,582)</b>               | <b>(996,810)</b>   | <b>(1,102,196)</b> | <b>(158,319)</b> |
| Income tax expense   | 11    | (668)                          | (9,632)            | (9,003)            | (1,293)          |
| <b>Net loss</b>  |       | <b>(714,250)</b>               | <b>(1,006,442)</b> | <b>(1,111,199)</b> | <b>(159,612)</b> |
| Accretion to redemption value of redeemable convertible preferred shares   | 13    | (605,515)                      | (742,472)          | (49,725)           | (7,143)          |
| <b>Net loss attributable to ordinary shareholders</b>  |       | <b>(1,319,765)</b>             | <b>(1,748,914)</b> | <b>(1,160,924)</b> | <b>(166,755)</b> |

The accompanying notes are an integral part of the consolidated financial statements.

## KINGSOFT CLOUD HOLDINGS LIMITED

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”), except for number of shares and per share data)

|  | Notes | For the year ended December 31 |                    |                    |                  |
|--|-------|--------------------------------|--------------------|--------------------|------------------|
|  |       | 2017<br>RMB                    | 2018<br>RMB        | 2019<br>RMB        | 2019<br>US\$     |
| <b>Net loss per share:</b>   |       |                                |                    |                    |                  |
| Basic and diluted  | 16    | (1.66)                         | (2.20)             | (1.31)             | (0.19)           |
| <b>Shares used in the net loss per share computation:</b>                |       |                                |                    |                    |                  |
| Basic and diluted  | 16    | 793,430,000                    | 793,430,000        | 889,521,200        | 889,521,200      |
| <b>Other comprehensive (loss) income, net of tax of nil:</b>             |       |                                |                    |                    |                  |
| Foreign currency translation adjustments                                 |       | (89,414)                       | 401,820            | 64,598             | 9,279            |
| <b>Comprehensive loss</b>  |       | <b>(803,664)</b>               | <b>(604,622)</b>   | <b>(1,046,601)</b> | <b>(150,333)</b> |
| Accretion to redemption value of redeemable convertible preferred shares |       | (605,515)                      | (742,472)          | (49,725)           | (7,143)          |
| <b>Comprehensive loss attributable to ordinary shareholders</b>          |       | <b>(1,409,179)</b>             | <b>(1,347,094)</b> | <b>(1,096,326)</b> | <b>(157,476)</b> |

The accompanying notes are an integral part of the consolidated financial statements.

## KINGSOFT CLOUD HOLDINGS LIMITED

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US\$"), except for number of shares)

|  | Series A convertible preferred shares |            | Ordinary shares   |            | Additional paid-in capital | Accumulated other comprehensive income | Accumulated deficit | Total shareholders' deficit |
|--|---------------------------------------|------------|-------------------|------------|----------------------------|--|---------------------|-----------------------------|
|  | Number of shares                      | Amount RMB | Number of shares* | Amount RMB |                            |  |                     |                             |
| Balance as of January 1, 2017  | 458,116,000                           | 123,186    | 793,430,000       | 4,851      | —                          | 107,344                                | (860,169)           | (624,788)                   |
| Net loss for the year  | —                                     | —          | —                 | —          | —                          | —                                      | (714,250)           | (714,250)                   |
| Other comprehensive loss   | —                                     | —          | —                 | —          | —                          | (89,414)                               | —                   | (89,414)                    |
| Share-based compensation (Note 14)   | —                                     | —          | —                 | —          | 91,009                     | —                                      | —                   | 91,009                      |
| Accretion to redemption value of redeemable convertible preferred shares (Note 13) | —                                     | —          | —                 | —          | (91,009)                   | —                                      | (514,506)           | (605,515)                   |
| Balance as of December 31, 2017  | 458,116,000                           | 123,186    | 793,430,000       | 4,851      | —                          | 17,930                                 | (2,088,925)         | (1,942,958)                 |
| Net loss for the year  | —                                     | —          | —                 | —          | —                          | —                                      | (1,006,442)         | (1,006,442)                 |
| Other comprehensive income   | —                                     | —          | —                 | —          | —                          | 401,820                                | —                   | 401,820                     |
| Share-based compensation (Note 14)   | —                                     | —          | —                 | —          | 46,941                     | —                                      | —                   | 46,941                      |
| Accretion to redemption value of redeemable convertible preferred shares (Note 13) | —                                     | —          | —                 | —          | (46,941)                   | —                                      | (695,531)           | (742,472)                   |
| Balance as of December 31, 2018  | 458,116,000                           | 123,186    | 793,430,000       | 4,851      | —                          | 419,750                                | (3,790,898)         | (3,243,111)                 |

The accompanying notes are an integral part of the consolidated financial statements.

KINGSOFT CLOUD HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT (Continued)

(Amounts in thousands of Renminbi ("RMB") and U.S. dollars ("US\$"), except for number of shares)

|  | Series A convertible preferred shares |                | Ordinary shares    |              | Additional paid-in capital | Accumulated other comprehensive income | Accumulated deficit | Total shareholders' deficit |
|--|---------------------------------------|----------------|--------------------|--------------|----------------------------|--|---------------------|-----------------------------|
|  | Number of shares                      | Amount RMB     | Number of shares*  | Amount RMB   |                            |  |                     |                             |
| Balance as of December 31, 2018  | 458,116,000                           | 123,186        | 793,430,000        | 4,851        | —                          | 419,750                                | (3,790,898)         | (3,243,111)                 |
| Net loss for the year  | —                                     | —              | —                  | —            | —                          | —                                      | (1,111,199)         | (1,111,199)                 |
| Other comprehensive income   | —                                     | —              | —                  | —            | —                          | 64,598                                 | —                   | 64,598                      |
| Share-based compensation (Note 14)   | —                                     | —              | —                  | —            | 121,279                    | —                                      | —                   | 121,279                     |
| Exercise and vesting of share-based awards (Note 14)                               | —                                     | —              | 101,281,200        | 707          | 20,192                     | —                                      | —                   | 20,899                      |
| Accretion to redemption value of redeemable convertible preferred shares (Note 13) | —                                     | —              | —                  | —            | (49,725)                   | —                                      | —                   | (49,725)                    |
| Balance as of December 31, 2019  | <u>458,116,000</u>                    | <u>123,186</u> | <u>894,711,200</u> | <u>5,558</u> | <u>91,746</u>              | <u>484,348</u>                         | <u>(4,902,097)</u>  | <u>(4,197,259)</u>          |
| Balance as of December 31, 2019, in US\$   | <u>458,116,000</u>                    | <u>17,695</u>  | <u>894,711,200</u> | <u>798</u>   | <u>13,178</u>              | <u>69,572</u>                          | <u>(704,142)</u>    | <u>(602,899)</u>            |

\* As of December 31, 2018 and 2019, 141,805,476 and 182,375,104 ordinary shares, respectively, were held by share based payment vehicles in relation to the share awards. These shares are legally issued but not outstanding.

The accompanying notes are an integral part of the consolidated financial statements.

## KINGSOFT CLOUD HOLDINGS LIMITED

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”))

|  | For the year ended December 31 |                  |                  |                 |
|--|--------------------------------|------------------|------------------|-----------------|
|  | 2017<br>RMB                    | 2018<br>RMB      | 2019<br>RMB      | 2019<br>US\$    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                |                  |                  |                 |
| <b>Net loss</b>  | (714,250)                      | (1,006,442)      | (1,111,199)      | (159,612)       |
| <b>Adjustments to reconcile net loss to net cash used in operating activities:</b> |                                |                  |                  |                 |
| Depreciation and amortization  | 297,647                        | 412,352          | 604,581          | 86,843          |
| Share-based compensation   | 91,009                         | 46,941           | 121,279          | 17,421          |
| Allowance for doubtful accounts  | 394                            | 66               | 20,645           | 2,966           |
| Gain on disposal of property and equipment   | (152)                          | (244)            | (74)             | (11)            |
| Changes in fair value of financial instruments                                     | (3,016)                        | (6,404)          | —                | —               |
| Foreign exchange (gain) loss   | (25,863)                       | 102,202          | 38,961           | 5,596           |
| <b>Changes in operating assets and liabilities:</b>                                |                                |                  |                  |                 |
| Accounts receivable  | (221,640)                      | (46,721)         | (823,033)        | (118,221)       |
| Prepayment and other assets  | (39,208)                       | (25,249)         | (5,883)          | (845)           |
| Amounts due from related parties   | (154,787)                      | 5,268            | 84,981           | 12,207          |
| Accounts payable   | 285,704                        | 260,090          | 533,771          | 76,671          |
| Accrued expenses and other current liabilities                                     | 330,058                        | (132,973)        | 103,276          | 14,835          |
| Amounts due to related parties   | 18,909                         | 3,386            | (11,163)         | (1,603)         |
| Income tax payable   | 668                            | 4,618            | 4,726            | 679             |
| <b>Net cash used in operating activities</b>                                       | <b>(134,527)</b>               | <b>(383,110)</b> | <b>(439,132)</b> | <b>(63,074)</b> |

The accompanying notes are an integral part of the consolidated financial statements.

**KINGSOFT CLOUD HOLDINGS LIMITED**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and U.S. dollars (“US\$”))

|   | For the year ended December 31 |                    |                  |                |
|---|--------------------------------|--------------------|------------------|----------------|
|   | 2017<br>RMB                    | 2018<br>RMB        | 2019<br>RMB      | 2019<br>US\$   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                |                    |                  |                |
| Purchases of property and equipment   | (346,083)                      | (1,094,640)        | (999,538)        | (143,575)      |
| Purchases of intangible assets  | (4,898)                        | (1,552)            | (115)            | (17)           |
| Purchases of short-term investments   | (1,901,895)                    | (2,866,795)        | (1,111,968)      | (159,724)      |
| Proceeds from maturities of short-term investments  | 398,580                        | 2,784,428          | 3,107,623        | 446,382        |
| Acquisition of equity investments   | —                              | (5,000)            | (94,376)         | (13,556)       |
| Asset-related government grants received  | 39,560                         | 10,000             | 5,000            | 718            |
| Cash paid for 2016 business acquisition   | (5,900)                        | —                  | —                | —              |
| Loans to senior executives  | —                              | —                  | (23,379)         | (3,358)        |
| <b>Net cash (used in) generated from investing activities</b>   | <b>(1,820,636)</b>             | <b>(1,173,559)</b> | <b>883,247</b>   | <b>126,870</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                |                    |                  |                |
| Repayment of long-term bank loan  | —                              | (80,000)           | (80,787)         | (11,604)       |
| Proceeds from long-term bank loan   | 15,605                         | —                  | —                | —              |
| Repayments of capital lease obligations   | (10,652)                       | (6,551)            | —                | —              |
| Proceeds from loan due to a related party   | 145,000                        | —                  | —                | —              |
| Repayment of loan due to a related party  | (65,000)                       | (329,500)          | (225,000)        | (32,319)       |
| Proceeds from warrants  | 53,186                         | —                  | —                | —              |
| Proceeds from exercise of options   | —                              | —                  | 20,899           | 3,002          |
| Proceeds from redeemable convertible preferred shares, net of issuance costs  | 1,723,038                      | 2,851,883          | 349,395          | 50,187         |
| <b>Net cash generated from financing activities</b>   | <b>1,861,177</b>               | <b>2,435,832</b>   | <b>64,507</b>    | <b>9,266</b>   |
| Effect of exchange rate changes on cash and cash equivalents  | (38,589)                       | 54,471             | 7,570            | 1,085          |
| Net (decrease) increase in cash and cash equivalents  | (93,986)                       | 879,163            | 508,622          | 73,062         |
| Cash and cash equivalents at beginning of year  | 706,012                        | 573,437            | 1,507,071        | 216,477        |
| Cash and cash equivalents at end of year  | <b>573,437</b>                 | <b>1,507,071</b>   | <b>2,023,263</b> | <b>290,624</b> |
| <b>Supplemental disclosures of cash flow information:</b>   |                                |                    |                  |                |
| Income taxes paid   | —                              | 5,013              | 4,277            | 614            |
| Interest expense paid   | 43,579                         | 33,544             | 24,143           | 3,468          |
| <b>Non-cash investing and financing activities:</b>   |                                |                    |                  |                |
| Purchases of property and equipment included in accrued expenses and other current liabilities                              | 9                              | 100,600            | 132,686          | 609,363        |
| Acquisitions of equity investments included in accrued expenses and other current liabilities                               | 9                              | —                  | —                | 15,500         |
| Conversion of warrants into Series D redeemable convertible preferred shares  | 12                             | —                  | 42,365           | —              |
| Series D+ redeemable convertible preferred shares issuance costs included in accrued expenses and other current liabilities | 13                             | —                  | —                | 10,276         |

The accompanying notes are an integral part of the consolidated financial statements.

## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 1. ORGANIZATION AND BASIS OF PRESENTATION

Kingsoft Cloud Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on January 3, 2012. The Company, its subsidiaries, the variable interest entities, and subsidiaries of the variable interest entities are hereinafter collectively referred to as the “Group”. The Group is principally engaged in the provision of cloud services. The Company does not conduct any substantive operations on its own but instead conducts its primary business operations through its subsidiaries, the variable interest entities, and subsidiaries of the variable interest entities, which are located in the People’s Republic of China (the “PRC”), Hong Kong (“HK”) and the United States (the “U.S.”).

As of December 31, 2019, the Company’s principal subsidiaries, variable interest entities, and subsidiaries of the variable interest entities, are as follows:

| <u>Name</u>   | <u>Place of establishment</u> | <u>Date of establishment/<br/>acquisition</u> | <u>Percentage of equity interest attributable to the Company</u> | <u>Principal activities</u> |
|---|-------------------------------|---|--|-----------------------------|
| <b>Subsidiaries:</b>  |                               |   |  |                             |
| Kingsoft Cloud Corporation Limited  | HK                            | February 1, 2012                              | 100%   | Cloud services              |
| Kingsoft Cloud Inc.   | U.S.                          | December 22, 2017                             | 100%   | Cloud services              |
| Beijing Kingsoft Cloud Technology Co., Ltd. (“Beijing Kingsoft Cloud”)*                           | PRC                           | April 9, 2012                                 | 100%   | Research and development    |
| Beijing Yunxiang Zhisheng Technology Co., Ltd. (“Yunxiang Zhisheng”)*                             | PRC                           | December 15, 2015                             | 100%   | Research and development    |
| <b>Variable interest entities:</b>  |                               |   |  |                             |
| Zhuhai Kingsoft Cloud Technology Co., Ltd. (“Zhuhai Kingsoft Cloud”)                              | PRC                           | November 9, 2012                              | Nil  | Investment holding          |
| Kingsoft Cloud (Beijing) Information Technology Co., Ltd. (“Kingsoft Cloud Information”)          | PRC                           | April 13, 2018                                | Nil  | Investment holding          |
| <b>Variable interest entities’ subsidiaries:</b>  |                               |   |  |                             |
| Beijing Kingsoft Cloud Network Technology Co., Ltd. (“Beijing Kingsoft Cloud Network Technology”) | PRC                           | November 9, 2012                              | Nil  | Cloud services              |
| Beijing Jinxun Ruibo Network Technology Co., Ltd. (“Beijing Jinxun Ruibo”)                        | PRC                           | December 17, 2015                             | Nil  | Cloud services              |
| Nanjing Qianyi Shixun Information Technology Co., Ltd.  | PRC                           | March 31, 2016                                | Nil  | Cloud services              |

\* collectively, the “WFOE”



**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

To comply with PRC laws and regulations which prohibit foreign control of companies that engage in value-added telecommunication services, the Group primarily conducts its business in the PRC through its variable interest entities, Zhuhai Kingsoft Cloud and Kingsoft Cloud Information, and subsidiaries of its variable interest entities (collectively, the “VIEs”). The equity interests of the VIEs are legally held by PRC shareholders (the “Nominee Shareholders”). Despite the lack of technical majority ownership, the Company through WFOE has effective control of the VIEs through a series of contractual arrangements (the “Contractual Agreements”) and a parent-subsidiary relationship exists between the Company and the VIEs. Through the Contractual Agreements, the Nominee Shareholders effectively assigned all of their voting rights underlying their equity interests in the VIEs to the Company and therefore, the Company has the power to direct the activities of the VIEs that most significantly impact its economic performance. The Company also has the ability and obligation to absorb substantially all of the profits and all the expected losses of the VIEs that potentially could be significant to the VIEs. The WFOE was the primary beneficiary of the VIEs through December 2019 and the Company has replaced the WFOE as the primary beneficiary of the VIEs since December 2019. Based on the above, the Company consolidates the VIEs in accordance with SEC Regulation SX-3A-02 and Accounting Standards Codification (“ASC”) 810, *Consolidation* (“ASC 810”).

The following is a summary of the Contractual Agreements:

***Shareholder Voting Right Trust Agreements***

Pursuant to the shareholder voting right trust agreements signed amongst Beijing Kingsoft Cloud, Zhuhai Kingsoft Cloud and its Nominee Shareholders, each Nominee Shareholder irrevocably authorizes the person designated by Beijing Kingsoft Cloud to act as his, her or its attorney-in-fact (“AIF”) to exercise on such Nominee Shareholder’s behalf any and all rights that such shareholder has in respect of his, her or its equity interests in Zhuhai Kingsoft Cloud. Beijing Kingsoft Cloud has the right to replace the authorized AIF at any time upon written notice without consent from the other parties. The rights as a shareholder of Zhuhai Kingsoft Cloud, including, but not limited to, the right to attend shareholders’ meetings, vote on any resolution that requires a shareholder vote, such as the appointment of executive directors and senior management. The shareholder voting right trust agreements have a term of 10 years and are subject to automatic renewal on an annual basis unless they are terminated by Beijing Kingsoft Cloud at its sole discretion. Zhuhai Kingsoft Cloud and its Nominee Shareholders have no right to unilaterally terminate the agreement.

The terms of the shareholder voting right trust agreements signed amongst Yunxiang Zhisheng, Kingsoft Cloud Information and its Nominee Shareholders are the same as the terms described above.

***Loan Agreements***

Beijing Kingsoft Cloud has granted interest-free loans with an aggregate amount of RMB279 to one shareholder of Zhuhai Kingsoft Cloud. The loan was solely for the purposes of capital injection of Zhuhai Kingsoft Cloud. The loans are only repayable by the shareholder through a transfer of her equity interests in Zhuhai Kingsoft Cloud to Beijing Kingsoft Cloud or its designated person(s).

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

***Loan Agreements (Continued)***

The terms of the loan agreement signed between Yunxiang Zhisheng and all Nominee Shareholders of Kingsoft Cloud Information are the same as the terms described above, except that the total amount of loans extended to all Nominee Shareholders of Kingsoft Cloud Information is RMB10,000.

***Exclusive Purchase Option Agreements***

Pursuant to the exclusive purchase option agreement between Beijing Kingsoft Cloud, Zhuhai Kingsoft Cloud and its Nominee Shareholders, Beijing Kingsoft Cloud has an exclusive irrevocable option to purchase, all or part of the equity interests in Zhuhai Kingsoft Cloud, when and to the extent permitted under PRC law. The purchase price of the equity interests in Zhuhai Kingsoft Cloud shall be equal to the minimum amount of consideration permitted by applicable PRC law or either RMB 0.001 or the loan amount, whichever is higher. In addition, the Nominee Shareholders granted Beijing Kingsoft Cloud an exclusive right to designate one or more persons to purchase all or part of the equity interests in Zhuhai Kingsoft Cloud. The exclusive purchase option agreement will terminate when the Nominee Shareholders transfer all of their equity interests in Zhuhai Kingsoft Cloud to Beijing Kingsoft Cloud or its designated person(s).

The terms of the exclusive purchase option agreement signed amongst Yunxiang Zhisheng, Kingsoft Cloud Information and its Nominee Shareholders are the same as the terms described above.

***Exclusive Consultation and Technical Services Agreements***

Pursuant to the exclusive consultation and technical services agreement between Beijing Kingsoft Cloud and Zhuhai Kingsoft Cloud, Beijing Kingsoft Cloud has the sole and exclusive right to provide Zhuhai Kingsoft Cloud consulting services and technical services. Without the prior written consent of Beijing Kingsoft Cloud, Zhuhai Kingsoft Cloud may not directly or indirectly accept any services subject to the exclusive consultation and technical services agreement from any third party, while Beijing Kingsoft Cloud has the right to designate any party to provide such services. Zhuhai Kingsoft Cloud will pay Beijing Kingsoft Cloud a service fee periodically which is adjustable at the sole discretion of Beijing Kingsoft Cloud. The exclusive consultation and technical services agreement will remain effective for 20 years unless both parties agree to terminate the agreement. The agreement can also be renewed at the discretion of Beijing Kingsoft Cloud.

The terms of the exclusive consultation and technical services agreement signed between Yunxiang Zhisheng and Kingsoft Cloud Information are the same as the terms described above, except that the agreement will continuously remain effective unless both parties agree to terminate the agreement.

***Equity Pledge Agreements***

Pursuant to the equity pledge agreement amongst Beijing Kingsoft Cloud, Zhuhai Kingsoft Cloud and its Nominee Shareholders, the Nominee Shareholders have pledged all of their equity interests in Zhuhai Kingsoft Cloud to Beijing Kingsoft Cloud to guarantee performance of their obligations under the Contractual Agreements described above. During the term of the equity pledge agreement, Beijing Kingsoft Cloud has the right to receive all of Zhuhai Kingsoft Cloud's dividends and profits distributed on the pledged equity. In the event of a breach

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

*Equity Pledge Agreements (Continued)*

by Zhuhai Kingsoft Cloud or any of its Nominee Shareholders of the contractual obligations under the equity pledge agreement, Beijing Kingsoft Cloud, as pledgee, will have the right to dispose of the pledged equity interests in Zhuhai Kingsoft Cloud and will have priority in receiving the proceeds from such disposal. Zhuhai Kingsoft Cloud and its Nominee Shareholders undertake that, without the prior written consent of Beijing Kingsoft Cloud, they will not transfer, or create or allow any encumbrance on the pledged equity interests. The equity pledge agreements will be in effect permanently until Zhuhai Kingsoft Cloud and its Nominee Shareholders have fulfilled all the obligations under the Contractual Agreements.

The terms of the equity pledge agreement signed amongst Yunxiang Zhisheng, Kingsoft Cloud Information and its Nominee Shareholders are the same as the terms described above.

In November and December 2019, Contractual Agreements were supplemented by the following terms:

a) *Shareholder Voting Right Trust Agreements*

- The shareholder voting right trust agreements are valid as long as the Nominee Shareholders remain the shareholders of the VIEs.

b) *Exclusive Purchase Option Agreements*

- Without the prior consent of the WFOE, the VIEs and the Nominee Shareholders shall not: (i) amend the articles of association, (ii) increase or decrease the registered capital, (iii) sell or otherwise dispose of their assets or beneficial interest, (iv) create or allow any encumbrance on their assets or other beneficial interests, (v) extend any loans to third parties, (vi) enter into any material contracts (except those contracts entered into in the ordinary course of business), (vii) merge with or acquire any other persons or make any investments, or (viii) distribute dividends to their shareholders.
- Any proceeds received by the Nominee Shareholders from the exercise of the option, distribution of profits or dividends, shall be remitted to the WFOE or their designated person(s), to the extent permitted under PRC laws.

c) *Exclusive Consultation and Technical Service Agreements*

- The exclusive consultation and technical services agreements will remain effective unless terminated by the WFOE at its sole discretion.

d) *Financial Support Undertaking Letter*

- Pursuant to the financial support undertaking letter, the Company is obligated and hereby undertakes to provide unlimited financial support to the VIEs, to the extent permissible under the applicable PRC laws and regulations, whether or not any such operational loss is actually incurred. The Company will not request repayment of the loans or borrowings if the VIEs or its Nominee Shareholders do not have sufficient funds or are unable to repay.

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

*e) Resolutions of all Shareholders and resolution of the Board of Directors of the Company*

- The Shareholders and the Company’s Board of Directors resolved that the rights under the Shareholder Voting Right Trust Agreements and the Exclusive Purchase Option Agreements were assigned to the Board of Directors of the Company or any officer authorized by the Board of Directors.

As a result, the power and the rights pursuant to the shareholder voting right trust agreements have since been effectively reassigned to the Company which has the power to direct the activities of the VIEs that most significantly impact the VIEs’ economic performance. The Company is also obligated to absorb the expected losses of the VIEs through the financial support as described above. Therefore, the Company has replaced the WFOE as the primary beneficiary of the VIEs since December 2019. As the VIEs were subject to indirect control by the Company through the WFOE immediately before and direct control immediately after the Contractual Agreements were supplemented, the change of the primary beneficiary of the VIEs was accounted for as a common control transaction based on the carrying amount of the net assets transferred.

In the opinion of the Company’s legal counsel, (i) the ownership structure relating to the VIEs complies with current PRC laws and regulations; and (ii) the Contractual Agreements with the VIEs and the Nominee Shareholders are valid, binding and enforceable on all parties to these Contractual Agreements and do not violate current PRC laws or regulations; (iii) the resolutions are valid in accordance with the articles of association of the Company and Cayman Islands Law.

However, uncertainties in the PRC legal system could cause the relevant regulatory authorities to find the current Contractual Agreements and businesses to be in violation of any existing or future PRC laws or regulations and could limit the Company’s ability to enforce its rights under these contractual arrangements. Furthermore, the Nominee Shareholders of the VIEs may have interests that are different from those of the Company, which could potentially increase the risk that they would seek to act contrary to the terms of the Contractual Agreements with the VIEs. In addition, if the Nominee Shareholders will not remain the shareholders of the VIEs, breach, or cause the VIEs to breach, or refuse to renew the existing Contractual Arrangements the Company has with them and the VIEs, the Company may not be able to effectively control the VIEs and receive economic benefits from them, which may result in deconsolidation of the VIEs.

In addition, if the current structure or any of the contractual arrangements were found to be in violation of any existing or future PRC laws or regulations, the Company may be subject to penalties, including but not be limited to, revocation of business and operating licenses, discontinuing or restricting business operations, restricting the Company’s right to collect revenues, temporary or permanent blocking of the Company’s internet platforms, restructuring of the Company’s operations, imposition of additional conditions or requirements with which the Company may not be able to comply, or other regulatory or enforcement actions against the Company that could be harmful to its business. The imposition of any of these or other penalties could have a material adverse effect on the Company’s ability to conduct its business.

**KINGSOFT CLOUD HOLDINGS LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

The following table sets forth the assets, liabilities, results of operations and cash flows of the VIEs included in the Company’s consolidated balance sheets, consolidated statements of comprehensive loss and consolidated statements of cash flows:

|  | As at December 31 |                  |                  |
|--|-------------------|------------------|------------------|
|  | 2018<br>RMB       | 2019<br>RMB      | 2019<br>US\$     |
| <b>ASSETS</b>  |                   |                  |                  |
| <b>Current assets:</b>   |                   |                  |                  |
| Cash and cash equivalents  | 795,673           | 751,103          | 107,889          |
| Accounts receivable, net of allowance of RMB2,249 and RMB22,894 (US\$3,289) as of December 31, 2018 and 2019, respectively | 541,584           | 1,317,110        | 189,191          |
| Prepayments and other assets   | 235,302           | 385,402          | 55,360           |
| Amounts due from related parties   | 195,769           | 106,368          | 15,279           |
| Amounts due from subsidiaries of the Group   | 487,254           | 787,900          | 113,175          |
| <b>Total current assets</b>  | <b>2,255,582</b>  | <b>3,347,883</b> | <b>480,894</b>   |
| <b>Non-current assets:</b>   |                   |                  |                  |
| Property and equipment, net  | 974,053           | 1,465,338        | 210,483          |
| Intangible assets, net   | 9,104             | 6,487            | 932              |
| Prepayments and other assets   | 64,152            | 32,624           | 4,686            |
| Equity investments   | 5,000             | 72,000           | 10,342           |
| Amounts due from related parties   | 2,336             | 2,336            | 336              |
| <b>Total non-current assets</b>  | <b>1,054,645</b>  | <b>1,578,785</b> | <b>226,779</b>   |
| <b>Total assets</b>  | <b>3,310,227</b>  | <b>4,926,668</b> | <b>707,673</b>   |
| <b>Current liabilities</b>   |                   |                  |                  |
| Accounts payable   | 709,802           | 1,236,706        | 177,642          |
| Accrued expenses and other current liabilities   | 355,236           | 780,991          | 112,182          |
| Long-term bank loan, current portion   | 80,786            | 100,000          | 14,364           |
| Amounts due to related parties   | 85,227            | 50,472           | 7,250            |
| Amounts due to subsidiaries of the Group   | 605,691           | 1,010,663        | 145,173          |
| <b>Total current liabilities</b>   | <b>1,836,742</b>  | <b>3,178,832</b> | <b>456,611</b>   |
| <b>Non-current liabilities</b>   |                   |                  |                  |
| Long-term bank loan  | 174,352           | 74,351           | 10,680           |
| Deferred tax liabilities   | 383               | 206              | 30               |
| Amounts due to related parties   | 145,000           | —                | —                |
| Amounts due to subsidiaries of the Group   | 2,857,548         | 4,244,727        | 609,717          |
| <b>Total non-current liabilities</b>   | <b>3,177,283</b>  | <b>4,319,284</b> | <b>620,427</b>   |
| <b>Total liabilities</b>   | <b>5,014,025</b>  | <b>7,498,116</b> | <b>1,077,038</b> |

**KINGSOFT CLOUD HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)**

|  | For the year ended December 31 |           |           |           |
|--|--------------------------------|-----------|-----------|-----------|
|  | 2017                           | 2018      | 2019      | 2019      |
|  | RMB                            | RMB       | RMB       | US\$      |
| Revenues                                     | 1,235,967                      | 2,218,172 | 3,882,352 | 557,665   |
| Net loss                                     | (530,807)                      | (872,291) | (970,344) | (139,381) |
| Net cash used in operating activities        | (108,750)                      | (451,199) | (785,378) | (112,812) |
| Net cash used in investing activities        | (293,956)                      | (990,734) | (836,981) | (120,225) |
| Net cash generated from financing activities | 752,966                        | 1,838,484 | 1,618,102 | (232,426) |

The revenue-producing assets that are held by the VIEs comprise mainly of electronic equipment, and data center machinery and equipment. The VIEs contributed an aggregate of 100%, 100% and 98.1% of the Group’s consolidated revenue for the years ended December 31, 2017, 2018 and 2019, respectively, after elimination of inter-entity transactions.

As of December 31, 2019, there was no pledge or collateralization of the VIEs’ assets that can only be used to settle obligations of the VIEs. Other than the amounts due to subsidiaries of the Group (which are eliminated upon consolidation), all remaining liabilities of the VIEs are without recourse to the Company.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*****Basis of presentation***

The consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”).

***Principles of Consolidation***

The consolidated financial statements of the Group include the financial statements of the Company, its subsidiaries, and the VIEs for which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated upon consolidation.

***Use of estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in the Group’s consolidated financial statements include, but are not limited to, allowance for doubtful accounts for accounts receivable and contract assets, standalone selling prices of performance obligations in revenue contracts, impairment of long-lived assets, realization of deferred tax assets, share-based compensation expense and the fair value of financial instruments. Management bases the estimates on historical experience and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could materially differ from those estimates.

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Foreign currency***

The Group’s financial information is presented in Renminbi (“RMB”). The functional currency of the Company and Kingsoft Cloud Inc. is U.S. dollars (“US\$”). The functional currency of Kingsoft Cloud Corporation Limited is Hong Kong Dollars (“HK\$”). The functional currency of the Company’s subsidiaries and the VIEs located in the PRC is RMB.

Transactions denominated in foreign currencies are re-measured into the functional currency at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-measured at the exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in foreign currency are re-measured using the exchange rates at the dates of the initial transactions. Exchange gains and losses are included in the consolidated statements of comprehensive loss. The Company uses the average exchange rate for the year and the exchange rate at the balance sheet date to translate the operating results and financial position, respectively. Translation differences are recorded in accumulated other comprehensive income, a component of shareholders’ deficit.

***Convenience translation***

Amounts in U.S. dollars are presented for the convenience of the reader and are translated at the noon buying rate of RMB6.9618 per US\$1.00 on December 31, 2019 in the City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US\$ at such rate.

***Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand and time deposits or other highly liquid investments placed with banks or other financial institutions which are unrestricted as to withdrawal or use and have original maturities of less than three months. There are no restricted cash balances for the periods presented.

***Short-term investments***

The Group’s short-term investments comprise primarily of cash deposits at fixed rates with original maturities of greater than three months, but less than 12 months.

***Equity investments***

The Group’s equity investments are long-term investments in unlisted companies based in the PRC over which the Group neither has significant influence nor control through investment in common stock or in-substance common stock. The Group has early adopted ASC 321, *Investments — Equity Securities* (“ASC 321”) on January 1, 2018, pursuant to which, equity investments with readily determinable fair value, except for those accounted for under the equity method, those that result in consolidation of the investee and certain other investments, are measured at fair value, and any changes in fair value are recognized in earnings. For equity securities without readily determinable fair value and do not qualify for the existing practical expedient in ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”) to estimate fair value using the net asset value per share (or its equivalent) of the investment, the Group elected to use the measurement alternative to measure all its

**KINGSOFT CLOUD HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Equity investments (Continued)***

investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any.

The Group makes a qualitative assessment of whether the equity investments are impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the entity has to estimate the investment’s fair value in accordance with the principles of ASC 820. If the fair value is less than the investment’s carrying value, the entity has to recognize an impairment loss in the statements of comprehensive loss equal to the difference between the carrying value and fair value. As of December 31, 2018 and 2019, the carrying amount of the Group’s equity investments measured at fair value using the measurement alternative was RMB5,000 and RMB114,876 (US\$16,501), respectively, net of accumulated impairment of RMB nil and RMB nil (US\$ nil), respectively. There were also no unrealized gains (upward adjustments) or losses (downward adjustments) resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer during the periods presented. For all periods presented, no equity securities were sold.

***Fair value measurements***

Financial instruments of the Group primarily include cash and cash equivalents, short-term investments, accounts receivable, equity investments, accounts payable, amounts due from and due to related parties, long-term bank loan, convertible preferred shares, redeemable convertible preferred shares and warrants. For equity investments, the Group elected to use the measurement alternative to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any. The carrying amount of the long-term bank loan approximates its fair value due to the fact that the related interest rate approximates the interest rates currently offered by financial institutions for similar debt instruments of comparable maturities. The convertible preferred shares and redeemable convertible preferred shares were initially recorded at issue price net of issuance costs. As it relates to the redeemable convertible preferred shares, the Group recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the redeemable convertible preferred shares to equal the redemption value at the end of each reporting period. The warrants are recorded at fair value as determined on the respective issuance dates and subsequently adjusted to the fair value at each reporting date. The Group determined the fair value of the warrants with the assistance of an independent third party valuation firm. The Group applies ASC 820 in measuring fair value. ASC 820 defines fair value, establishes a framework for measuring fair value and requires disclosures to be provided on fair value measurement. The carrying amounts of the remaining financial instruments, approximate their fair values because of their short-term maturities.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Include other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.



## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fair value measurements (Continued)*

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset. On May 25, 2018, the holder of the Series D redeemable convertible preferred shares warrants (the “Warrants”) exercised all of its Warrants for 36,532,091 Series D redeemable convertible preferred shares (Note 12). As of December 31, 2018 and 2019, there were no warrants outstanding. Therefore, there are no assets or liabilities measured at fair value on a recurring basis as of December 31, 2018 and 2019.

The following table presents a reconciliation of the warrant liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the periods presented.

|  | <u>Warrants</u><br><u>RMB</u> |
|--|-------------------------------|
| Balance as of December 31, 2016  | —                             |
| Recognized during the year   | (53,186)                      |
| Realized income  | 3,016                         |
| Foreign exchange translation adjustments   | 567                           |
| Balance as of December 31, 2017  | (49,603)                      |
| Recognized during the year   | —                             |
| Realized income  | 6,404                         |
| Settlement   | 42,365                        |
| Foreign exchange translation adjustments   | 834                           |
| Balance as of December 31, 2018  | —                             |
| The amount of total income for the year ended December 31, 2017 included in losses | <u>3,016</u>                  |
| The amount of total income for the year ended December 31, 2018 included in losses | <u>6,404</u>                  |

*Accounts receivable and allowance for doubtful accounts*

Accounts receivable are carried at net realizable value. An allowance for doubtful accounts is recorded when collection of the full amount is no longer probable. In evaluating the collectability of receivable balances, the Group considers specific evidence including the aging of the receivable, the customer’s payment history, its current credit-worthiness and current economic trends. Accounts receivable are written off after all collection efforts have ceased.

**KINGSOFT CLOUD HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Property and equipment, net***

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

| <u>Category</u>                     | <u>Estimated Useful Life</u> |
|-------------------------------------|------------------------------|
| Electronic equipment                | 3–4 years                    |
| Office equipment and fixtures       | 5 years                      |
| Data center machinery and equipment | 10 years                     |

Repair and maintenance costs are charged to expense as incurred, whereas the cost of renewals and betterments that extend the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of comprehensive loss.

Direct costs that are related to the construction of property and equipment, and incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property and equipment, and the depreciation of these assets commences when the assets are ready for their intended use.

***Intangible assets***

Intangible assets are carried at cost less accumulated amortization and any recorded impairment. Intangible assets with finite useful lives are amortized using a straight-line method of amortization that reflects the estimated pattern in which the economic benefits of the intangible asset are to be consumed. The estimated useful life for the intangible assets is as follows:

| <u>Category</u>                   | <u>Estimated Useful Life</u> |
|-----------------------------------|------------------------------|
| Domain names                      | 10 years                     |
| Purchased software and copyrights | 3–10 years                   |
| Others                            | 3 years                      |

***Impairment of long-lived assets***

The Group evaluates its long-lived assets for impairment whenever events or changes in circumstances, such as a significant adverse change to market conditions that will impact the future use of the assets, indicate that the carrying amount of an asset may not be fully recoverable. When these events occur, the Group evaluates the recoverability of long-lived assets by comparing the carrying amount of the assets to the future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the assets over their fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. For all periods presented, there was no impairment of any of the Group’s long-lived assets.

**KINGSOFT CLOUD HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Segment reporting***

In accordance with ASC 280-10, *Segment Reporting: Overall* (“ASC 280”), the Group’s chief operating decision maker (“CODM”) has been identified as the Chief Executive Officer who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating segment. The Group does not distinguish between markets or segments for purposes of internal reporting. A majority of the Group’s revenues for the years ended December 31, 2017, 2018 and 2019 were generated from the PRC. As of December 31, 2018 and 2019, a majority of the long-lived assets of the Group are located in the PRC, and therefore, no geographical segments are presented.

***Revenue recognition***

In May 2014, the FASB issued Accounting Standard Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (“ASC 606”), which replaces numerous requirements in U.S. GAAP, including industry-specific requirements, and provides companies with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. In July 2015, the FASB approved the deferral of the new standard’s effective date by one year. The new standard is effective for annual reporting periods beginning after December 15, 2017. The FASB permits companies to adopt the new standard early, but not before the original effective date of annual reporting periods beginning after December 15, 2016.

Effective January 1, 2017, the Group elected to adopt the requirements of ASC 606 using the full retrospective method. The Group applies the five-step model outlined in ASC 606. The Group accounts for a contract when it has approval and commitment from the customer, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenue is allocated to each performance obligation based on its standalone selling price. The Group generally determines standalone selling prices based on observable prices. If the standalone selling price is not observable through past transactions, the Group estimates the standalone selling price based on multiple factors, including, but not limited to, historical discounting trends for services, gross margin objectives, internal costs, and industry technology lifecycles. Timing of revenue recognition may differ from the timing of invoicing to customers. For certain revenue contracts, customers are required to pay before the services are delivered to the customer. The Group recognizes a contract asset or a contract liability in the consolidated balance sheets, depending on the relationship between the entity’s performance and the customer’s payment. Contract liabilities represents the excess of payments received as compared to the consideration earned and is reflected in “accrued expenses and other current liabilities” in the Group’s consolidated balance sheets. Contract assets primarily relate to the Group’s rights to consideration for work completed in relation to its services performed but not billed at the reporting date, and is reflected in “prepayments and other assets” in the Group’s consolidated balance sheets.

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Revenue recognition (Continued)*

The contract assets are transferred to the receivables when the rights become unconditional. Using the practical expedient in ASC 606, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Pursuant to ASC 606-10-32-2A, the Group also elected to exclude sales taxes and other similar taxes from the measurement of the transaction price. Therefore, revenues are recognized net of value added taxes (“VAT”) and surcharges.

*Public cloud services*

The Group provides integrated cloud-based services including cloud computing, storage and delivery. The nature of the Group’s performance obligation is a single performance obligation to stand ready to provide an unspecified quantity of integrated cloud-based services each day throughout the contract period. The Group uses monthly utilization records, an output measure, to recognize revenue over time as it most faithfully depicts the simultaneous consumption and delivery of services. At the end of each month, the transaction consideration is fixed based on utilization records and no variable consideration exists.

*Enterprise cloud services*

The Group provides comprehensive customized cloud-based solutions, which are typically completed within one to three months (“Solutions”). The components within the Solutions are not distinct within the context of the contract because they are considered highly interdependent and the customer can only benefit from these components in conjunction with one another as a two-way dependency exists. The Group also provides post-delivery maintenance and upgrade services that are mainly technical support services performed by the Group’s technical support team. Therefore, the arrangement has three performance obligations, the Solutions, maintenance and upgrades. Revenue allocated to the Solutions and upgrades, is recognized at a point in time only upon customer acceptance of the Solutions and upon delivery of the specified upgrade, respectively. Revenue allocated to maintenance is recognized over time because the customer simultaneously receives and consumes the benefits as the Group performs throughout a fixed term. Revenue allocated to maintenance was immaterial for the years ended December 31, 2017 and 2018, respectively, and amounted to RMB317 (US\$46) for the year ended December 31, 2019. Revenue allocated to upgrades during the periods presented were immaterial.

*Others*

The Group acts an agent to arrange for advertising services to be provided by popular external applications, primarily Xiaomi Corporation (“promotion services”). The Group recognizes revenue on a net basis because the Group is not responsible for fulfilling the promise to provide the specified advertising service, neither does it control the advertising resources nor have inventory risk. The net fee revenue from promotion services is recognized at a point in time when the advertisements are delivered by the external application. The Group discontinued providing all promotion services in early 2019.

In 2019, others mainly includes services ancillary to the Group’s other revenue streams such as AIoT solutions. The components within the solutions are not distinct within the context of the contract because they are

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenue recognition (Continued)***

***Others (Continued)***

considered highly interdependent and the customer can only benefit from these components in conjunction with one another as a two-way dependency exists. Revenue from solutions is recognized at the point in time upon customer acceptance.

***Cost of revenue***

Cost of revenues primarily includes bandwidth and internet data center costs, depreciation expense of electronic equipment, data center machinery and equipment, salaries and benefits for employees directly involved in revenue generation activities, and other expenses directly attributable to the provision of services.

***Research and development***

Research and development expenses primarily consist of salaries and benefits for research and development personnel, and third party service provider costs. The Group expenses research and development costs as they are incurred.

***Advertising expenditures***

Advertising costs are expensed when incurred and are included in sales and marketing expenses in the consolidated statements of comprehensive loss. For the years ended December 31, 2017, 2018 and 2019, the advertising expenses were approximately RMB11,903, RMB23,030 and RMB29,271 (US\$4,205), respectively.

***Government grants***

Government grants primarily consist of financial grants received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. There are no defined rules and regulations to govern the criteria necessary for companies to receive such benefits, and the amount of financial subsidy is determined at the discretion of the relevant government authorities. Government grants of non-operating nature and with no further conditions to be met are recorded as non-operating income in “Other income, net” when received. The remaining government grants are related to acquisition of assets. The grants are recorded as “deferred government grants” included in the accrued expenses and other current liabilities line item in the consolidated balance sheets when received. Once the Group fulfills the conditions stipulated under the grant, the grant amount is deducted from the carrying amount of the asset with a corresponding reduction in the deferred government grant balance.

***Leases***

Leases are classified at the inception date as either a capital lease or an operating lease. A lease is a capital lease if any of the following conditions exists: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property’s estimated remaining

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Leases (Continued)*

economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease.

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over their respective lease term. The Group leases certain office under non-cancelable operating leases. Certain lease agreements contain rent holidays. Rent holidays are considered in determining the straight-line rent expense to be recorded over the lease term.

*Comprehensive loss*

Comprehensive loss is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Among other disclosures, ASC 220, *Comprehensive Income*, requires that all items that are required to be recognized under current accounting standards as components of comprehensive loss be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the periods presented, the Group’s comprehensive loss includes net loss and foreign currency translation adjustments and is presented in the consolidated statements of comprehensive loss.

*Income taxes*

The Group follows the liability method of accounting for income taxes in accordance with ASC 740, *Income Taxes* (“ASC 740”). Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in tax expense in the period that includes the enactment date of the change in tax rate.

The Group accounted for uncertainties in income taxes in accordance with ASC 740. Interest and penalties arising from underpayment of income taxes shall be computed in accordance with the related PRC tax law. The amount of interest expense is computed by applying the applicable statutory rate of interest to the difference between the tax position recognized and the amount previously taken or expected to be taken in a tax return. Interest and penalties recognized in accordance with ASC 740 are classified in the consolidated statements of comprehensive loss as income tax expense.

In accordance with the provisions of ASC 740, the Group recognizes in its consolidated financial statements the impact of a tax position if a tax return position or future tax position is “more likely than not” to prevail based on the facts and technical merits of the position. Tax positions that meet the “more likely than not” recognition threshold are measured at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. The Group’s estimated liability for unrecognized tax benefits, if any, will be

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Income taxes (Continued)*

recorded in the “other non-current liabilities” in the accompanying consolidated financial statements is periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by tax authorities, changes and/or developments with respect to tax audits, and expiration of the statute of limitations. The actual benefits ultimately realized may differ from the Group’s estimates. As each audit is concluded, adjustments, if any, are recorded in the Group’s consolidated financial statements. Additionally, in future periods, changes in facts, circumstances, and new information may require the Group to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which the changes occur.

*Share-based compensation*

*Awards granted to employees*

The Group applies ASC 718, *Compensation—Stock Compensation* (“ASC 718”), to account for its employee share-based payments. In accordance with ASC 718, the Group determines whether an award should be classified and accounted for as a liability award or equity award. All the Group’s share-based awards to employees were classified as equity awards and are recognized in the consolidated financial statements based on their grant date fair values.

The Group uses the accelerated method for all awards granted with graded vesting based on service conditions. The Group has early adopted ASU 2016-09, *Compensation—Stock Compensation* (Topic 18), *Improvements to Employee Share-Based Payment Accounting* and elected to account for forfeitures as they occur. The Group, with the assistance of an independent third party valuation firm determined the fair value of the share-based awards granted to employees. The binomial option pricing model was applied in determining the estimated fair value of the options granted to employees.

*Loss per share*

In accordance with ASC 260, *Earnings Per Share* (“ASC 260”), basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year using the two-class method. Under the two-class method, net loss is allocated between ordinary shares and other participating securities based on their participating rights. The Company’s Series A and Series B convertible preferred shares, and Series C, Series D and Series D+ redeemable convertible preferred shares are participating securities. Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Company is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Company.

Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Loss per share (Continued)***

ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of the ordinary shares issuable upon the conversion of the Company’s convertible preferred shares and redeemable convertible preferred shares, and warrants using the if-converted method; and ordinary shares issuable upon the exercise of share options and vesting of awarded shares, using the treasury stock method. Ordinary share equivalents are excluded from the computation of diluted per share if their effects would be anti-dilutive.

***Employee benefit expenses***

All eligible employees of the Group are entitled to staff welfare benefits including medical care, welfare grants, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to accrue for these benefits based on certain percentages of the qualified employees’ salaries. The Group is required to make contributions to the plans out of the amounts accrued. The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees and the Group’s obligations are limited to the amounts contributed. The Group has no further payment obligations once the contributions have been paid.

The Group recorded employee benefit expenses of RMB528,066, RMB614,418 and RMB926,532 (US\$133,088) for the years ended December 31, 2017, 2018 and 2019, respectively.

***Deferred initial public offering costs***

Direct costs incurred by the Company attributable to its proposed initial public offering (“IPO”) of ordinary shares in the U.S. have been deferred and recorded in prepayments and other assets and will be charged against the gross proceeds received from such offering.

***Unaudited pro forma shareholders’ equity and loss per share***

Pursuant to the Company’s memorandum and articles of association, upon the completion of an IPO, the outstanding convertible preferred shares and redeemable convertible preferred shares, including the 22,035,999 Series D+ redeemable convertible preferred shares that were issued in January 2020 (collectively, the “Preferred Shares”) (Note 13) will automatically be converted into 1,717,249,571 ordinary shares. In February 2020, the Company repurchased 5,475,254 ordinary shares that were already issued to the executives for a cashless settlement of the outstanding loan amount due to the Company (Notes 17, 21). In addition, the Company will recognize a one-time share-based compensation expense for share-based awards subject to accelerated vesting upon the completion of an IPO. Unaudited pro forma shareholders’ equity as of December 31, 2019, as adjusted for the assumed conversion of the Preferred Shares and (i) the corresponding reclassification of the Series A convertible preferred shares to ordinary shares; (ii) corresponding reclassification of the Series B convertible preferred shares, and Series C, Series D and Series D+ redeemable convertible preferred shares classified in mezzanine equity to shareholders’ equity; (iii) the repurchase of ordinary shares reflected as an adjustment to ordinary shares and additional paid-in capital; and (iv) one-time share based compensation expense reflected as an adjustment to additional paid-in capital and accumulated deficit (Note 21), is set forth on the consolidated balance sheet.



KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Unaudited pro forma shareholders’ equity and loss per share (Continued)*

The unaudited pro forma net loss per ordinary share is computed using the weighted-average number of ordinary shares outstanding as of December 31, 2019, and the assumed conversion of all of the Company’s Preferred Shares into ordinary shares upon the closing of the Company’s IPO, as if it had occurred on January 1, 2019.

*Recent accounting pronouncements*

The Company is an emerging growth company (“EGC”) as defined by the Jumpstart Our Business Startups Act (“JOBS Act”). The JOBS Act provides that an EGC can take advantage of extended transition periods for complying with new or revised accounting standards. This allows an EGC to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company elected to take advantage of the extended transition periods. However, this election will not apply should the Company cease to be classified as an EGC.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 modifies existing guidance for off-balance sheet treatment of a lessee’s operating leases by requiring lessees to recognize lease assets and lease liabilities. Under ASU 2016-02, lessor accounting is largely unchanged. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. The Group will adopt ASU 2016-02 on January 1, 2020 using the modified retrospective method and will not restate comparable periods. The Group will elect the package of practical expedients permitted under the transition guidance, which allow the Group to carry forward the historical lease classification, the assessment whether a contract is or contains a lease and initial direct costs for any leases that exist prior to adoption of the new standard. The Group will also elect the practical expedient not to separate lease and non-lease components for certain classes of underlying assets and the short-term lease exemption for contracts with lease terms of 12 months or less. The Group currently believes the most significant change will be related to the recognition of right-of-use assets and operating lease liabilities on the consolidated balance sheets upon adoption, which will increase total assets and liabilities. The Group does not expect any material impact on net assets and the consolidated statements of comprehensive loss as a result of adopting the new standard.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). ASU 2016-13 changes the impairment model for most financial assets and certain other instruments. The standard will replace the “incurred loss” approach with an “expected loss” model for instruments measured at amortized cost. For available-for-sale debt securities, entities will be required to record allowances rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. The amendments in ASU 2016-13 are effective for fiscal years beginning after December 15, 2020, including interim periods within fiscal years beginning after December 15, 2021. The Group is in the process of evaluating the impact of adoption of this guidance on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update eliminates,

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recent accounting pronouncements (Continued)***

modifies, and adds certain disclosure requirements for fair value measurements. This update is effective in fiscal years, including interim periods, beginning after December 15, 2019, and early adoption is permitted. The added disclosure requirements and the modified disclosure on the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented. All other changes to disclosure requirements in this update should be applied retrospectively to all periods presented upon their effective date. The Group does not believe this standard will have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This update requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to defer and recognize as an asset. This update is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption is permitted, including adoption in any interim period. The Group will adopt ASU 2018-15 on January 1, 2021. This guidance should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Group is currently evaluating the impact on its consolidated financial statements of adopting this guidance.

**3. CONCENTRATION OF RISKS**

***Concentration of credit risk***

Assets that potentially subject the Group to significant concentration of credit risk primarily consist of cash and cash equivalents, short-term investments and accounts receivable. The Group expects that there is no significant credit risk associated with cash and cash equivalents and short-term investments, which were held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries, and the VIEs are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

Accounts receivable are typically unsecured and are derived from revenues earned from reputable customers. As of December 31, 2018 and 2019, the Company had two customers, with a receivable balance exceeding 10% of the total accounts receivable balance. The risk with respect to accounts receivable is mitigated by credit evaluations the Group performs on its customers and its ongoing monitoring process of outstanding balances.

***Business, customer, political, social and economic risks***

The Group participates in a dynamic and competitive high technology industry and believes that changes in any of the following areas could have a material adverse effect on the Group’s future financial position, results of operations or cash flows: changes in the overall demand for services; competitive pressures due to existing competitors; and new trends in new technologies and industry standards; control of telecommunication infrastructures by local regulators and industry standards; changes in certain strategic relationships or customer

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**3. CONCENTRATION OF RISKS (Continued)**

***Business, customer, political, social and economic risks (Continued)***

relationships; regulatory considerations; and risks associated with the Group’s ability to attract and retain employees necessary to support its growth. The Group’s operations could be adversely affected by significant political, economic and social uncertainties in the PRC.

Three customers accounted for 27%, 19% and 10%, respectively, of total revenues during the year ended December 31, 2017, 25%, 24% and 11%, respectively, of total revenues during the year ended December 31, 2018, and 14%, 31% and 12%, respectively, of total revenues during the year ended December 31, 2019.

***Currency convertibility risk***

The Group transacts a majority of its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People’s Bank of China (“PBOC”). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into United States dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers’ invoices, shipping documents and signed contracts. Additionally, the value of the RMB is subject to changes in central government policies and international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

***Foreign currency exchange rate risk***

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For RMB against U.S. dollar, there was depreciation of approximately 5.5% and 1.3% during the year ended December 31, 2018 and 2019, respectively. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that the Group needs to convert U.S. dollar into RMB for capital expenditures and working capital and other business purposes, appreciation of RMB against U.S. dollar would have an adverse effect on the RMB amount the Group would receive from the conversion. Conversely, if the Group decides to convert RMB into U.S. dollar for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to the Group. In addition, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of the Group’s earnings or losses.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

4. REVENUES

The following table presents the Group’s revenues from contracts with customers disaggregated by material revenue category:

|  | For the year ended December 31 |             |             |              |
|--|--------------------------------|-------------|-------------|--------------|
|  | 2017<br>RMB                    | 2018<br>RMB | 2019<br>RMB | 2019<br>US\$ |
| Public cloud services recognized over time | 1,202,485                      | 2,110,513   | 3,458,843   | 496,832      |
| Enterprise cloud services:                 |                                |             |             |              |
| Solutions recognized at a point in time    | 15,271                         | 94,369      | 485,991     | 69,808       |
| Maintenance recognized over time           | —                              | —           | 317         | 46           |
|  | 15,271                         | 94,369      | 486,308     | 69,854       |
| Others recognized at a point in time       | 18,211                         | 13,290      | 11,202      | 1,609        |
|  | 1,235,967                      | 2,218,172   | 3,956,353   | 568,295      |

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2019 are related to enterprise cloud services, which are as follows:

|                    | RMB   | US\$ |
|--------------------|-------|------|
| Within one year    | 1,025 | 147  |
| More than one year | 2,684 | 385  |
| Total              | 3,709 | 532  |

Contract Balances

Contract assets primarily relate to the Group’s rights to consideration for work completed in relation to its services performed but not billed at the reporting date. For the periods presented, there was no impairment of the Group’s contract assets. The contract assets are transferred to accounts receivable when the rights become unconditional. Contract liabilities relate to contracts where the Group received payments but has not yet satisfied the related performance obligations. The advance consideration received from customers for the services is a contract liability until services are provided to the customer. The following table provides information about contract assets and contract liabilities from contracts with customers:

|                            | As at December 31 |             |              |
|----------------------------|-------------------|-------------|--------------|
|                            | 2018<br>RMB       | 2019<br>RMB | 2019<br>US\$ |
| Contract assets (Note 6)   | —                 | 12,979      | 1,864        |
| Customer advances (Note 9) | 39,044            | 79,608      | 11,435       |

## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 4. REVENUES (Continued)

*Contract Balances (Continued)*

The increase in customer advances as compared to the year ended December 31, 2018 is a result of the increase in consideration received from the Group’s customers.

|   | For the year ended December 31 |        |        |       |
|---|--------------------------------|--------|--------|-------|
|   | 2017                           | 2018   | 2019   | 2019  |
|   | RMB                            | RMB    | RMB    | US\$  |
| Revenue recognized from amounts included in contract liabilities at the beginning of the period | 12,487                         | 19,312 | 22,782 | 3,272 |

## 5. ACCOUNTS RECEIVABLE, NET

|                                 | As at December 31 |           |         |
|---------------------------------|-------------------|-----------|---------|
|                                 | 2018              | 2019      | 2019    |
|                                 | RMB               | RMB       | US\$    |
| Accounts receivable             | 543,833           | 1,370,375 | 196,843 |
| Allowance for doubtful accounts | (2,249)           | (22,894)  | (3,289) |
| Accounts receivable, net        | 541,584           | 1,347,481 | 193,554 |

The movements in the allowance for doubtful accounts were as follows:

|                                  | As at December 31 |       |        |       |
|----------------------------------|-------------------|-------|--------|-------|
|                                  | 2017              | 2018  | 2019   | 2019  |
|                                  | RMB               | RMB   | RMB    | US\$  |
| Balance at beginning of the year | 1,789             | 2,183 | 2,249  | 323   |
| Additions                        | 394               | 66    | 20,645 | 2,966 |
| Balance at end of the year       | 2,183             | 2,249 | 22,894 | 3,289 |

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

6. PREPAYMENTS AND OTHER ASSETS

|                                      | As at December 31 |                |               |
|--------------------------------------|-------------------|----------------|---------------|
|                                      | 2018<br>RMB       | 2019<br>RMB    | 2019<br>US\$  |
| <b>Current portion:</b>              |                   |                |               |
| Prepayments to suppliers             | 2,749             | 15,903         | 2,285         |
| Contract assets (Note 4)             | —                 | 12,979         | 1,864         |
| VAT prepayments                      | 223,814           | 360,401        | 51,768        |
| Interest receivable                  | 43,042            | 3,114          | 447           |
| Deferred IPO costs                   | —                 | 11,971         | 1,720         |
| Others                               | 11,485            | 17,570         | 2,524         |
|                                      | <u>281,090</u>    | <u>421,938</u> | <u>60,608</u> |
| <b>Non-current portion:</b>          |                   |                |               |
| Prepayments for electronic equipment | 63,280            | 33,970         | 4,879         |
| Others                               | 872               | 2,498          | 359           |
|                                      | <u>64,152</u>     | <u>36,468</u>  | <u>5,238</u>  |

7. PROPERTY AND EQUIPMENT, NET

|                                     | As at December 31  |                    |                  |
|-------------------------------------|--------------------|--------------------|------------------|
|                                     | 2018<br>RMB        | 2019<br>RMB        | 2019<br>US\$     |
| Electronic equipment                | 2,088,881          | 3,233,327          | 464,439          |
| Office equipment and fixtures       | 1,444              | 1,444              | 207              |
| Data center machinery and equipment | —                  | 131,037            | 18,822           |
| Construction in progress            | 1,091              | 849                | 122              |
|                                     | <u>2,091,416</u>   | <u>3,366,657</u>   | <u>483,590</u>   |
| Less: accumulated depreciation      | <u>(1,048,261)</u> | <u>(1,645,683)</u> | <u>(236,388)</u> |
| Property and equipment, net         | <u>1,043,155</u>   | <u>1,720,974</u>   | <u>247,202</u>   |

Depreciation expense for the years ended December 31, 2017, 2018 and 2019 was RMB292,539, RMB409,415 and RMB601,730 (US\$86,433), respectively.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

8. INTANGIBLE ASSETS, NET

|                                   | As at December 31 |          |         |
|-----------------------------------|-------------------|----------|---------|
|                                   | 2018              | 2019     | 2019    |
|                                   | RMB               | RMB      | US\$    |
| Domain names                      | 7,023             | 7,041    | 1,011   |
| Purchased software and copyrights | 6,487             | 6,564    | 943     |
| Others                            | 4,559             | 4,598    | 660     |
|                                   | 18,069            | 18,203   | 2,614   |
| Less: accumulated amortization    |                   |          |         |
| Domain names                      | (1,581)           | (2,309)  | (332)   |
| Purchased software and copyrights | (3,869)           | (5,128)  | (737)   |
| Others                            | (2,472)           | (3,338)  | (478)   |
|                                   | (7,922)           | (10,775) | (1,547) |
| Intangible assets, net            | 10,147            | 7,428    | 1,067   |

Amortization expense of intangible assets for the years ended December 31, 2017, 2018 and 2019 was RMB5,108, RMB2,937 and RMB2,851 (US\$410), respectively. As of December 31, 2019, estimated amortization expense of the existing intangible assets for each of the next five years and thereafter is as follows:

|                     | RMB   | US\$  |
|---------------------|-------|-------|
| 2020                | 2,437 | 350   |
| 2021                | 1,421 | 204   |
| 2022                | 749   | 108   |
| 2023                | 728   | 105   |
| 2024 and thereafter | 2,093 | 300   |
| Total               | 7,428 | 1,067 |

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

|  | As at December 31 |         |         |
|--|-------------------|---------|---------|
|  | 2018              | 2019    | 2019    |
|  | RMB               | RMB     | US\$    |
| Customer advances (Note 4)                     | 39,044            | 79,608  | 11,435  |
| Salary and welfare payable                     | 98,030            | 136,762 | 19,644  |
| Accrual for purchase of property and equipment | 132,686           | 609,363 | 87,530  |
| Accrual for acquisition of equity investments  | —                 | 15,500  | 2,226   |
| Accrued expenses                               | 100,114           | 67,027  | 9,628   |
| Other tax and surcharges payable               | 7,251             | 10,608  | 1,524   |
| Deferred government grants                     | 31,523            | 7,919   | 1,137   |
| Others   | 14,986            | 22,426  | 3,222   |
|  | 423,634           | 949,213 | 136,346 |

## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 10. LONG-TERM BANK LOAN

|  | As at December 31 |                |               |
|--|-------------------|----------------|---------------|
|  | 2018<br>RMB       | 2019<br>RMB    | 2019<br>US\$  |
| Long-term third-party bank loan guaranteed by a related party (Note 17): |                   |                |               |
| Current portion  | 80,786            | 100,000        | 14,364        |
| Non-current portion  | 174,352           | 74,351         | 10,680        |
|  | <u>255,138</u>    | <u>174,351</u> | <u>25,044</u> |

In June 2016, the Group entered into a long-term loan facility for an aggregate principal amount of RMB400,000 with a bank in Beijing bearing a fixed annual interest rate of 90% of the benchmark five-year lending rate published by the PBOC. The facility expires on June 1, 2021. As of December 31, 2019, RMB160,786 (US\$23,095) was repaid when it became due, and the amount repayable within twelve months is classified as “Long-term bank loan, current portion”. The interest rate for the outstanding loan with a bank in Beijing as of December 31, 2018 and 2019, was approximately 4.3% and 4.3%, respectively. There are no commitment fees and conditions under which lines may be withdrawn associated with the Group’s unused facilities.

As of December 31, 2019, RMB174,351 (US\$25,044) was drawn down and the loan principal will be due according to the following schedule:

|      | As at December 31 |               |
|------|-------------------|---------------|
|      | 2019<br>RMB       | 2019<br>US\$  |
| 2020 | 100,000           | 14,364        |
| 2021 | 74,351            | 10,680        |
|      | <u>174,351</u>    | <u>25,044</u> |

## 11. TAXATION

*Enterprise income tax*Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. For the periods presented, the Group did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong for any of the periods presented. Under the Hong Kong tax law, the subsidiaries in Hong Kong are exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.



## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 11. TAXATION (Continued)

*Enterprise income tax (Continued)*China

The Group’s PRC entities are subject to the statutory income tax rate of 25%, in accordance with the Enterprise Income Tax law (the “EIT Law”), which was effective since January 1, 2008. Beijing Kingsoft Cloud and Beijing Kingsoft Cloud Network Technology being qualified as a High New Technology Enterprise (“HNTE”) is entitled to the preferential income tax rate of 15% for three years from 2016 to 2018 and successfully renewed its HNTE status for an additional three years from 2019 to 2021. In addition, Beijing Jinxun Ruibo being qualified as a HNTE is entitled to the preferential income tax rate of 15% for three years from 2017 to 2019. As of December 31, 2019, the Group is in the process of renewing the HNTE status for Beijing Jinxun Ruibo for three years from 2020 to 2022. Dividends, interests, rent or royalties payable by the Group’s PRC entities to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor’s disposition of assets (after deducting the net value of such assets) shall be subject to 10% EIT, namely withholding tax, unless the respective non-PRC resident enterprise’s jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

Loss before income taxes consists of:

|         | For the year ended December 31 |                  |                    |                  |
|---------|--------------------------------|------------------|--------------------|------------------|
|         | 2017<br>RMB                    | 2018<br>RMB      | 2019<br>RMB        | 2019<br>US\$     |
| PRC     | (747,283)                      | (1,055,676)      | (1,167,367)        | (167,680)        |
| Non-PRC | 33,701                         | 58,866           | 65,171             | 9,361            |
|         | <u>(713,582)</u>               | <u>(996,810)</u> | <u>(1,102,196)</u> | <u>(158,319)</u> |

The current and deferred components of income tax expense appearing in the consolidated statements of comprehensive loss are as follows:

|                             | For the year ended December 31 |              |              |              |
|-----------------------------|--------------------------------|--------------|--------------|--------------|
|                             | 2017<br>RMB                    | 2018<br>RMB  | 2019<br>RMB  | 2019<br>US\$ |
| Current income tax expense  | 1,434                          | 9,809        | 9,180        | 1,318        |
| Deferred income tax benefit | (766)                          | (177)        | (177)        | (25)         |
|                             | <u>668</u>                     | <u>9,632</u> | <u>9,003</u> | <u>1,293</u> |

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

11. TAXATION (Continued)

*Enterprise income tax (Continued)*

The reconciliation of income tax expense computed using the PRC statutory tax rate to the actual income tax expense is as follows:

|  | For the year ended December 31 |             |             |              |
|--|--------------------------------|-------------|-------------|--------------|
|  | 2017<br>RMB                    | 2018<br>RMB | 2019<br>RMB | 2019<br>US\$ |
| Loss before income tax                                   | (713,582)                      | (996,810)   | (1,102,196) | (158,319)    |
| Income tax computed at the PRC statutory tax rate of 25% | (178,394)                      | (249,203)   | (275,549)   | (39,580)     |
| Effect of tax holiday and preferential tax rates         | 38,402                         | (29,103)    | 11,493      | 1,651        |
| Effect of different tax rates in different jurisdictions | (8,294)                        | (20,980)    | (11,626)    | (1,670)      |
| Other non-taxable income                                 | (870)                          | (4,018)     | (21,557)    | (3,096)      |
| Non-deductible expenses                                  | 3,300                          | 20,931      | 64,095      | 9,207        |
| Share based compensation costs                           | 13,162                         | 11,794      | 30,320      | 4,355        |
| Research and development super deduction                 | (45,953)                       | (75,787)    | (94,401)    | (13,560)     |
| Withholding tax and others                               | 1,434                          | 9,809       | 9,180       | 1,318        |
| Change in valuation allowance                            | 177,673                        | 369,257     | 259,031     | 37,207       |
| Tax rate change on deferred items                        | 208                            | (23,068)    | 38,017      | 5,461        |
| Income tax expense                                       | 668                            | 9,632       | 9,003       | 1,293        |

*Deferred tax*

The significant components of the Group’s deferred tax assets and liabilities are as follows:

|  | As at December 31 |             |              |
|--|-------------------|-------------|--------------|
|  | 2018<br>RMB       | 2019<br>RMB | 2019<br>US\$ |
| <b>Deferred tax assets:</b>                |                   |             |              |
| Tax loss carry forward                     | 684,029           | 921,045     | 132,300      |
| Accrued expenses                           | 36,413            | 71,720      | 10,302       |
| Depreciation                               | 4,516             | 2,775       | 399          |
| Allowance for doubtful accounts            | 5,787             | 2,925       | 420          |
| Government grant                           | 10,015            | 2,268       | 326          |
| Others                                     | 2,223             | 1,104       | 159          |
| Less: valuation allowance*                 | (742,983)         | (1,001,837) | (143,906)    |
|  | —                 | —           | —            |
| <b>Deferred tax liabilities:</b>           |                   |             |              |
| Long-lived assets arising from acquisition | 383               | 206         | 30           |

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

11. TAXATION (Continued)

*Deferred tax (Continued)*

\* The Group recorded a full valuation allowance against deferred tax assets of all subsidiaries and VIEs, which are in a cumulative loss as of December 31, 2018 and 2019. In making such determination, the Group evaluates a variety of factors including the Group’s operating history, accumulated deficit, existence of taxable temporary differences and reversal periods.

As of December 31, 2019, the Group had net losses of approximately RMB3,708,687 (US\$532,720) mainly deriving from entities in the PRC and Hong Kong. The tax losses in PRC can be carried forward for five years to offset future taxable profit. The tax losses of entities in the PRC will expire between 2020 to 2024, if not utilized. The tax losses in Hong Kong can be carried forward without an expiration date.

The Group evaluated its income tax uncertainty under ASC 740. ASC 740 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. As of December 31, 2018 and 2019 and for the years ended December 31, 2017, 2018 and 2019, there was no significant impact from tax uncertainties on the Group’s consolidated financial position and result of operations. The Group did not record any interest and penalties related to an uncertain tax position for the periods presented. The Group does not expect the amount of unrecognized tax benefits would increase significantly in the next 12 months.

In general, the tax authorities have three to five years to conduct examinations of the tax filings of the Group’s subsidiaries. Accordingly, the subsidiaries’ tax years of 2016 through 2019 remain open to examination by the respective tax authorities.

12. WARRANTS

On December 6, 2017, the Company concurrently issued 81,313,365 redeemable convertible preferred shares (“Series D Preferred Shares”) at US\$0.85 per share for a total cash consideration of US\$69,000 and related Warrants to purchase a total of 36,532,091 Series D Preferred Shares to an investor. The key features of the Warrants are as follows:

*Exercise Period*

The Warrants are exercisable at any time from the issuance date. If not previously exercised, the Warrants shall expire on the earlier of (i) December 6, 2021; or (ii) the date of submission by the Company of a registration statement in connection with an initial public offering (“IPO”).

*Exercise Price*

The exercise price shall be US\$ equivalent of RMB5.609 per Series D Preferred Shares.

*Accounting for the Warrant*

The Warrants are freestanding instruments that represent a right to purchase the Company’s Series D Preferred Shares (which are redeemable), and impose an obligation to the Company. Thus, the Warrants are

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**12. WARRANTS (Continued)**

*Accounting for the Warrant (Continued)*

classified as current liabilities in accordance with ASC 480, *Distinguishing Liabilities from Equity*. The Company also evaluated the conversion feature and determined that there was no beneficial conversion feature. There are no other embedded derivatives that are required to be bifurcated. On issuance date, the Warrants were allocated with its full fair value from the proceeds received from the issuance of the Series D Preferred Shares, and are subsequently remeasured to fair value through earnings at each reporting date until the Warrants are exercised or expire. For the years ended December 31, 2017 and 2018, the Company recognized a gain from the decrease in fair value of RMB3,016 and RMB6,404, respectively. The Company determined the fair value of the Warrants with the assistance of an independent third party valuation firm.

*Conversion*

On May 25, 2018, all of the Warrants were exercised for 36,532,091 Series D Preferred Shares at US\$0.88 per share. As of December 31, 2018 and 2019, there were no warrants outstanding.

**13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES**

As of January 1, 2017, several investors held in aggregate 458,116,000 of Series A convertible preferred shares (“Series A Preferred Shares”), representing all of the Company’s issued and outstanding Series A Preferred Shares. The Series A Preferred Shares were issued on various dates in 2013 and 2015 at US\$0.07 per share for a total cash consideration of US\$34,000.

As of January 1, 2017, several investors held in aggregate 153,603,600 of Series B convertible preferred shares (“Series B Preferred Shares”), representing all of the Company’s issued and outstanding Series B Preferred Shares. The Series B Preferred Shares were issued on various dates in 2015 at US\$0.36 per share for a total cash consideration of US\$54,988.

As of January 1, 2017, several investors held in aggregate 185,665,192 of Series C redeemable convertible preferred shares (“Series C Preferred Shares”), representing all of the Company’s issued and outstanding Series C Preferred Shares. The Series C Preferred Shares were issued on various dates in 2016 at US\$0.59 per share for a total cash consideration of US\$108,903.

On September 21, 2017, December 6, 2017, February 28, 2018, the Company issued in aggregate 576,264,281 Series D Preferred Shares to certain investors at US\$0.85 per share for a total cash consideration of US\$521,000. On March 29, 2018, the Company issued in aggregate 229,942,410 Series D Preferred Shares to certain investors at US\$0.87 per share for a total cash consideration of US\$200,000.

On December 27, 2019, the Company entered into an agreement to issue in aggregate 77,125,997 Series D+ redeemable convertible preferred shares (the “Series D+ Preferred Shares”) to investors at US\$0.91 per share. On December 30, 2019, the Company received cash consideration of US\$50,000 in exchange for issuing 55,089,998 Series D+ Preferred Shares. On January 8, 2020, the Company received cash consideration of US\$20,000 in exchange for issuing the remaining 22,035,999 Series D+ Preferred Shares.

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)**

The key features of the Series A convertible preferred shares, Series B convertible preferred shares, Series C redeemable convertible preferred shares, Series D redeemable convertible preferred shares and Series D+ redeemable convertible preferred shares (collectively, the “Preferred Shares”) are summarized as follows:

*Dividends*

Each holder of the Series D+ Preferred Shares is entitled to receive on a pari passu basis, when, if and as declared at the sole discretion of the Board of Directors, prior and in preference to Series D, Series C, Series B, Series A preferred shareholders and ordinary shareholders.

Each holder of the Series D Preferred Shares is entitled to receive on a pari passu basis, when, if and as declared at the sole discretion of the Board of Directors, prior and in preference to Series C, Series B, Series A preferred shareholders and ordinary shareholders.

Each holder of the Series C Preferred Shares is entitled to receive on a pari passu basis, when, if and as declared at the sole discretion of the Board of Directors, prior and in preference to Series B, Series A preferred shareholders and ordinary shareholders.

Each holder of the Series B Preferred Shares is entitled to receive on a pari passu basis, when, if and as declared at the sole discretion of the Board of Directors, prior and in preference to Series A preferred shareholders and ordinary shareholders.

Each holder of the Series A Preferred Shares is entitled to receive on a pari passu basis, when, if and as declared at the sole discretion of the Board of Directors, prior and in preference to ordinary shareholders.

After payment of the dividends to the Series D+, Series D, Series C, Series B and Series A preferred shareholders (collectively, referred to as the “Preferred Shareholders” or “Preferred Shareholder”), each ordinary shareholder shall be entitled to receive dividends payable in cash, whenever funds are legally available, on a pari passu basis, if and as declared by the Board of Directors.

Dividends declared by the Board of Directors but unpaid shall accrue and be payable when and as such cash becomes available. Dividends are non-cumulative. No dividends were declared during the periods presented.

*Voting Rights*

Each Preferred Shareholder is entitled to the number of votes equal to the number of ordinary shares into which such holder’s Preferred Shares could be converted. Preferred Shareholders shall vote together with ordinary shareholders, with respect to any matter upon which ordinary shareholders have the right to vote.

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)**

*Liquidation Preference*

In the event of liquidation, dissolution or winding up of the Company, either voluntary or involuntary, or any deemed liquidation event as defined in the Company’s articles of association (the “Liquidation Transaction”), the assets of the Company available for distribution shall be made as follows:

Each holder of the Series D+ Preferred Shares shall be entitled to receive, on a pari passu basis, an amount equal to the sum of 120% of the issue price of the Series D+ Preferred Shares for each outstanding Series D+ Preferred Shares, plus all declared but unpaid dividends. If the assets and funds thus distributed among the holders of the Series D+ Preferred Shares shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution to shareholders shall be distributed ratably among the holders of the Series D+ Preferred Shares in proportion to the full preferential amount each such holder is otherwise entitled to receive.

Upon completion of the distributions of the full amount made to each holder of the Series D+ Preferred Shares in accordance with the above, the remaining assets of Company available for distribution to each holder of the Series D Preferred Shares, on a pari passu basis, an amount equal to the sum of 120% of the issue price of the Series D Preferred Shares for each outstanding Series D Preferred Shares, plus all declared but unpaid dividends. If the assets and funds thus distributed among the holders of the Series D Preferred Shares shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution to shareholders shall be distributed ratably among the holders of the Series D Preferred Shares in proportion to the full preferential amount each such holder is otherwise entitled to receive.

Upon completion of the distributions of the full amount made to each holder of the Series D and Series D+ Preferred Shares in accordance with the above, the remaining assets of Company available for distribution to each holder of the Series C Preferred Shares, on a pari passu basis, with an amount equal to the sum of 120% of the issue price of the Series C Preferred Shares for each outstanding Series C Preferred Shares, plus all declared but unpaid dividends. If the assets and funds thus distributed among the holders of the Series C Preferred Shares shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution to shareholders shall be distributed ratably among the holders of the Series C Preferred Shares in proportion to the full preferential amount each such holder is otherwise entitled to receive.

Upon completion of the distributions of the full amount made to each holder of the Series C, Series D and Series D+ Preferred Shares in accordance with the above, the remaining assets of Company available for distribution to each holder of the Series B Preferred Shares, on a pari passu basis, with an amount equal to the sum of 120% of the issue price of the Series B Preferred Shares for each outstanding Series B Preferred Shares, plus all declared but unpaid dividends. If the assets and funds thus distributed among the holders of the Series B Preferred Shares shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution to shareholders shall be distributed ratably among the holders of the Series B Preferred Shares in proportion to the full preferential amount each such holder is otherwise entitled to receive.

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)**

*Liquidation Preference (Continued)*

After payment has been made to the Series B, Series C, Series D and Series D+ Preferred Shareholders in accordance with the above, all of the remaining assets of the Company available for distribution to shareholders shall be ratably distributed among the Series A Preferred Shareholders and holders of ordinary shares on a pari passu basis. The liquidation preference amount was US\$1,121,958 as of December 31, 2019.

*Conversion rights*

Each holder of the Preferred Shares has the right, at each holder’s sole discretion, to convert at any time and from time to time, all or any portion of the Preferred Shares into ordinary shares.

The initial conversion price is the stated issuance price for each series of Preferred Shares. The initial conversion ratio for each series of Preferred Shares is on a one for one basis and subject to adjustments in the event of share splits, reverse share splits, share dividends and distribution, or any capital reorganization or reclassification of the ordinary shares. The initial conversion ratio for the Series C, Series D and Series D+ Preferred Shares is also subject to adjustment in the event that the Company issues additional ordinary shares for a consideration per share less than the original respective conversion price, as the case may be, in effect on the date of and immediately prior to such issue. In such event, the respective conversion price is reduced, concurrently with such issue, to a price as adjusted according to an agreed-upon formula in the Company’s articles of association.

The Preferred Shares are automatically converted into ordinary shares immediately upon the closing of an IPO. As of December 31, 2019, the conversion ratio was one preferred share convertible into one ordinary share.

*Redemption*

The Series B Preferred Shares are subject to redemption by the Company at the option of the investor, Celestial Power Limited (“Celestial”) in the event a public offering in which the pre-IPO market value of the Company is no less than US\$1,512,500 and results in gross proceeds of no less than US\$151,250 (“Series B Qualified IPO”) fails to be consummated as a result of Kingsoft Corporation Limited’s (the controlling shareholder of the Company) voluntary refusal to approve the Series B Qualified IPO proposal. The redemption price shall be equal to the lower of (i) the applicable fair market value of such Series B Preferred Shares or (ii) the applicable purchase price of such Series B Preferred Shares paid by Celestial pursuant to the Series B Preferred Shares Purchase Agreements.

The Series C Preferred Shares are subject to redemption by the Company at the option of the holders if the Company fails to complete an IPO on May 16, 2021. The redemption price shall be equal to original issuance price and a return at the compound rate of 8% per annum calculated from the date of the actual issuance of such Series C Preferred Shares to the date on which such preferred share is redeemed.

The Series D and Series D+ Preferred Shares are subject to redemption by the Company at the option of the holders if the Company fails to complete a public offering in which the pre-IPO market value of the Company is

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)**

*Redemption (Continued)*

no less than US\$3,000,000 and results in gross proceeds of no less than US\$300,000 (“Series D Qualified IPO”) on May 16, 2021. The redemption price shall be equal to original issuance price and a return at the compound rate of 8% per annum calculated from the date of the actual issuance of such Series D and Series D+ Preferred Shares to the date on which such preferred share is redeemed.

*Registration rights*

All the Preferred Shareholders have the following registration rights except for Xiaomi Corporation:

(a) Demand Registration Rights

At any time after the earlier of (i) December 27, 2023, or (ii) the first anniversary of the consummation of an IPO, holders holding in the aggregate not less than 30% of the registrable securities then outstanding may make a written request to the Company to register, and the Company shall use its best efforts to register, under the Securities Act the number of registrable securities specified in such requests, provided, however, that (i) the Company shall not be obligated to effect more than two such demand registrations and (ii) the Company shall not be obligated to effect a demand registration if the initiating holders propose to sell their registrable securities in an amount less than 30% of the registrable securities then outstanding.

(b) Piggyback Registration Rights

If the Company proposes to register any ordinary shares in connection with an offering by the Company for its own account (other than a registration utilizing Form F-4 or F-8 or any successor thereto) or for the account of any shareholder of the Company other than a holder of the registrable securities, then each holder shall have the right to have all or any portion of its registrable securities included in such registration.

(c) F-3 Registration Rights

At any time following the consummation of an IPO, after the Company becomes eligible to use Form F-3 in connection with a public offering of its securities, holder(s) holding in the aggregate not less than 30% of the registrable securities may make a written request to the Company to register, and the Company shall use its commercially reasonable efforts to register, under the Securities Act on Form F-3 the number of registrable securities specified in such request within 60 days after the Company receives such written request. However, the Company shall not be required to effect any such registration (a) within 90 days after the effective date of any other registration statement of the Company; (b) if within the twelve month period preceding the date of such request, the Company has effected two such registrations on Form F-3; (c) if Form F-3 is not available for such offering by such holders; or (d) if holders requesting inclusion of registrable securities in such registration propose to sell such registrable securities at an aggregate price to the public of less than US\$2,000,000.

The Company is required to use its best efforts to affect the registration if requested by the Preferred Shareholders, but the provisions of the registration rights do not stipulate the consequences of non-performance if the Company made its best efforts to effect registration nor any requirement to pay any monetary or non-



**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)**

*Registration rights (Continued)*

monetary consideration for non-performance. The registration rights shall terminate on the earlier of (i) the fifth anniversary of the effective date of the IPO and (ii) with respect to any security holder, the date on which such holder may sell all of its registrable securities under Rule 144 of the Securities Act in any 30 day period.

*Accounting for Preferred Shares*

The Series A Preferred Shares are classified as permanent equity because they are not redeemable and the holders of the Series A Preferred Shares are entitled to receive the same form of consideration upon a Liquidation Transaction as holders of equally and more subordinated equity instruments, specifically, the ordinary shareholders.

The Series B Preferred Shares are classified as mezzanine equity as they may be redeemed upon the occurrence of conditional events such as a Liquidation Transaction and Kingsoft Corporation Limited’s voluntary refusal to approve the Series B Qualified IPO proposal. The Series C, Series D and Series D+ Preferred Shares are classified as mezzanine equity as they may be redeemed at the option of the holders on or after an agreed upon date outside the sole control of the Company.

The Preferred Shareholders have the ability to convert the instrument into the Company’s ordinary shares. The Company uses the whole instrument approach to determine whether the nature of the host contract in a hybrid instrument is more akin to debt or to equity. The Company evaluated the embedded conversion option in the Preferred Shares to determine if there were any embedded derivatives requiring bifurcation and to determine if there were any beneficial conversion features (“BCF”). The conversion option of the Preferred Shares does not qualify for bifurcation accounting because the conversion option is clearly and closely related to the host instrument and the underlying ordinary shares are not publicly traded nor readily convertible into cash. The contingent redemption options and registration rights of all the Preferred Shares do not qualify for bifurcation accounting because the underlying ordinary shares are not publicly traded nor readily convertible into cash. There are no other embedded derivatives that are required to be bifurcated.

BCF exists when the conversion price of the preferred shares is lower than the fair value of the ordinary shares at the commitment date, which is the issuance date of the respective series of Preferred Shares in the Company’s case. When a BCF exists as of the commitment date, its intrinsic value is bifurcated from the carrying value of the Preferred Shares as a contribution to additional paid-in capital. The resulting discount, if any, to the Preferred Shares is immediately amortized in full as a deemed dividend because the earliest conversion date is the issuance date. On February 28, 2018, March 29, 2018, May 25, 2018 (Note 12) and December 30, 2019, the most favorable conversion prices used to measure the beneficial conversion feature were US\$0.85, US\$0.87, US\$0.88 and US\$0.91, respectively, while the fair value per ordinary share at the commitment dates were US\$0.60, US\$0.62, US\$0.63 and US\$0.76, respectively. Therefore, no BCF was recognized for the Series D and Series D+ Preferred Shares because the fair values per ordinary share at the commitment dates were less than the respective most favorable conversion price. The Company determined the fair value of the ordinary shares with the assistance of an independent third party valuation firm. The contingent conversion price adjustment is accounted for as a contingent BCF. In accordance with ASC paragraph

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)**

*Accounting for Preferred Shares (Continued)*

470-20-35-1, changes to the conversion terms that would be triggered by future events not controlled by the issuer should be accounted as contingent conversions, and the intrinsic value of such conversion options would not be recognized until and unless a triggering event occurs. No contingent BCF has been recognized for the periods presented.

The Company concluded that the Series B Preferred Shares are not redeemable currently, and is not probable that the Series B Preferred Shares will become redeemable because the likelihood of Liquidation Transaction is remote. Therefore, no adjustment will be made to the initial carrying amount of the Series B Preferred Shares until it is probable that they will become redeemable.

The Company concluded that the Series C, Series D and Series D+ Preferred Shares are not redeemable currently, but it is probable that the Series C, Series D and Series D+ Preferred Shares will become redeemable. The Company chose to recognize changes in the redemption value immediately as they occur and adjusted the carrying amount of the Series C, Series D and Series D+ Preferred Shares to equal the redemption value at the end of each reporting period. An accretion charge of RMB605,515, RMB 742,472 and RMB49,725 (US\$7,143) related to the Series C, Series D and Series D+ Preferred Shares was recorded as an increase to the net loss attributable to ordinary shareholders for the years ended December 31, 2017, 2018 and 2019, respectively.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

13. CONVERTIBLE PREFERRED SHARES AND REDEEMABLE CONVERTIBLE PREFERRED SHARES (Continued)

*Accounting for Preferred Shares (Continued)*

The movement in the carrying value of the Series C, Series D and Series D+ Preferred Shares is as follows:

| <u>Mezzanine equity</u>                         | <u>Series C<br/>Preferred Shares<br/>RMB</u> | <u>Series D<br/>Preferred Shares<br/>RMB</u> | <u>Series D+<br/>Preferred<br/>Shares<br/>RMB</u> | <u>Total<br/>RMB</u> |
|---|--|--|---|----------------------|
| Balance as of January 1, 2018                   | 1,043,147                                    | 2,328,553                                    | —   | 3,371,700            |
| Issuance of Series D Preferred Shares           | —  | 2,902,235                                    | —   | 2,902,235            |
| Less: Series D Preferred Shares issuance costs  | —  | (7,987)                                      | —   | (7,987)              |
| Accretion to redemption value                   | —  | 742,472                                      | —   | 742,472              |
| Balance as of December 31, 2018                 | <u>1,043,147</u>                             | <u>5,965,273</u>                             | <u>—</u>  | <u>7,008,420</u>     |
| Issuance of Series D+ Preferred Shares          | —  | —  | 349,395   | 349,395              |
| Less: Series D+ Preferred Shares issuance costs | —  | —  | (10,276)  | (10,276)             |
| Accretion to redemption value                   | —  | —  | 49,725  | 49,725               |
| Balance as of December 31, 2019                 | <u>1,043,147</u>                             | <u>5,965,273</u>                             | <u>388,844</u>                                    | <u>7,397,264</u>     |
| Balance as of December 31, 2019 (US\$)          | <u>149,839</u>                               | <u>856,858</u>                               | <u>55,854</u>                                     | <u>1,062,551</u>     |

14. SHARE-BASED PAYMENTS

The Company has two share-based compensation plans under which awards may be granted to employees, namely, the Share Option Scheme and the Share Award Scheme. The maximum aggregate number of ordinary shares that are authorized to be issued under the Share Option Scheme and Share Award Scheme is 209,750,000 and 215,376,304, respectively. Both plans have a contractual term of ten years. The share-based awards are accounted for as equity awards and generally contain only service vesting conditions for the periods presented, and generally vest over a period from two to five years.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

14. SHARE-BASED PAYMENTS (Continued)

*Share Option Scheme*

A summary of the activity under the Share Option Scheme is stated below:

|   | Number of<br>options | Weighted-<br>average exercise<br>price<br>US\$ | Weighted-<br>average<br>grant-date<br>fair value<br>US\$ | Weighted-<br>average<br>remaining<br>contractual term<br>Years | Aggregate<br>intrinsic<br>value<br>US\$ |
|---|----------------------|--|--|--|---|
| Outstanding, December 31, 2018                      | 173,094,000          | 0.07   | 0.22   | 7.04   | 0.64                                    |
| Granted   | 33,350,000           | 0.07   |  |  |   |
| Forfeited   | (14,000,000)         | 0.07   |  |  |   |
| Expired   | (312,000)            | 0.07   |  |  |   |
| Exercised   | (62,280,000)         | 0.05   |  |  |   |
| Outstanding, December 31, 2019                      | <u>129,852,000</u>   | 0.07   | 0.37   | 7.32   | 0.69                                    |
| Vested and expected to vest at<br>December 31, 2019 | <u>129,852,000</u>   | 0.07   | 0.37   | 7.32   | 0.69                                    |
| Exercisable at December 31, 2019                    | <u>57,570,000</u>    | 0.07   | 0.18   | —  | 0.69                                    |

The aggregate intrinsic value in the table above represents the difference between the fair value of the Company’s ordinary share as of December 31, 2019 and the option’s respective exercise price. Total intrinsic value of options exercised for the years ended December 2017 and 2018 was RMB nil (US\$ nil) as no options were exercised. Total intrinsic value of options exercised for the year ended December 31, 2019 was RMB308,665 (US\$44,337).

The total weighted average grant-date fair value of the share-based awards granted during the years ended December 31, 2017, 2018 and 2019 were US\$0.48, US\$0.58 and US\$0.65 per option, respectively. The aggregate fair value of the share-based awards vested during the years ended December 31, 2017, 2018 and 2019 were RMB10,074, RMB43,115 and RMB36,060 (US\$5,180), respectively.

As of December 31, 2019, there was RMB137,712 (US\$19,781) of total unrecognized employee share-based compensation expenses, related to unvested share-based awards, which are expected to be recognized over a weighted-average period of 1.73 years. Total unrecognized compensation cost may be adjusted for actual forfeitures occurring in the future.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

14. SHARE-BASED PAYMENTS (Continued)

*Share Award Scheme*

A summary of the activity for the restricted shares issued under the Share Award Scheme is stated below:

|                                       | <u>Number of<br/>shares</u> | <u>Weighted-average<br/>grant date fair value<br/>US\$</u> |
|---------------------------------------|-----------------------------|--|
| Outstanding, December 31, 2018        | 47,462,176                  | 0.15   |
| Granted                               | 46,335,200                  | 0.74   |
| Vested                                | (39,001,200)                | 0.55   |
| Forfeited                             | (1,500,000)                 | 0.72   |
| Outstanding, December 31, 2019        | <u>53,296,176</u>           | <u>0.70</u>  |
| Expected to vest at December 31, 2019 | <u>53,296,176</u>           | <u>0.70</u>  |

As of December 31, 2019, there was RMB199,294 (US\$28,627) of total unrecognized share-based compensation expenses related to unvested share-based awards which are expected to be recognized over a weighted-average period of 3.17 years. The fair value of the awarded shares is the fair value of the Company’s ordinary shares at their respective grant dates, which was determined with the assistance of an independent third party valuer. Total unrecognized compensation cost may be adjusted for actual forfeitures occurring in the future.

A summary of the activity for the options issued under the Share Award Scheme is stated below:

|                                  | <u>Number of<br/>options</u> | <u>Weighted-<br/>average exercise<br/>price<br/>US\$</u> | <u>Weighted-<br/>average<br/>grant-<br/>date<br/>fair value<br/>US\$</u> | <u>Weighted-<br/>average<br/>remaining<br/>contractual term<br/>Years</u> |
|----------------------------------|------------------------------|--|--|---|
| Outstanding, December 31, 2018   | —                            | —  | —  | —   |
| Granted                          | 19,556,800                   | 0.87   |  |   |
| Outstanding, December 31, 2019   | 19,556,800                   | 0.87   | 0.30   | 9.93  |
| Exercisable at December 31, 2019 | —                            |  |  |   |

For the year ended December 31, 2019, the share options were out of the money, therefore, no intrinsic value was disclosed. The total weighted average grant-date fair value of the share-based awards granted during the year ended December 31, 2019 was US\$0.30 per option. The aggregate fair value of the share-based awards vested during the year ended December 31, 2019 was RMB nil (US\$ nil).

As of December 31, 2019, there was RMB39,432 (US\$5,664) of total unrecognized employee share-based compensation expenses, related to unvested share-based awards, which are expected to be recognized over a weighted-average period of 4.11 years. Total unrecognized compensation cost may be adjusted for actual forfeitures occurring in the future.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

14. SHARE-BASED PAYMENTS (Continued)

*Fair value of share options*

The fair value of options was determined using the binomial tree model, with the assistance from an independent third-party appraiser. The binomial model requires the input of highly subjective assumptions, including the expected share price volatility and the exercise multiple. For expected volatility, the Company has made reference to historical volatility of several comparable companies. The exercise multiple was estimated as the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested options. As the Company did not have sufficient information of past employee exercise history, it has considered the statistics on exercise patterns of employees compiled by Huddart and Lang in Huddart, S., and M. Lang. 1996. “Employee Stock Option Exercises: An Empirical Analysis.” *Journal of Accounting and Economics*, vol. 21, no. 1 (February):5-43, which are widely adopted by valuers as authoritative guidance on expected exercise multiples. For the employee exit rate, which represents the annual turnover rate of employees leaving services, we use the historical employee exiting data to have an estimate of that input. The risk-free rate for the period within the contractual life of the options is based on the market yield of U.S. Treasury Bonds in effect at the time of grant. The estimated fair values of the ordinary shares, at the option grant dates, was determined with the assistance from an independent third-party appraiser. The Company’s management is ultimately responsible for the determination of the estimated fair value of its ordinary shares.

The assumptions used to estimate the fair value of the share options granted are as follows:

|  | For the year ended December 31 |                 |                   |
|--|--------------------------------|-----------------|-------------------|
|  | 2017                           | 2018            | 2019              |
| Risk-free rate   | 1.83%                          | 1.98%-2.10%     | 1.58%-1.80%       |
| Expected volatility range                                  | 44.60%                         | 42.40%-43.00%   | 37.40%-37.90%     |
| Exercise multiple  | 2.20                           | 2.20            | 2.20-2.80         |
| Fair market value per ordinary share as at valuation dates | US\$0.55                       | US\$0.63-\$0.68 | US\$0.72-US\$0.76 |

The following table sets forth the amount of share-based compensation expense included in each of the relevant financial statement line items:

|                                     | For the year ended December 31 |               |                |               |
|-------------------------------------|--------------------------------|---------------|----------------|---------------|
|                                     | 2017<br>RMB                    | 2018<br>RMB   | 2019<br>RMB    | 2019<br>US\$  |
| Cost of revenues                    | 6,551                          | 3,565         | 8,509          | 1,222         |
| Selling and marketing expenses      | 12,618                         | 5,889         | 37,808         | 5,431         |
| General and administrative expenses | 25,741                         | 11,167        | 31,988         | 4,595         |
| Research and development expenses   | 46,099                         | 26,320        | 42,974         | 6,173         |
|                                     | <u>91,009</u>                  | <u>46,941</u> | <u>121,279</u> | <u>17,421</u> |

15. RESTRICTED NET ASSETS

The Company’s ability to pay dividends is primarily dependent on the Company receiving distributions of funds from its subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by the

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**15. RESTRICTED NET ASSETS (Continued)**

Group’s PRC subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company’s PRC subsidiaries.

In accordance with the Regulations on Enterprises with Foreign Investment of China and its Articles of Association, the Company’s PRC subsidiaries, being a foreign-invested enterprise established in the PRC, are required to provide certain statutory reserves, namely the general reserve fund, enterprise expansion fund and staff welfare and bonus fund, all of which are appropriated from net profit as reported in its PRC statutory accounts. The Company’s PRC subsidiaries are required to allocate at least 10% of its annual after-tax profit to the general reserve fund until such fund has reached 50% of its registered capital based on the enterprise’s PRC statutory accounts. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the Board of Directors of the PRC subsidiaries. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances, or cash dividends.

In accordance with the PRC Company Laws, the Company’s PRC subsidiaries and the VIEs must make appropriations from their annual after-tax profits as reported in their PRC statutory accounts to non-distributable reserve funds, namely statutory surplus fund, statutory public welfare fund and discretionary surplus fund. The VIEs is required to allocate at least 10% of their after-tax profits to the statutory surplus fund until such fund has reached 50% of their respective registered capital. Appropriation to discretionary surplus is made at the discretion of the Board of Directors of the VIEs. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances, or cash dividends.

No appropriations were made to statutory reserves during all periods presented due to losses in the Company’s PRC subsidiaries and the VIEs.

Under PRC laws and regulations, there are restrictions on the Company’s PRC subsidiaries and the VIEs with respect to transferring certain of their net assets to the Company either in the form of dividends, loans, or advances. Amounts restricted include paid-in capital of the Company’s PRC subsidiaries and the VIEs, totaling approximately RMB2,371,304 (US\$340,617) as of December 31, 2019; therefore, in accordance with Rules 504 and 4.08(e)(3) of Regulation S-X, the condensed parent company only financial statements as of December 31, 2018 and 2019 and for each of the three years in the period ended December 31, 2019 are disclosed in Note 22.

Furthermore, cash transfers from the Company’s PRC subsidiaries to its subsidiaries outside of China are subject to PRC government control of currency conversion. Shortages in the availability of foreign currency may restrict the ability of the PRC subsidiaries and consolidated VIEs to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy their foreign currency denominated obligations.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

16. LOSS PER SHARE

Basic and diluted loss per share for each of the years presented are calculated as follows:

|  | For the year ended December 31 |                    |                    |                    |
|--|--------------------------------|--------------------|--------------------|--------------------|
|  | 2017<br>RMB                    | 2018<br>RMB        | 2019<br>RMB        | 2019<br>US\$       |
| <b>Numerator:</b>  |                                |                    |                    |                    |
| Net loss   | (714,250)                      | (1,006,442)        | (1,111,199)        | (159,612)          |
| Accretion to redemption value of redeemable convertible preferred shares | (605,515)                      | (742,472)          | (49,725)           | (7,143)            |
| Net loss attributable to ordinary shareholders—basic and diluted         | <u>(1,319,765)</u>             | <u>(1,748,914)</u> | <u>(1,160,924)</u> | <u>(166,755)</u>   |
| <b>Denominator:</b>  |                                |                    |                    |                    |
| Weighted average number of ordinary shares outstanding—basic and diluted | <u>793,430,000</u>             | <u>793,430,000</u> | <u>889,521,200</u> | <u>889,521,200</u> |
| Basic and diluted loss per share   | <u>(1.66)</u>                  | <u>(2.20)</u>      | <u>(1.31)</u>      | <u>(0.19)</u>      |

For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Group is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Group. The effects of all outstanding Preferred Shares, Warrants, options, and awarded shares were excluded from the computation of diluted loss per share for the periods presented as their effects would be anti-dilutive.

17. RELATED PARTY TRANSACTIONS

a) *Related Parties*

| Name of related parties  | Relationship with the Group   |
|--|---|
| Kingsoft Corporation Limited and its subsidiaries (other than all of entities of the Group) (“Kingsoft Group”) | Controlling shareholder of the Company  |
| Cheetah Mobile Inc. and its subsidiaries (“Cheetah Group”)   | Entity that Kingsoft Corporation Limited exercises significant influence over |
| Xiaomi Corporation and its subsidiaries (“Xiaomi Group”)   | Entity controlled by a director of the Company                                |



KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

17. RELATED PARTY TRANSACTIONS (Continued)

b) The Group had the following related party transactions:

|   | For the year ended December 31 |                |                |               |
|---|--------------------------------|----------------|----------------|---------------|
|   | 2017<br>RMB                    | 2018<br>RMB    | 2019<br>RMB    | 2019<br>US\$  |
| <b>Revenues:</b>  |                                |                |                |               |
| Public cloud services provided to Xiaomi Group                          | 322,934                        | 546,577        | 570,431        | 81,938        |
| Public cloud services provided to Kingsoft Group                        | 49,619                         | 77,732         | 109,177        | 15,682        |
| Public cloud services provided to Cheetah Group                         | 23,900                         | 6,202          | 8,579          | 1,232         |
| Enterprise cloud services provided to Xiaomi Group                      | 11,321                         | —              | —              | —             |
| Other services provided to Xiaomi Group                                 | —                              | —              | 120            | 17            |
|   | <u>407,774</u>                 | <u>630,511</u> | <u>688,307</u> | <u>98,869</u> |
| Purchase of services from Xiaomi Group                                  | —                              | 18,868         | —              | —             |
| Purchase of devices from Xiaomi Group                                   | —                              | —              | 2,707          | 389           |
| Interest expense on loan due to Kingsoft Group                          | 30,206                         | 25,111         | 4,925          | 707           |
| Rental of building from Xiaomi Group                                    | —                              | —              | 9,578          | 1,376         |
| Rental of office space, and administrative services from Kingsoft Group | 18,230                         | 21,313         | 24,524         | 3,523         |
|   | <u>48,436</u>                  | <u>65,292</u>  | <u>41,734</u>  | <u>5,995</u>  |

Included in Note 10 is a guarantee by Kingsoft Group of the Group’s long-term third-party bank loan as at December 31, 2018 and 2019.

c) The Group had the following related party balances at the end of the year:

|  | As at December 31 |                |               |
|--|-------------------|----------------|---------------|
|  | 2018<br>RMB       | 2019<br>RMB    | 2019<br>US\$  |
| <b>Amounts due from related parties:</b> |                   |                |               |
| Xiaomi Group                             | 151,169           | 63,859         | 9,173         |
| Cheetah Group                            | 686               | 1,932          | 278           |
| Kingsoft Group                           | 47,040            | 43,716         | 6,279         |
| Senior executives*                       | —                 | 24,461         | 3,514         |
|  | <u>198,895</u>    | <u>133,968</u> | <u>19,244</u> |
| <b>Amounts due to related parties:</b>   |                   |                |               |
| Kingsoft Group**                         | 329,385           | 81,909         | 11,766        |
| Xiaomi Group                             | 20,249            | 22,350         | 3,210         |
|  | <u>349,634</u>    | <u>104,259</u> | <u>14,976</u> |

**KINGSOFT CLOUD HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**17. RELATED PARTY TRANSACTIONS (Continued)**

- \* The Group provided interest bearing loans to senior executives, which were fully settled in February 2020 (Note 21). Interest income of RMB982 (US\$141) was recorded as interest income during the year ended December 31, 2019.
- \*\* On December 1, 2014, the Company entered into a loan agreement with Kingsoft, pursuant to which, Kingsoft agreed to provide a facility amounting to US\$500,000 to the Group. The maturity date of the facility is three years from draw down date. As of December 31, 2018, RMB225,000 was provided under this facility at an interest rate of 5.23% per annum. As of September 30, 2019, the entire outstanding balance was fully repaid.

All the balances with related parties were unsecured. All outstanding balances are also repayable on demand unless otherwise disclosed. No allowance for doubtful accounts was recognized for the amount due from related parties for the periods presented.

**18. COMMITMENTS AND CONTINGENCIES*****Operating lease commitments***

Future minimum payments under non-cancelable operating leases with initial terms in excess of one year consist of the following as of December 31, 2019:

|                     | <u>RMB</u>     | <u>US\$</u>   |
|---------------------|----------------|---------------|
| 2020                | 51,468         | 7,393         |
| 2021                | 55,316         | 7,946         |
| 2022                | 55,423         | 7,961         |
| 2023                | 53,114         | 7,629         |
| 2024 and thereafter | 195,468        | 28,077        |
|                     | <u>410,789</u> | <u>59,006</u> |

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The Group’s lease arrangements have no renewal options, rent escalation clauses, restrictions or contingent rents. For the years ended December 31, 2017, 2018 and 2019, total rental related expenses for all operating leases amounted to approximately RMB15,062, RMB21,879 and RMB35,008 (US\$5,029), respectively.

There were no capital lease obligations outstanding as of December 31, 2019.

***Capital expenditure commitments***

The Group has commitments for the construction of an exhibition hall of RMB21,646 (US\$3,109) at December 31, 2019, which are scheduled to be paid within one year.

***Contingencies***

The Group is currently not involved in any legal or administrative proceedings that may have a material adverse impact on the Group’s business, financial position or results of operations.

KINGSOFT CLOUD HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

19. ACCUMULATED OTHER COMPREHENSIVE INCOME

|   | <u>RMB</u>     |
|---|----------------|
| Balance as of January 1, 2018                               | 17,930         |
| Foreign currency translation adjustments, net of tax of nil | 401,820        |
| Balance as of December 31, 2018                             | <u>419,750</u> |
| Foreign currency translation adjustments, net of tax of nil | 64,598         |
| Balance as of December 31, 2019                             | <u>484,348</u> |

There have been no reclassifications out of accumulated other comprehensive income to net loss for the periods presented.

20. UNAUDITED PRO FORMA NET LOSS PER SHARE

The following table summarizes the unaudited pro forma net loss per share attributable to ordinary shareholders:

|  | <u>For the year ended December 31, 2019</u> |                      |
|--|---|----------------------|
|  | <u>RMB</u>                                  | <u>US\$</u>          |
| <b>Numerator:</b>  |   |                      |
| Net loss   | (1,111,199)                                 | (159,612)            |
| <b>Denominator:</b>  |   |                      |
| Weighted average number of ordinary shares outstanding—basic and diluted                           | 889,521,200                                 | 889,521,200          |
| Add: adjustment to reflect assumed effect of automatic conversion of the Preferred Shares (Note 2) | <u>1,717,249,571</u>                        | <u>1,717,249,571</u> |
| Pro forma weighted average number of shares outstanding—basic and diluted                          | <u>2,606,770,771</u>                        | <u>2,606,770,771</u> |
| Pro forma net loss per share attributable to ordinary shareholders—basic and diluted               | <u>(0.43)</u>                               | <u>(0.06)</u>        |

The effects of all outstanding Preferred Shares, options and awarded shares were excluded from the computation of diluted pro forma loss per share as their effects would be anti-dilutive during the periods presented.

21. SUBSEQUENT EVENTS

On January 20, 2020, the Company granted a total of 38,000,000 awards to an employee under the Share Award Scheme. The total expected unrecognized compensation costs for awards granted amounted to approximately RMB148,245 (US\$21,294). On the same date, the Company also granted 16,000,000 awards to same employee, which are subject to performance conditions that will be determined by the Board of Directors on a future date. Hence, these options did not meet the grant date definition for accounting purposes in accordance with ASC 718-10-20.

On February 8, 2020, the Company granted a total of 5,000,000 awards to an employee under the Share Award Scheme. The total expected unrecognized compensation costs for awards granted amounted to approximately RMB19,834 (US\$2,849).

**KINGSOFT CLOUD HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)**

**21. SUBSEQUENT EVENTS (Continued)**

In February 2020, the Company entered into an arrangement to allow the senior executives to settle its due on demand interest bearing loans (“Settlement Arrangement”). Under the terms of the Settlement Arrangement, the Company will repurchase ordinary shares already issued to the executives for a cashless settlement of the outstanding loan amount including interest and related individual income taxes. The number of ordinary shares to be repurchased is calculated by dividing the outstanding amount on settlement date by US\$0.70 per share, which is below the estimated fair value per ordinary share of US\$0.76 determined by the Company with the assistance of an independent appraiser. Therefore, there is no compensation expense to be recorded as a result of this repurchase. On February 29, 2020, the Company repurchased 5,475,254 ordinary shares at nil consideration from these senior executives in lieu of full settlement of the outstanding amount.

On April 1, 2020, the Group entered into a non-cancelable one-year internet data center service agreement pursuant to which the Group has a contractual minimum purchase commitment amounting to RMB240,000.

On April 7, 2020, the Company entered into an amended registration rights agreement with all the Preferred Shareholders, pursuant to which Xiaomi Corporation, a Series A Preferred Shareholder (“Xiaomi PS”) is now entitled to the registration rights disclosed in Note 13 (the “Amendment”). The Company assessed whether there was a change in fair value of Xiaomi PS exceeding 10% immediately after the Amendment compared to the fair value of the preferred shares immediately before the Amendment on the modification date. A change in fair value exceeding 10% would result in extinguishment accounting, while a change in fair value not exceeding 10% would be considered non-substantive and subject to modification accounting. With the assistance of an independent third party valuation firm, the Company determined that there was no change in the fair value of Xiaomi PS immediately after the Amendment and before the Amendment on the modification date.

On April 7, 2020, the Company’s shareholders and Board of Directors approved to increase the Company’s authorized share capital to US\$4,000 divided into 4,000,000,000 shares with a par value of US\$0.001 each, consisting of (i) 2,282,750,429 ordinary shares (ii) 458,116,000 Series A Preferred Shares, (iii) 153,603,600 Series B Preferred Shares, (iv) 185,665,192 Series C Preferred Shares, (v) 842,738,782 Series D Preferred Shares, and (vi) 77,125,997 Series D+ Preferred Shares, respectively, which will become effective immediately prior to the completion of the Company’s IPO. All of the Preferred Shares issued and outstanding immediately prior to the completion of the IPO will be converted (by way of re-designation and re-classification) into ordinary shares on a one for one basis.

The Company will recognize an one-time share-based compensation expense of approximately RMB88,604 (US\$12,727) for share-based awards subject to accelerated vesting upon the completion of an IPO.

The wide spread of the novel coronavirus (COVID-19) in the PRC since January 2020 is a fluid and challenging situation facing all industries. If the COVID-19 outbreak is not effectively controlled in a short period of time, the Group’s business and results of operations could be adversely affected to the extent the COVID-19 outbreak harms the PRC or world economy generally, or otherwise harms the business of the Group’s customers, who may experience reduced business volume, delay procurement of cloud services, or reduce their IT spending, which in turn may have a negative impact on the demands for the Group’s services. Given the uncertainty of the situation, the duration of the business disruption and related financial impact cannot be reasonably estimated at this time.

**KINGSOFT CLOUD HOLDINGS LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

**22. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**
**Condensed Balance Sheets**

|   | As at December 31 |                  |                |
|---|-------------------|------------------|----------------|
|   | 2018<br>RMB       | 2019<br>RMB      | 2019<br>US\$   |
| <b>ASSETS</b>   |                   |                  |                |
| <b>Current assets:</b>  |                   |                  |                |
| Cash and cash equivalents   | 531,313           | 540,361          | 77,618         |
| Short-term investments  | 2,187,950         | —                | —              |
| Prepayments and other assets  | 56,542            | 31,132           | 4,472          |
| Amounts due from subsidiaries   | 1,336,185         | 2,974,463        | 427,255        |
| Amounts due from related parties  | —                 | 24,061           | 3,456          |
| <b>Total current assets</b>   | <b>4,111,990</b>  | <b>3,570,017</b> | <b>512,801</b> |
| <b>Non-current assets:</b>  |                   |                  |                |
| Investments in subsidiaries   | —                 | —                | —              |
| <b>Total non-current assets</b>   | <b>—</b>          | <b>—</b>         | <b>—</b>       |
| <b>Total assets</b>   | <b>4,111,990</b>  | <b>3,570,017</b> | <b>512,801</b> |
| <b>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS’ DEFICIT</b>  |                   |                  |                |
| <b>Current liabilities:</b>   |                   |                  |                |
| Accrued expenses and other current liabilities  | 5,572             | 30,188           | 4,336          |
| Income tax payable  | 3,456             | 2,514            | 361            |
| Amounts due to subsidiaries   | 350               | 7                | 1              |
| Amounts due to related parties  | 35                | 35               | 5              |
| <b>Total current liabilities</b>  | <b>9,413</b>      | <b>32,744</b>    | <b>4,703</b>   |
| <b>Total liabilities</b>  | <b>9,413</b>      | <b>32,744</b>    | <b>4,703</b>   |
| <b>Commitments and contingencies</b>  |                   |                  |                |
| <b>Mezzanine equity:</b>  |                   |                  |                |
| Series B convertible preferred shares (par value of US\$0.001 per share; 153,603,600 shares authorized, issued and outstanding as of December 31, 2018 and 2019)            | 337,268           | 337,268          | 48,446         |
| Series C redeemable convertible preferred shares (par value of US\$0.001 per share; 185,665,192 shares authorized, issued and outstanding as of December 31, 2018 and 2019) | 1,043,147         | 1,043,147        | 149,839        |

## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 22. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (Continued)

## Condensed Balance Sheets (Continued)

|   | As at December 31  |                    |                  |
|---|--------------------|--------------------|------------------|
|   | 2018<br>RMB        | 2019<br>RMB        | 2019<br>US\$     |
| Series D redeemable convertible preferred shares (par value of US\$0.001 per share; 842,738,782 shares authorized, issued and outstanding as of December 31, 2018 and 2019)   | 5,965,273          | 5,965,273          | 856,858          |
| Series D+ redeemable convertible preferred shares (par value of US\$0.001 per share; nil and 77,125,997 shares authorized, nil and 55,089,998 shares issued and outstanding as of December 31, 2018 and 2019, respectively)                       | —                  | 388,844            | 55,854           |
| <b>Total mezzanine equity</b>   | <b>7,345,688</b>   | <b>7,734,532</b>   | <b>1,110,997</b> |
| <b>Shareholders' deficit:</b>   |                    |                    |                  |
| Series A convertible preferred shares (par value of US\$0.001 per share; 458,116,000 shares authorized, issued and outstanding as of December 31, 2018 and 2019)  | 123,186            | 123,186            | 17,695           |
| Ordinary shares (par value of US\$0.001 per share; 1,359,876,426 and 1,282,750,429 shares authorized, 935,235,476 and 1,077,086,304 shares issued, 793,430,000 and 894,711,200 shares outstanding as of December 31, 2018 and 2019, respectively) | 4,851              | 5,558              | 798              |
| Additional paid-in capital  | —                  | 91,746             | 13,178           |
| Accumulated deficit   | (3,790,898)        | (4,902,097)        | (704,142)        |
| Accumulated other comprehensive income  | 419,750            | 484,348            | 69,572           |
| <b>Total shareholders' deficit</b>  | <b>(3,243,111)</b> | <b>(4,197,259)</b> | <b>(602,899)</b> |
| <b>Total liabilities, mezzanine equity and shareholders' deficit</b>  | <b>4,111,990</b>   | <b>3,570,017</b>   | <b>512,801</b>   |

## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 22. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (Continued)

## Condensed Statements of Comprehensive Loss

|  | For the year ended December 31 |                    |                    |                  |
|--|--------------------------------|--------------------|--------------------|------------------|
|  | 2017<br>RMB                    | 2018<br>RMB        | 2019<br>RMB        | 2019<br>US\$     |
| <b>Operating expenses:</b>   |                                |                    |                    |                  |
| General and administrative expenses                                      | (290)                          | (795)              | (6,734)            | (967)            |
| <b>Total operating expenses</b>  | <b>(290)</b>                   | <b>(795)</b>       | <b>(6,734)</b>     | <b>(967)</b>     |
| <b>Operating loss</b>  |                                |                    |                    |                  |
| Interest income  | 23,005                         | 112,477            | 52,829             | 7,588            |
| Foreign exchange gain (loss)   | 7,145                          | (22,652)           | (8,174)            | (1,174)          |
| Other expenses, net  | (304)                          | (301)              | (300)              | (43)             |
| Changes in fair value of financial instruments                           | 3,016                          | 6,404              | —                  | —                |
| Share of losses of subsidiaries and the VIEs                             | (745,753)                      | (1,094,583)        | (1,145,405)        | (164,525)        |
| <b>Loss before income taxes</b>  | <b>(713,181)</b>               | <b>(999,450)</b>   | <b>(1,107,784)</b> | <b>(159,121)</b> |
| Income tax expense   | (1,069)                        | (6,992)            | (3,415)            | (491)            |
| <b>Net loss</b>  | <b>(714,250)</b>               | <b>(1,006,442)</b> | <b>(1,111,199)</b> | <b>(159,612)</b> |
| <b>Other comprehensive (loss) income, net of tax of nil:</b>             |                                |                    |                    |                  |
| Foreign currency translation adjustments                                 | (89,414)                       | 401,820            | 64,598             | 9,279            |
| <b>Comprehensive loss</b>  | <b>(803,664)</b>               | <b>(604,622)</b>   | <b>(1,046,601)</b> | <b>(150,333)</b> |
| Accretion to redemption value of redeemable convertible preferred shares | (605,515)                      | (742,472)          | (49,725)           | (7,143)          |
| <b>Comprehensive loss attributable to ordinary shareholders</b>          | <b>(1,409,179)</b>             | <b>(1,347,094)</b> | <b>(1,096,326)</b> | <b>(157,476)</b> |

## KINGSOFT CLOUD HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Renminbi (“RMB”) and US dollars (“US\$”) except for number of shares and per share data)

## 22. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (Continued)

## Condensed Statements of Cash Flows

|  | For the year ended December 31 |                |                |               |
|--|--------------------------------|----------------|----------------|---------------|
|  | 2017                           | 2018           | 2019           | 2019          |
|  | RMB                            | RMB            | RMB            | US\$          |
| Net cash used in operating activities                        | (760,078)                      | (2,396,432)    | (2,538,479)    | (364,630)     |
| Net cash (used in) generated from investing activities       | (1,529,941)                    | (62,213)       | 2,166,312      | 311,171       |
| Net cash generated from financing activities                 | 1,776,224                      | 2,851,882      | 370,294        | 53,189        |
| Effect of exchange rate changes on cash and cash equivalents | (68,358)                       | 136,227        | 10,921         | 1,570         |
| <b>Net (decrease) increase in cash and cash equivalents</b>  | <b>(582,153)</b>               | <b>529,464</b> | <b>9,048</b>   | <b>1,300</b>  |
| Cash and cash equivalents at beginning of the year           | 584,002                        | 1,849          | 531,313        | 76,318        |
| <b>Cash and cash equivalents at end of the year</b>          | <b>1,849</b>                   | <b>531,313</b> | <b>540,361</b> | <b>77,618</b> |

**Basis of presentation**

For the presentation of the parent company only condensed financial information, the Company records its investments in subsidiaries and the VIEs under the equity method of accounting as prescribed in ASC 323, *Investments—Equity Method and Joint Ventures*. Such investments are presented on the condensed balance sheets as “investments in subsidiaries” and the subsidiaries’ and the VIEs’ losses as “share of losses of subsidiaries and the VIEs” on the condensed statements of comprehensive loss. Under the equity method of accounting, the Company adjusted the carrying amount of “investments in subsidiaries” for its share of the subsidiaries’ and the VIEs’ cumulative losses until the investment balance reaches zero and did not provide for additional losses unless the Company has guaranteed obligations of the subsidiaries’ and the VIEs’ or is otherwise committed to provide further financial support.

The subsidiaries did not pay any dividends to the Company for the periods presented.

The Company does not have significant commitments or long-term obligations as of the period end.

The parent company only financial statements should be read in conjunction with the Company’s consolidated financial statements.



**PART II****INFORMATION NOT REQUIRED IN THE PROSPECTUS****Item 6. Indemnification of Directors and Officers**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent that any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against fraud or dishonesty. Under our post-offering memorandum and articles of association, which will become effective immediately prior to the completion of this offering, to the fullest extent permissible under Cayman Islands law every director and officer of our company shall be indemnified against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a director or officer of our company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the form of indemnification agreements filed as Exhibit 10.3 to this Registration Statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses that they incur in connection with claims made by reason of their being a director or officer of our company.

The Underwriting Agreement, the form of which filed as Exhibit 1.1 to this Registration Statement, will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Item 7. Recent Sales of Unregistered Securities**

During the past three years, we have issued the following securities (including options to acquire our ordinary shares) without registering the securities under the Securities Act. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions, pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering and/or Rule 701 of the Securities Act. None of the transactions involved an underwriter.

| <b>Purchaser</b>             | <b>Date of Issuance</b> | <b>Number of Securities</b>           | <b>Consideration</b>   |
|------------------------------|-------------------------|---------------------------------------|------------------------|
| <b>Ordinary Shares</b>       |                         |                                       |                        |
| TMF Trust (HK) Limited*      | December 7, 2018        | 62,280,000 ordinary shares            | Nominal exercise price |
| TMF Trust (HK) Limited*      | November 6, 2019        | 141,850,828                           | Nominal exercise price |
| <b>Preferred Shares</b>      |                         |                                       |                        |
| Kingsoft Corporation Limited | September 21, 2017      | 58,922,728 Series D Preferred Shares  | US\$50,000,000         |
| METAWIT CAPITAL L.P.         | September 21, 2017      | 58,922,728 Series D Preferred Shares  | US\$50,000,000         |
| Kingsoft Corporation Limited | December 6, 2017        | 117,845,456 Series D Preferred Shares | US\$100,000,000        |

## Table of Contents

| <u>Purchaser</u>  | <u>Date of Issuance</u>                   | <u>Number of Securities</u>   | <u>Consideration</u>   |
|---|---|---|--|
| New Cloud Ltd.  | December 6, 2017                          | 81,313,365 Series D Preferred Shares  | US\$69,000,000   |
| Kingsoft Corporation Limited  | February 28, 2018                         | 129,630,002 Series D Preferred Shares   | US\$110,000,000  |
| METAWIT CAPITAL L.P.  | February 28, 2018                         | 58,922,728 Series D Preferred Shares  | US\$50,000,000   |
| Shunwei Growth III Limited  | February 28, 2018                         | 11,784,546 Series D Preferred Shares  | US\$100,000,000  |
| Precious Steed Limited  | February 28, 2018                         | 58,922,728 Series D Preferred Shares  | US\$50,000,000   |
| Kingsoft Corporation Limited  | March 29, 2018                            | 114,971,205 Series D Preferred Shares   | US\$100,000,000  |
| FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner)                 | March 29, 2018                            | 57,485,603 Series D Preferred Shares  | US\$50,000,000   |
| FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios) | March 29, 2018                            | 57,485,602 Series D Preferred Shares  | US\$50,000,000   |
| New Cloud Ltd.  | May 25, 2018                              | 36,532,091 Series D Preferred Shares  | US\$31,000,000   |
| China Internet Investment Fund  | December 27, 2019                         | 55,089,998 Series D+ preferred shares   | US\$50,000,000   |
| Design Time Limited   | December 27, 2019                         | 22,035,999 Series D+ preferred shares   | US\$20,000,000   |
| <b>Options and Awards</b>   |   |   |  |
| Certain employees and other individuals   | Between April 17, 2017 and April 17, 2020 | Outstanding options to purchase 73,400,000 ordinary shares and 130,092,000 outstanding awards | Past and future services provided by these individuals to us |

Note:

(1) Represents 240,451,179 ordinary shares issued to TMF Trust (HK) Limited, as trustee of the share awards, in relation to the share awards under our share incentive plans.

Pursuant to Practice Note 15 under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, in connection with this offering, Kingsoft Group intends to make available to its shareholders an “assured entitlement” to a certain portion of our ordinary shares. As our ordinary shares are not expected to be listed on any stock exchange, Kingsoft Group intends to effect the Assured Entitlement Distribution by providing to its shareholders a “distribution in specie.” The distribution will be made without any consideration being paid by Kingsoft Group’s shareholders. Kingsoft Group’s shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs, who are located in the United States or are U.S. persons, or are otherwise ineligible holders, will only receive cash in the Assured Entitlement Distribution. Kingsoft Group currently intends to provide an assured entitlement with an aggregate of approximately 0.35% to 0.50% of the total issued shares of us upon completion of this offering. The Assured Entitlement Distribution will only be made if this offering is completed. The distribution in specie of ADSs by Kingsoft Group are not part of this offering.

## [Table of Contents](#)

We believe that the Assured Entitlement Distribution described above is exempt from registration pursuant to Section 4(2) of the Securities Act, regarding transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions.

### **Item 8. Exhibits and Financial Statement Schedules**

(a) Exhibits:

See Exhibit Index for a complete list of all exhibits filed as part of this registration, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements and the notes thereto.

### **Item 9. Undertakings**

The undersigned hereby undertakes:

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**KINGSOFT CLOUD HOLDINGS LIMITED**

**EXHIBIT INDEX**

| <u>Exhibit Number</u> | <u>Description of Document</u>   |
|-----------------------|--|
| 1.1*                  | Form of Underwriting Agreement   |
| 3.1                   | <a href="#">Seventeenth Amended and Restated Memorandum of Association of the Registrant, as currently in effect</a>   |
| 3.2                   | <a href="#">Form of Amended and Restated Memorandum and Articles of Association of the Registrant, as effective immediately prior to the completion of this offering</a>   |
| 4.1*                  | Form of Specimen American Depositary Receipt (included in Exhibit 4.3)   |
| 4.2                   | <a href="#">Registrant's Specimen Certificate for Ordinary Shares</a>  |
| 4.3*                  | Form of Deposit Agreement between the Registrant, the depository and the owners and holders of the American Depositary Shares  |
| 5.1                   | <a href="#">Opinion of Conyers Dill &amp; Pearman regarding the validity of the ordinary shares being registered</a>   |
| 8.1                   | <a href="#">Opinion of Conyers Dill &amp; Pearman regarding certain Cayman Island tax matters</a>  |
| 8.2                   | <a href="#">Opinion of Fangda Partners regarding certain PRC tax matters (included in Exhibit 99.2)</a>  |
| 8.3                   | <a href="#">Form of opinion of Davis Polk &amp; Wardwell LLP regarding certain U.S. federal income tax matters</a>   |
| 10.1                  | <a href="#">Share Option Scheme, as amended on June 27, 2013, May 20, 2015 and December 26, 2016</a>   |
| 10.2                  | <a href="#">Rules relating to the Share Award Scheme, as amended on January 9, 2015, March 3, 2016, June 8, 2016, December 7, 2018 and November 6, 2019</a>  |
| 10.3                  | <a href="#">Form of Indemnification Agreement between the Registrant and its directors and executive officers</a>  |
| 10.4                  | <a href="#">Form of Employment Agreement between the Registrant and its executive officers</a>   |
| 10.5                  | <a href="#">English translation of Exclusive Consultation and Technical Service Agreement dated November 9, 2012, as amended and supplemented on November 29, 2019, among Beijing Kingsoft Cloud Network Technology Co., Ltd., Beijing Kingsoft Cloud Technology Co., Ltd. and Zhuhai Kingsoft Cloud Technology Co., Ltd.</a>    |
| 10.6                  | <a href="#">English translation of Supplemental Loan Agreement dated November 29, 2019, between Beijing Kingsoft Cloud Technology Co., Ltd. and Weiqin Qiu</a>   |
| 10.7                  | <a href="#">English translation of Creditor's Right Transfer Agreement dated November 9, 2012, among Weiqin Qiu, Jin Wang, Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Beijing Kingsoft Cloud Technology Co., Ltd.</a>   |
| 10.8                  | <a href="#">English translation of Equity Pledge Agreement dated June 20, 2014, among Beijing Kingsoft Cloud Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd, Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Weiqin Qiu.</a>  |
| 10.9                  | <a href="#">English translation of Exclusive Purchase Option Agreement dated June 20, 2014, as amended and supplemented on November 29, 2019, among Beijing Kingsoft Cloud Technology Co., Ltd., Weiqin Qiu, Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Zhuhai Kingsoft Cloud Technology Co., Ltd.</a>      |
| 10.10                 | <a href="#">English translation of Shareholder Voting Right Trust Agreement dated June 20, 2014, as amended and supplemented on November 29, 2019, among Beijing Kingsoft Cloud Technology Co., Ltd., Weiqin Qiu, Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Zhuhai Kingsoft Cloud Technology Co., Ltd.</a> |

## Table of Contents

| <u>Exhibit Number</u> | <u>Description of Document</u>   |
|-----------------------|--|
| 10.11                 | <a href="#"><u>English translation of Exclusive Consultation and Technical Service Agreement dated July 18, 2018, as amended and supplemented on November 29, 2019, between Kingsoft Cloud (Beijing) Information Technology Co., Ltd. and Beijing Yunxiang Zhisheng Technology Co., Ltd.</u></a>   |
| 10.12                 | <a href="#"><u>English translation of Supplemental Loan Agreement dated November 29, 2019, among Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu and Yulin Wang</u></a>   |
| 10.13                 | <a href="#"><u>English translation of Equity Pledge Agreement dated July 18, 2018, among Kingsoft Cloud (Beijing) Information Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu and Yulin Wang</u></a>  |
| 10.14                 | <a href="#"><u>English translation of Exclusive Purchase Option Agreement dated July 18, 2018, as amended and supplemented on November 29, 2019, among Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu, Yulin Wang and Kingsoft Cloud (Beijing) Information Technology Co., Ltd.</u></a>  |
| 10.15                 | <a href="#"><u>English translation of Shareholder Voting Right Trust Agreement dated July 18, 2018, as amended and supplemented on November 29, 2019, among Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu, Yulin Wang and Kingsoft Cloud (Beijing) Information Technology Co., Ltd.</u></a>   |
| 10.16                 | <a href="#"><u>Ninth Amended and Restated Shareholders Agreement dated December 27, 2019 by and among the Registrant, Kingsoft Cloud Corporation Limited, Kingsoft Cloud INC., Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Kingsoft Cloud (Beijing) Information Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Kingsoft Corporation Limited, Autogold Limited, River Jade Holdings Limited, Mr. Hongjiang Zhang, Mr. Yulin Wang, Xiaomi Corporation, TMF Trust (HK) Limited, Celestial Power Limited, ChinaAMC Special Investment Limited, Buddies Team Limited, FUTUREX INNOVATION SPC—Special Opportunity Fund VI SP, METAWIT CAPITAL L.P., New Cloud Ltd., Precious Steed Limited, Shunwei Growth III Limited, FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner) and FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), Howater Innovation I Limited Partnership, China Internet Investment Fund., DESIGN TIME LIMITED.</u></a> |
| 10.17                 | <a href="#"><u>Registration Rights Agreement dated April 7, 2020 by and among the Registrant, Celestial Power Limited, ChinaAMC Special Investment Limited, METAWIT CAPITAL L.P., New Cloud Ltd., Shunwei Growth III Limited, Precious Steed Limited, FUTUREX INNOVATION SPC—Special Opportunity Fund VI SP, FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner), FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), FutureX Innovation SPC (for the account of and on behalf of Special Opportunity Fund V SP), Howater Innovation I Limited Partnership, China Internet Investment Fund., DESIGN TIME LIMITED, Xiaomi Corporation and Kingsoft Corporation Limited.</u></a>  |
| 10.18                 | <a href="#"><u>Share Purchase Agreement dated September 12, 2017 by and among the Registrant, Kingsoft Cloud Corporation Limited, Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Kingsoft Corporation Limited, Autogold Limited, Mr. Yulin Wang and LIYUE JINSHI INVESTMENT L.P.</u></a>   |

## Table of Contents

| <u>Exhibit Number</u> | <u>Description of Document</u>   |
|-----------------------|--|
| 10.19                 | <a href="#"><u>Share Purchase Agreement dated October 11, 2017 by and among the Registrant, Kingsoft Cloud Corporation Limited, Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Kingsoft Corporation Limited, Autogold Limited, Mr. Yulin Wang and New Cloud Ltd.</u></a>   |
| 10.20                 | <a href="#"><u>Share Purchase Agreement dated December 28, 2017 by and among the Registrant, Kingsoft Cloud Corporation Limited, Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Kingsoft Corporation Limited, Autogold Limited, Mr. Yulin Wang and Precious Steed Limited</u></a>  |
| 10.21                 | <a href="#"><u>Share Purchase Agreement dated December 28, 2017 by and among the Registrant, Kingsoft Cloud Corporation Limited, Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Kingsoft Corporation Limited, Autogold Limited, Mr. Yulin Wang and LIYUE JINSHI INVESTMENT L.P.</u></a>  |
| 10.22                 | <a href="#"><u>Share Purchase Agreement dated December 28, 2017 by and among the Registrant, Kingsoft Cloud Corporation Limited, Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Kingsoft Corporation Limited, Autogold Limited, Mr. Yulin Wang and Shunwei Growth III Limited</u></a>  |
| 10.23                 | <a href="#"><u>Share Purchase Agreement dated January 29, 2018 by and among the Registrant, Kingsoft Cloud Corporation Limited, Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Kingsoft Corporation Limited, Autogold Limited, Mr. Yulin Wang and FutureX Capital Limited</u></a>  |
| 10.24                 | <a href="#"><u>Share Purchase Agreement dated December 2, 2019 by and among the Registrant, Kingsoft Cloud Corporation Limited, Kingsoft Cloud INC., Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Kingsoft Cloud (Beijing) Information Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Autogold Limited, Mr. Yulin Wang and China Internet Investment Fund</u></a> |

## Table of Contents

| <u>Exhibit Number</u> | <u>Description of Document</u>   |
|-----------------------|--|
| 10.25                 | <a href="#"><u>Share Purchase Agreement dated December 16, 2019 by and among the Registrant, Kingsoft Cloud Corporation Limited, Kingsoft Cloud INC., Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Kingsoft Cloud (Beijing) Information Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Beijing Jinxun Ruibo Network Technology Co., Ltd., Shanghai Ruidian Network Technology Co., Ltd., Nanjing Qianyi Shixun Information Technology Co., Ltd., Suzhou Yunxiang Zhisheng Network Technology Co., Ltd., Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd., Autogold Limited, Mr. Yulin Wang and DESIGN TIME LIMITED</u></a> |
| 10.26                 | <a href="#"><u>English translation of Technology Transfer (Patent License) Agreement dated December 18, 2019 by and among Beijing Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Cloud Network Technology Co., Ltd., Beijing Kingsoft Software Co., Ltd. and Zhuhai Kingsoft Software Co., Ltd.</u></a>   |
| 10.27                 | <a href="#"><u>English translation of Trademark License Agreement dated December 18, 2019 by and among Kingsoft Corporation Limited, Beijing Kingsoft Digital Entertainment Technology Co., Ltd., Zhuhai Kingsoft Software Co., Ltd. and the Registrant</u></a>  |
| 21.1                  | <a href="#"><u>Principal Subsidiaries and VIEs of the Registrant</u></a>   |
| 23.1                  | <a href="#"><u>Consent of Ernst &amp; Young Hua Ming LLP, Independent Registered Public Accounting Firm</u></a>  |
| 23.2                  | <a href="#"><u>Consent of Conyers Dill &amp; Pearman (included in Exhibit 5.1)</u></a>   |
| 23.3                  | <a href="#"><u>Consent of Fangda Partners (included in Exhibit 99.2)</u></a>   |
| 23.4                  | <a href="#"><u>Consent of Davis Polk &amp; Wardwell LLP (included in Exhibit 8.3)</u></a>  |
| 24.1                  | <a href="#"><u>Powers of Attorney (included on signature page)</u></a>   |
| 99.1                  | <a href="#"><u>Code of Business Conduct and Ethics of the Registrant</u></a>   |
| 99.2                  | <a href="#"><u>Opinion of Fangda Partners regarding certain PRC law matters</u></a>  |
| 99.3                  | <a href="#"><u>Consent of Frost &amp; Sullivan</u></a>   |
| 99.4                  | <a href="#"><u>Consent of Hang Wang</u></a>  |
| 99.5                  | <a href="#"><u>Consent of Mingto Yu</u></a>  |

\* To be filed by amendment.

† Previously filed.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, the People's Republic of China, on April 17, 2020.

### **Kingsoft Cloud Holdings Limited**

By: /s/ Yulin Wang

Name: Yulin Wang

Title: Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Yulin Wang and Haijian He and each of them, individually, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities, in connection with this registration statement, including to sign in the name and on behalf of the undersigned, this registration statement and any and all amendments thereto, including post-effective amendments and registrations filed pursuant to Rule 462 under the U.S. Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons on April 17, 2020 in the capacities indicated:

| <u>Signature</u>                        | <u>Title</u>  |
|---|---|
| <u>/s/ Jun Lei</u><br>Jun Lei           | Chairman of the Board of Directors  |
| <u>/s/ Tao Zou</u><br>Tao Zou           | Vice Chairman of the Board of Directors   |
| <u>/s/ Yulin Wang</u><br>Yulin Wang     | Director, Chief Executive Officer<br>(principal executive officer)                        |
| <u>/s/ Haijian He</u><br>Haijian He     | Chief Financial Officer<br>(principal financial officer and principal accounting officer) |
| <u>/s/ Shou Zi Chew</u><br>Shou Zi Chew | Director  |
| <u>/s/ Kuiguang Niu</u><br>Kuiguang Niu | Independent Director  |



**SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES**

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Kingsoft Cloud Holdings Limited, has signed this registration statement or amendment thereto in New York on April 17, 2020.

Authorized U.S. Representative  
Cogency Global Inc.

By: /s/ Colleen A. De Vries  
Name: Colleen A. De Vries  
Title: Senior Vice President

THE COMPANIES LAW (2018 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

SEVENTEENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

**Kingsoft Cloud Holdings Limited**

AN EXEMPTED COMPANY LIMITED BY SHARES

**INCORPORATED ON 3 JANUARY 2012**

(As adopted by Special Resolution passed on December 16, 2019 and with effect from December 27, 2019)

1. The name of the Company is Kingsoft Cloud Holdings Limited.
2. The Registered Office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2018 Revision) or as revised, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The authorized share capital of the Company is US\$3,000,000.00 divided into (i) 1,282,750,429 Ordinary Shares of a par value of US\$0.001 each, (ii) 458,116,000 Series A Preferred Shares of a par value of US\$0.001 each, and (iii) 153,603,600 Series B Preferred Shares of a par value of US\$0.001 each, (iv) 185,665,192 Series C Preferred Shares of a par value of US\$0.001 each, (v) 842,738,782 Series D Preferred Shares of a par value of US\$0.001 each, and (vi) 77,125,997 Series D+ Preferred Shares of a par value of US\$0.001 each.
6. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Part II of the Companies Law (2018 Revision) and, subject to the provisions of the Companies Law (2018 Revision) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. In addition to the rights attaching to Shares under this Memorandum of Association, the Shares shall be also entitled to the rights set out in Schedule A. For the sake of clarity, the Schedule A forms an integral part of this Memorandum of Association. In the event of any conflict between the provisions of this Memorandum of Association and Schedule A, those in Schedule A shall prevail to the extent permitted by the applicable laws.

THE COMPANIES LAW (2018 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

SEVENTEENTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

**Kingsoft Cloud Holdings Limited**

AN EXEMPTED COMPANY LIMITED BY SHARES

**INCORPORATED ON 3 JANUARY 2012**

(As adopted by Special Resolution passed on December 16, 2019 and with effect from December 27, 2019)

1. In these Articles Table A in the Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith,

**“Articles”** means these Amended and Restated Memorandum of Association and Articles of Association, as may be altered from time to time by Special Resolution.

**“Additional Ordinary Shares”** means all Ordinary Shares issued by the Company after the date of the adoption of these Articles; provided that the term “Additional Ordinary Shares” does not include (i) Ordinary Shares issued upon conversion of the Preferred Shares authorized herein; (ii) a subdivision or combination of Ordinary Shares provided for in Section 4(e)(i) in Schedule A, or Ordinary Share dividend or distribution provided for in Section 4(e)(ii) in Schedule A; (iii) any securities issued pursuant to the acquisition of another corporation or entity by the Company as duly approved in accordance with the Articles hereof by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity; (iv) any securities issued pursuant to an IPO; or (v) Employee Securities.

**“AMC Director”** has the meaning ascribed to it in Article 74.

**“AMC Observer”** has the meaning ascribed to it in Article 74.

|   |   |
|---|---|
| <b>“AMC Investor”</b>                   | means ChinaAMC Special Investment Limited, a company incorporated under the laws of the British Virgin Islands.   |
| <b>“Auditor”</b>                        | means the person for the time being performing the duties of auditors of the Company (if any).  |
| <b>“Board” and “Board of Directors”</b> | means the board of directors for the time being of the Company.   |
| <b>“CCBI Investor”</b>                  | means DESIGN TIME LIMITED, a company incorporated and existing under the laws of the British Virgin Islands.  |
| <b>“CIIF Investor”</b>                  | means China Internet Investment Fund. (中国互联网络信息中心), a limited partnership duly organized and validly existing under the laws of the PRC.  |
| <b>“CIIF Observer”</b>                  | has the meaning ascribed to it in Article 74.   |
| <b>“CM Investor”</b>                    | means Buddies Team Limited, a company incorporated under the laws of the British Virgin Islands.  |
| <b>“Company”</b>                        | means the above named company.  |
| <b>“Conversion Price”</b>               | has the meaning specified in Section 4(e) of Schedule A hereto.   |
| <b>“debenture”</b>                      | means debenture stock, mortgages, bonds and any other such securities of the Company whether constituting a charge on the assets of the Company or not.   |
| <b>“Directors”</b>                      | means the directors for the time being of the Company.  |
| <b>“dividend”</b>                       | includes an interim dividend and bonus issues.  |
| <b>“Effective Conversion Price”</b>     | means, with respect to any Ordinary Share Equivalents at a given time, an amount equal to the quotient of (i) the sum of any consideration, if any, received by the Company with respect to the issuance of such Ordinary Share Equivalents and the lowest aggregate consideration receivable by the Company, if any, upon the exercise, exchange or conversion of the Ordinary Share Equivalents over (ii) the number of Ordinary Shares issuable upon the exercise, conversion or exchange of the Ordinary Share Equivalents. |
| <b>“Electronic Record”</b>              | has the same meaning as in the Electronic Transactions Law (2004 Revision).   |
| <b>“Employee Securities”</b>            | means any Ordinary Shares and any options to purchase Ordinary Shares issued to employees, consultants, officers, Directors or trustees pursuant to any share option, restricted share, share purchase, share bonus or other equity incentive plans, agreements or arrangements of the Company.   |

|                       |   |
|-----------------------|---|
| “ESOP”                | has the meaning ascribed to it in the Shareholders Agreement.   |
| “Forebright Investor” | means Precious Steed Limited, a company incorporated and existing under the laws of the British Virgin Islands.   |
| “Forebright Observer” | has the meaning ascribed to it in Article 74.   |
| “FutureX Capital”     | means FutureX Capital 1, FutureX Capital 2, FutureX Capital 3 and FutureX Capital 4 collectively.   |
| “FutureX Capital 1”   | means FUTUREX INNOVATION SPC - Special Opportunity Fund VI SP, a company incorporated and existing under the laws of the Cayman Islands.  |
| “FutureX Capital 2”   | means FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner), an exempted limited partnership registered and existing under the laws of the Cayman Islands.  |
| “FutureX Capital 3”   | means FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), an exempted segregated portfolio company incorporated and existing under the laws of the Cayman Islands.   |
| “FutureX Capital 4”   | means Howater Innovation I Limited Partnership, a limited partnership organized and existing under the laws of the Cayman Islands   |
| “FutureX Director”    | has the meaning ascribed to it in Article 74.   |
| “FutureX Observer”    | has the meaning ascribed to it in Article 74.   |
| “Group Companies”     | means the Company, the Major Subsidiaries and subsidiaries of any of the foregoing, either Controlled through contractual commitment or equity ownership, are collectively referred to as the “ <b>Group Companies</b> ” and each, a “ <b>Group Company</b> ”; for the purpose of the foregoing sentence, “ <b>Control</b> ” of a given person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the appointment of a majority of the board of directors of such person; the terms “Controlling” and “Controlled” have meanings correlative to the foregoing. |

|  |  |
|--|--|
| <b>“HK Subsidiary”</b>                         | means Kingsoft Cloud Corporation Limited, a limited liability company incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China. |
| <b>“IDG Director”</b>                          | has the meaning ascribed to it in Article 74.  |
| <b>“IDG Investor”</b>                          | means Celestial Power Limited, a company limited by shares incorporated under the laws of the British Virgin Islands.  |
| <b>“IPO”</b>                                   | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Kingsoft”</b>                              | means Kingsoft Corporation Limited, a limited liability company incorporated under the law of Cayman Islands.  |
| <b>“Listing Rules”</b>                         | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Listing Vehicle”</b>                       | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Metawit Investor”</b>                      | means METAWIT Capital L.P. (METAWIT CAPITAL), an exempted limited partnership registered and existing under the laws of the Cayman Islands.                          |
| <b>“Metawit Director”</b>                      | has the meaning ascribed to it in Article 74.  |
| <b>“Metawit Observer”</b>                      | has the meaning ascribed to it in Article 74.  |
| <b>“Major Subsidiaries”</b>                    | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Management”</b>                            | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Management Holdco”</b>                     | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Management Restricted Share Agreement”</b> | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Member”</b>                                | has the same meaning as in the Statute.  |
| <b>“Minsheng Investor”</b>                     | means New Cloud Ltd., a business company incorporated under the laws of the British Virgin Islands.  |
| <b>“Minsheng Director”</b>                     | has the meaning ascribed to it in Article 74.  |

|   |   |
|---|---|
| <b>“Minsheng Observer”</b>                  | has the meaning ascribed to it in Article 74.   |
| <b>“Minsheng Warrant”</b>                   | has the meaning ascribed to it in the Shareholders Agreement.   |
| <b>“month”</b>                              | means calendar month.   |
| <b>“Mr. ZHANG Hongjiang”</b>                | means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of *.  |
| <b>“Observers” or “Observer”</b>            | has the meaning ascribed to it in Article 74.   |
| <b>“Officer”</b>                            | means Mr. WANG Yulin (王允林)  |
| <b>“Officer Holdco”</b>                     | means Autogold Limited.   |
| <b>“Officer Restricted Share Agreement”</b> | has the meaning ascribed to it in the Shareholders Agreement.   |
| <b>“Ordinary Resolution”</b>                | means a resolution passed by Members holding a simple majority of the total issued and outstanding share capital of the Company, on an as-converted basis, who, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a written resolution passed pursuant to Article 46. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles. |
| <b>“Ordinary Shares”</b>                    | means the ordinary shares, par value US\$0.001 per share, in the authorized share capital of the Company, each having the rights, preferences, privileges and restrictions as set forth in the Articles.  |
| <b>“Ordinary Share Equivalents”</b>         | means warrants, options and rights exercisable for Ordinary Shares or securities convertible into or exchangeable for Ordinary Shares, including, without limitation, the Preferred Shares.   |
| <b>“paid-up”</b>                            | means paid-up and/or credited as paid-up.   |
| <b>“PRC”</b>                                | means the People’s Republic of China, which, for the purpose of these Articles, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.   |
| <b>“Preferred Share”</b>                    | means any Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares or Series D+ Preferred Shares, as applicable.  |

**“Preferred Shares Issue Price”**

means (i) with respect to Series A Preferred Shares, the per share price of Series A Preferred Share at which time such Series A Preferred Shares were first issued, as adjusted for share dividends, consolidation, splits, combinations, recapitalizations or similar events and are otherwise provided herein, or (ii) with respect to Series B Preferred Shares, the per share price of Series B Preferred Share at which time such Series B Preferred Shares were first issued, as adjusted for share dividends, consolidation, splits, combinations, recapitalizations or similar events and are otherwise provided herein, or (iii) with respect to Series C Preferred Shares, the per share price of Series C Preferred Share at which time such Series C Preferred Shares were first issued, as adjusted for share dividends, consolidation, splits, combinations, recapitalizations or similar events and are otherwise provided herein, or (iv) with respect to Series D Preferred Shares, the per share price of Series D Preferred Share at which time such Series D Preferred Shares were actually issued, and/or the per share exercise price paid by the Minsheng Investor in accordance with the Minsheng Warrant, as applicable, and in each case as adjusted for share dividends, consolidation, splits, combinations, recapitalizations or similar events and are otherwise provided herein, or (v) with respect to Series D+ Preferred Shares, the per share price of Series D+ Preferred Share at which time such Series D+ Preferred Shares were first issued, as adjusted for share dividends, consolidation, splits, combinations, recapitalizations or similar events and are otherwise provided herein.

**“Qualified Investment Bank”**

has the meaning ascribed to it in the Shareholders Agreement.

**“Register of Members”**

means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.

**“registered office”**

means the registered office for the time being of the Company.

**“Restructuring Documents”**

has the meaning ascribed to it in the Shareholders Agreement.

**“Seal”**

means the common seal of the Company and includes every duplicate seal.

**“Secretary”**

includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company.

**“Series A Preferred Shares”**

means the series A convertible preferred shares, par value US\$0.001 per share, in the authorized share capital of the Company, each having the rights, preferences, privileges and restrictions as set forth in these Articles.



**“Series B Preferred Shares”**

means the series B convertible preferred shares, par value US\$0.001 per share, in the authorized share capital of the Company, each having the rights, preferences, privileges and restrictions as set forth in these Articles.

**“Series B Qualified Public Offering”**

means a firm commitment underwritten public offering of Ordinary Shares of the Company or the ordinary shares of the Listing Vehicle that directly or indirectly owns substantially all of the assets of the Group Companies on an internationally recognized stock exchange which meets the following requirements: (a) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the Series B Qualified Public Offering) is no less than US\$1,512,500,000 or its equivalent in another currency and (b) such offering results in gross proceeds of more than US\$151,250,000, in each case as estimated by a Qualified Investment Bank by applying either the mean of the valuation range obtained after the valuation or the average of the means of various valuation ranges obtained from different valuation methodologies. The term “gross proceeds” used herein means the total amount raised from an initial public offering prior to paying any expenses including without limitation to underwriters’ discounts, legal expense, auditors’ fees and similar third party expenses.

**“Series C Conversion Price”**

has the meaning ascribed to it in Section 4(e) of Schedule A hereto.

**“Series C Preferred Shares”**

means the series C convertible preferred shares, par value US\$0.001 per share, in the authorized share capital of the Company, each having the rights, preferences, privileges and restrictions as set forth in these Articles.

**“Series C Qualified Public Offering”**

means the public offering of Ordinary Shares of the Company or the ordinary shares of the Listing Vehicle that directly or indirectly owns substantially all of the assets of the Group Companies on an internationally recognized stock exchange which meets the following requirements: (a) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the Series C Qualified Public Offering) is no less than US\$2,000,000,000 or its equivalent in another currency and (b) such offering results in gross proceeds of no less than US\$200,000,000. The term “gross proceeds” used herein means the total amount raised from an initial public offering prior to paying any expenses including without limitation to underwriters’ discounts, legal expense, auditors’ fees and similar third party expenses.

|   |  |
|---|--|
| <b>“Series D Conversion Price”</b>          | has the meaning ascribed to it in Section 4(e) of <u>Schedule A</u> hereto.  |
| <b>“Series D Preferred Shares”</b>          | means the series D convertible preferred shares, par value US\$0.001 per share, in the authorized share capital of the Company, each having the rights, preferences, privileges and restrictions as set forth in these Articles.   |
| <b>“Series D Qualified Public Offering”</b> | means the public offering of Ordinary Shares of the Company or the ordinary shares of the Listing Vehicle that directly or indirectly owns substantially all of the assets of the Group Companies on an internationally recognized stock exchange which meets the following requirements: (a) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the Series D Qualified Public Offering) is no less than US\$3,000,000,000 or its equivalent in another currency and (b) such offering results in gross proceeds of no less than US\$300,000,000. The term “ <u>gross proceeds</u> ” used herein means the total amount raised from an initial public offering prior to paying any expenses including without limitation to underwriters’ discounts, legal expense, auditors’ fees and similar third party expenses. |
| <b>“Series D+ Conversion Price”</b>         | has the meaning ascribed to it in Section 4(e) of <u>Schedule A</u> hereto.  |
| <b>“Series D+ Preferred Shares”</b>         | means the series D+ convertible preferred shares, par value US\$0.001 per share, in the authorized share capital of the Company, each having the rights, preferences, privileges and restrictions as set forth in these Articles.  |
| <b>“Share Award Scheme”</b>                 | means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.  |
| <b>“Shares”</b>                             | means, collectively, the Ordinary Shares and the Preferred Shares of the Company (with each of such Shares being referred to as a “ <b>Share</b> ”).   |
| <b>“Shareholders Agreement”</b>             | means the Ninth Amended and Restated Shareholders Agreement dated as of December 27, 2019 entered into by and among the Group Companies, the Officer Holdco, the Officer, the Management Holdco, Mr. ZHANG Hongjiang, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, the CM Investor, the Minsheng Investor, the Metawit Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital the CIIF Investor and the CCBI Investor, as amended.  |
| <b>“Shunwei Investor”</b>                   | means Shunwei Growth III Limited, a company incorporated and existing under the laws of the British Virgin Islands.  |

**“Special Resolution”**

subject to Article 56, means a Members’ resolution expressed to be a special resolution (i) passed by Member(s) holding a majority of not less than two-thirds of total issued and outstanding share capital of the Company, on an as-converted basis, who, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or (ii) approved in writing by the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members pursuant to Article 46, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed. Unless a poll is demanded by at least one Member, a declaration of the chairman of the meeting that the resolution has been carried shall be conclusive evidence of the fact, without proof of the number or proportion of votes recorded in favor of or against the same. In computing the majority when a poll is demanded, the number of votes to which each Member is entitled by the Articles shall be considered.

**“Statute”**

means the Companies Law (2018 Revision) of the Cayman Islands, including any amendment thereto.

**“Subsidiary”**

mean, with respect to a specific entity, (i) any entity (x) more than fifty percent (50%) of whose shares or other interests entitled to vote or (y) more than fifty percent (50%) interest in the profits or capital of such entity are owned or controlled directly or indirectly by the subject entity or through one or more Subsidiaries of the subject entity, (ii) any entity whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with the PRC Generally Accepted Accounting Principles or the U.S. Generally Accepted Accounting Principles, or (iii) any entity with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary.

**“Transaction Documents”**

has the meaning ascribed to it in the Shareholders Agreement.

|   |  |
|---|--|
| <b>“Trade Sale”</b>                                       | means (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Group Companies; (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Group Companies; (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of any Major Group Company or a majority of the voting power of any Major Group Company, through one or a series of related transactions; or (iv) a merger, consolidation or other business combination of any Major Group Company with or into any other business entity in which the shareholders of the Company immediately after such merger, consolidation or business combination hold, directly or indirectly, shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity. A <b>“Major Group Company”</b> shall mean any Group Company, together with its Subsidiaries on a consolidated basis, owns or generates more than 50% of the total assets or net assets or total revenue of all the Group Companies, calculated based on the latest audited consolidated financial statements of the Group Companies. For the avoidance of doubt, (i) any pledge or disposal of fixed assets of the Group Companies under financial leases in order to obtain loans from commercial banks or other financial institutions, or (ii) restructuring within, or transactions among, the Group Companies, shall not constitute a Trade Sale. |
| <b>“Trustee”</b>  | means TMF Trust (HK) Limited and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed for the purpose of the ESOP.  |
| <b>“Trust Deed”</b>                                       | means the trust deed dated December 7, 2018 entered into by and between the Company and the Trustee (as restated, supplemented and amended from time to time).   |
| <b>“Total Share Capital of the Company as of Closing”</b> | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Xiaomi”</b>   | means collectively, Xiaomi Corporation, a limited liability company incorporated under the laws of Cayman Islands, and/or its affiliates, successors, assigns and transferees.   |
| <b>“Xiaomi Group”</b>                                     | has the meaning ascribed to it in the Shareholders Agreement.  |
| <b>“Xiaomi Observer”</b>                                  | has the meaning ascribed to it in Article 74.  |

Words importing the singular number include the plural number and vice-versa.

Words importing the masculine gender include the feminine gender.

Words importing persons include corporations.

“written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record.

Any phrase introduced by the terms “include”, “including”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

References to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time.

Headings are inserted for reference only and shall be ignored in construing these Articles.

- 1A. The business of the Company may be commenced as soon after incorporation as the Directors shall see fit, notwithstanding that only part of the shares may have been allotted.
2. The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company including the expenses of registration.

#### CERTIFICATES FOR SHARES

3. (a) Each Member shall be entitled to a share certificate. Share certificates representing Shares of the Company shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorized by the Directors. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. The name and address of the person to whom the Shares represented thereby are issued, with the number of Shares and date of issue, shall be entered in the Register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled. The Directors may authorize certificates to be issued with the seal and authorized signature(s) affixed by some method or system of mechanical process.
- (b) The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
4. If a share certificate be defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

#### ISSUE OF SHARES

5. Subject to these Articles and to any direction that may be given by the Company in general meeting and without prejudice to any special rights previously conferred on the holders of existing Shares:
  - (a) the Directors may allot, issue, grant options over or otherwise dispose of Shares of the Company with or without preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper. The Company shall not issue Shares in bearer form.
  - (b) The Board may issue warrants to subscribe for any class or series of Shares or other securities of the Company on such terms as it may from time to time determine. Where warrants are issued to bearer, no new warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.

- (c) The Directors may issue Shares against payment in cash or against payment in kind (which may, in the sole determination of the Directors, include tangible assets, services or any other valuable property).
6. The Company shall maintain or cause to be maintained a Register of Members in accordance with the Statute.

#### TRANSFER OF SHARES

7. The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.
8. The Directors, solely subject to and in accordance with contractual commitments regarding the transfer of Shares that the Company may from time to time have, may decline to register any transfer of Shares in violation of such commitments. If the Directors refuse to register a transfer they shall notify the transferee within two (2) months of such refusal.
9. The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than forty-five (45) days in any year.

#### REDEEMABLE SHARES

10. (a) Subject to the provisions of the Statute and in accordance with these Articles and the Shareholders Agreement, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such shares shall be effected in accordance with the Statute and these Articles or in such manner as the Company may, by Special Resolution, determine before the issuance of such shares.
- (b) Subject to the provisions of the Statute and these Articles, the Company may purchase its own shares (including any redeemable shares), provided that the Board shall have approved the manner of purchase in writing. The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute and these Articles, including out of capital.

#### VARIATION OF RIGHTS OF SHARES

11. (a) Subject to and without prejudice to the other provisions under these Articles, if at any time the share capital of the Company is divided into different classes or series of Shares, the rights attached to any class or series (other than the Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares) (unless otherwise provided by the terms of issue of the Shares of that class or series) may, whether or not the Company is being wound-up and except where these Articles or the Statute impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class or series, be varied with the consent in writing of the holders of at least 50% of the then issued and outstanding Shares of that class or series; provided that, the rights attached to Series B Preferred Shares may be varied with the consent in writing of the holders of at least 66% of the then issued and outstanding Series B Preferred Shares; provided further that, the rights attached to Series C Preferred Shares may be varied with the consent in writing of the holders of at least 66% of the then issued and outstanding Series C Preferred Shares; provided further that, subject to Article 61, the rights attached to Series D Preferred Shares and Series D+ Preferred Shares may be varied with the consent in writing of the holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis).

- (b) The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class or series of shares except that the necessary quorum shall be one or more persons holding or representing in person or by proxy at least 50% of the then issued and outstanding Shares of the class or series and that any holder of shares of the class or series present in person or by proxy may demand a poll; provided that the necessary quorum for meetings of the holders of Series B Preferred Shares shall be one or more persons holding or representing in person or by proxy at least 66% of the then issued and outstanding Series B Preferred Shares and that any holder of shares of the class or series present in person or by proxy may demand a poll; provided further that, the necessary quorum for meetings of the holders of Series C Preferred Shares shall be one or more persons holding or representing in person or by proxy at least 66% of the then issued and outstanding Series C Preferred Shares and that any holder of shares of the class or series present in person or by proxy may demand a poll; provided further that, the necessary quorum for meetings of the holders of Series D Preferred Shares shall be one or more persons holding or representing in person or by proxy at least 66% of the then issued and outstanding Series D Preferred Shares and that any holder of shares of the class or series present in person or by proxy may demand a poll; provided further that, the necessary quorum for meetings of the holders of Series D+ Preferred Shares shall be one or more persons holding or representing in person or by proxy at least 66% of the then issued and outstanding Series D+ Preferred Shares and that any holder of shares of the class or series present in person or by proxy may demand a poll.
12. The rights conferred upon the holders of the Shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class or series, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

#### COMMISSION ON SALE OF SHARES

13. The Company may in so far as the Statute from time to time permits pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash and/or fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

#### PREFERRED SHARES

14. The Preferred Shares shall have the rights conferred upon them under Schedule A attached hereto.
15. Each Ordinary Share in the Company shall be junior and subordinate to the rights of the Preferred Shares pursuant to the Articles.
16. In addition to any other rights attaching to the Preferred Shares, each Preferred Share in the Company confers on the holder the rights set out in Schedule A attached hereto. For the sake of clarity, Schedule A forms part of the Articles; *provided* that in the event of any conflict between the conditions in the Articles and Schedule A, Schedule A shall prevail.

## NON-RECOGNITION OF TRUSTS

17. Subject to the Trust Deed and Share Award Scheme, no person shall be recognized by the Company as holding any Share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

## LIEN ON SHARES

18. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on a share shall extend to all dividends or other amounts payable in respect of that share.
19. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen (14) days after a notice in writing has been given to the registered holder or holders for the time being of the shares, or the person, of which the Company has notice, entitled thereto by reason of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the shares may be sold.
20. To give effect to any such sale, the Directors may authorize any person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.
21. The net proceeds of such sale after payment of costs shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## CALL ON SHARES

22. (a) Subject to the terms of the allotment the Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares (whether in respect of par value or premium or otherwise), and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the shares. A call may be revoked or postponed as the Directors may determine. A call may be made payable by installments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made.



- (b) A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.
  - (c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
23. If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine, but the Directors may waive payment of the interest either wholly or in part.
24. An amount payable in respect of a share on allotment or at any fixed date, whether on account of the par value or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if such amount had become payable by virtue of a call duly made and notified.
25. The Directors may issue shares with different terms as to the amount and times of payment of calls or interest to be paid.
26. (a) The Directors may, if they think fit, receive from any Member willing to advance all or any part of the monies uncalled and unpaid upon any shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance.
- (b) No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a dividend declared in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

#### FORFEITURE OF SHARES

27. (a) If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen (14) days notice requiring payment of the amount unpaid together with any interest, which may have accrued. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- (b) If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends or other monies declared payable in respect of the forfeited share and not paid before the forfeiture.
28. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors see fit.
29. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with interest thereon, but his liability shall cease if and when the Company shall have received payment in full of all monies whenever payable in respect of the shares.

30. A certificate in writing under the hand of one Director or the Secretary of the Company that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share. The certificate shall (subject to the execution of an instrument of transfer) constitute good title to the share and the person to whom the share is sold or disposed of shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
31. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

#### TRANSMISSION OF SHARES

32. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any shares which had been held by him solely or jointly with other persons.
33. (a) Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the Share or to make some person nominated by him as the transferee, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death or bankruptcy as the case may be.
- (b) If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
34. A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company PROVIDED HOWEVER that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

#### AMENDMENT OF MEMORANDUM OF ASSOCIATION, ALTERATION OF CAPITAL & CHANGE OF LOCATION OF REGISTERED OFFICE

35. (a) Subject to the provisions of the Statute and these Articles (including Schedule A hereto), the Company may by Ordinary Resolution:
- (i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

- (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without nominal or par value;
  - (iv) cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
36. (a) All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
- (b) Subject to the provisions of the Statute and these Articles (including Schedule A hereto), the Company may by Special Resolution:
- (i) change its name;
  - (ii) alter or add to these Articles;
  - (iii) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
  - (iv) reduce its share capital and any capital redemption reserve fund.
- (c) Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its registered office.

#### CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

37. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Directors of the Company may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case forty (40) days. If the Register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such register shall be so closed for at least ten (10) days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.
38. In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members and for the purpose of determining the Members entitled to receive payment of any dividend the Directors may, at or within ninety (90) days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.
39. If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

## GENERAL MEETING

40. (a) Subject to paragraph (c) of this Article 40, if so determined by the Directors, the Company shall hold its annual general meetings and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the registered office on the second Wednesday in December of each year at ten (10) o'clock in the morning.
- (b) At these meetings the report of the Directors (if any) shall be presented.
- (c) Unless required by the Statute, the Company may but shall not be obligated to hold an annual general meeting.
41. (a) The Directors may whenever they think fit, and they shall on the requisition of Members of the Company holding at the date of the deposit of the requisition not less than one-tenth (1/10) of the then issued and outstanding shares as at the date of the deposit carries the right of voting at general meetings of the Company, proceed to convene a general meeting of the Company.
- (b) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.
- (c) If the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three (3) months after the expiration of the said twenty-one (21) days.
- (d) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

## NOTICE OF GENERAL MEETINGS

42. At least ten (10) days' notice shall be given for an annual general meeting or any other general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company; provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting by the Members (or their proxies) holding not less than ninety-seven percent (97%) of the total issued and outstanding share capital of the Company on an as-converted basis entitled to attend and vote thereat; and
- (b) in the case of any other general meeting by the Members (or their proxies) holding not less than ninety percent (90%) of the total issued and outstanding share capital of the Company (other than the Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares) on an as-converted basis entitled to attend and vote thereat and the Members (or their proxies) holding not less than sixty-six percent (66%) of the total issued and outstanding Series B Preferred Shares on an as converted basis, the Members (or their proxies) holding not less than sixty-six percent (66%) of the total issued and outstanding Series C Preferred Shares on an as converted basis, the Members (or their proxies) holding not less than sixty-six percent (66%) of the total issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares calculated together on an as converted basis.

43. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

44. All business shall be deemed special that is transacted at an extraordinary general meeting and also all business that is transacted at an annual general meeting with the exception of:
- (a) the declaration and sanction of dividends;
  - (b) the consideration of the accounts and balance sheets and the reports of the Directors and other documents required to be annexed to the accounts;
  - (c) the election of Directors in place of those retiring (if any); and
  - (d) the appointment of the Auditors of the Company and the fixing of, or the determination of the method of fixing, the remuneration of the Auditors.
45. (a) No business, save the election of a Chairman of the meeting, shall be transacted at any general meeting unless a quorum of Members is present; the holders of a majority of the outstanding share capital (calculated on an as-converted basis) of the Company shall constitute a quorum; provided always that if the Company has one Member of record the quorum shall be that one Member present in person or by proxy.
- (b) A meeting of the Members or any class thereof may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or video conferencing) which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
46. A resolution (whether an Ordinary Resolution or a Special Resolution) in writing (in one or more counterparts) signed by the Members holding no less than ninety-seven percent (97%) of the total issued and outstanding share capital of the Company, on an as-converted basis, for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. A written notice of confirmation of such resolution in writing sent by or on behalf of a Member shall be deemed to be his signature to such resolution in writing for the purposes of this Article. Such resolution in writing may consist of several documents, and each such document shall be certified by the Secretary to contain the correct version of the proposed resolution.
47. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum.

48. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen (15) minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting. If at any general meeting no Director is willing to act as Chairman or if no Director is present within fifteen (15) minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.
49. The Chairman of any general meeting at which a quorum is not present may, with the consent of the meeting, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place or *sine die*, but no business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place, unless due notice thereof is given or such notice is waived in the manner prescribed by these Articles. When a meeting is adjourned for thirty (30) days or more, or *sine die*, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjourned meeting or the business to be transacted thereat. Where a meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors.
50. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded by the Chairman or any Member or Members present in person or by proxy collectively holding at least ten percent (10%) of the total issued and outstanding share capital of the Company on an as-converted basis entitled to attend and vote thereat at the meeting or any Member or Members present in person or by proxy collectively holding at least twenty-five percent (25%) of the total issued and outstanding Series B Preferred Shares or any Member or Members present in person or by proxy collectively holding at least twenty-five percent (25%) of the total issued and outstanding Series C Preferred Shares or any Member or Members present in person or by proxy collectively holding at least twenty-five percent (25%) of the total issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares calculated together on an as converted basis.
51. Subject to the provisions of these Articles, unless a poll be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.
52. The demand for a poll may be withdrawn.
53. Subject to the provisions of these Articles, except on a poll demanded on the election of a Chairman or on a question of adjournment, a poll shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
54. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
55. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the general meeting directs and any business other than that upon which a poll has been demanded or is contingent thereon may be proceeded with pending the taking of the poll.

56. In addition to such other limitation as may be provided in the Articles (including Section 3 of Schedule A hereto and Article 57 to Article 61) and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of a majority (unless the relevant statutes in Cayman Islands and/or other jurisdiction, and/or the Stock Exchange of Hong Kong Limited require a higher percentage) of the Shares then issued and outstanding, voting together as a single class on an as-converted basis:
- (a) any action that authorizes, creates, issues, make any change to, cancel, increase or decrease any class of securities, including without limitation, any and all capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital of the Group Companies, or any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any contract providing for the acquisition of any of the foregoing;
  - (b) any action that repurchases, redeems or retires any of the Group Companies' voting securities other than pursuant to contractual rights to repurchase any shares of the Company from employees, directors or consultants of the Group Companies upon termination of their employment or services or pursuant to the exercise of a contractual right of first refusal held by the Company provided under the Shareholders Agreement, the Officer Restricted Share Agreement and the Management Restricted Share Agreement;
  - (c) acquisition of any share capital or other securities of any body corporate; merge or consolidation or other business combination of any Group Company with or into any other business entity; acquisition or disposal of any interest in any other company, partnership, or business entity (including the incorporation of a company); enter into any partnership, profit sharing agreement or joint venture; acquire any material stock or assets of any person; any transaction or a series of transactions immediately after which the shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; any Trade Sale;
  - (d) any action that capitalize the profits or reserves of any Group Company; authorize, create, allot, issue or place under option of the share, convertible loan stock or debentures of any Group Company; bond or note financing;
  - (e) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions on any securities or registered capital of the Group Companies;
  - (f) any increase or decrease of the size of the Board or the board of directors of other Group Companies not provided for in these Articles;
  - (g) any amendment to the power of the Board or the board of directors of other Group Companies;

- (h) any amendment of the Articles or any constitutional documents of the Group Companies;
  - (i) any amendment to the Restructuring Documents; and
  - (j) passing any resolution or taking any action for the winding up, termination or similar insolvency or bankruptcy proceedings of any Group Company or undertaking any merger, reconstruction or liquidation exercise or make any composition or arrangement with creditors concerning any Group Company or applying for the appointment of a receiver, manager or judicial manager or like officer.
57. In addition to such other limitation as may be provided in the Articles (including Section 3 of Schedule A hereto, Article 56 and Article 58 to Article 61) and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of a majority (unless the relevant statutes in Cayman Islands and/or other jurisdiction, and/or the Stock Exchange of Hong Kong Limited require a higher percentage) of the Series A Preferred Shares then issued and outstanding, voting as a separate class:
- (a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series A Preferred Shares (including any additional Series A Preferred Shares authorized, created or issued after the date of these Articles);
  - (b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series A Preferred Shares;
  - (c) merger or consolidation or other business combination of any Group Company with or into any other business entity, immediately after which the existing shareholders of any Group Company hold Shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; entering into any partnership agreement, profit sharing agreement or joint venture agreement, the value of which exceeds US\$3,000,000; any transaction or a series of transactions immediately after which the shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; any Trade Sale;
  - (d) entering into transactions, or amending or terminating existing transactions, between any Group Company on the one hand and any of its “connected persons” (as defined in the Listing Rules) (excluding any other Group Company) on the other hand, the value of which exceeds or is reasonably likely to exceed US\$5,000,000;
  - (e) any amendment of the Articles or any other constitutional documents of the Company;
  - (f) any material amendment to the Restructuring Documents;
  - (g) any amendment to the ESOP to increase the size of the option pool or the adoption of any employee share incentive plan other than the existing ESOP;
  - (h) other matters that require class voting under the law of the Cayman Islands;
  - (i) the authorization, creation, issuance or sale of any additional Series A Preferred Shares;



- (j) the authorization, creation, issuance or sale of any Additional Ordinary Shares for a consideration per share less than the then existing Conversion Price of Series A Preferred Shares; and
- (k) the authorization, creation, issuance or sale of any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than the then existing Conversion Price of Series A Preferred Shares.

For the purpose of determining the consideration to be received by the Company under subsections (j) and (k) above and under Articles 58(j), 58(k), Article 60(i) and Article 60(j) below:

- (i) To the extent it consists of cash, the consideration received by the Company for any issue or sale of securities shall be computed at the net amount of cash received by the Company after deduction of any expenses payable directly or indirectly by the Company and any underwriting or similar commissions, compensations, discounts or concessions paid or allowed by the Company in connection with such issue or sale;
- (ii) To the extent it consists of property other than cash, the consideration other than cash received by the Company for any issue or sale of securities shall be computed at the fair market value thereof, as determined in good faith by the Board as of the date of the adoption of the resolution specifically authorizing such issue or sale, irrespective of any accounting treatment of such property; and
- (iii) If such Additional Ordinary Shares or Ordinary Share Equivalents are issued together with other Shares or securities or other assets of the Company for consideration which covers both such Additional Ordinary Shares or Ordinary Share Equivalents and such other Shares or securities or other assets, the consideration received by the Company shall be the proportion of such consideration so received with respect to such Additional Ordinary Shares or Ordinary Share Equivalents, as determined in good faith by the Board.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (k) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of a majority of the Series A Preferred Shares has not yet been obtained, the holders of the Series A Preferred Shares, in such vote, hold one hundred (100) votes per Series A Preferred Share for the relevant Series A Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

58. In addition to such other limitations as may be provided in the Articles (including Section 3 of Schedule A hereto, Article 56, Article 57 and Article 59 to Article 61) and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series B Preferred Shares, voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO, and (ii) in the event that any holder of the then issued and outstanding Series B Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series B Preferred Shares held by such holder shall not be included in calculating the percentage of Series B Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:

- (a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series B Preferred Shares (including any additional Series B Preferred Shares authorized, created or issued after the date hereof);
- (b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series B Preferred Shares;
- (c) merger or consolidation or restructuring or other business combination of any Group Company with or into any other business entity, immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; any transaction or a series of transactions immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; any Trade Sale;
- (d) redemption, repurchase or cancellation of any Share or other equity securities of the Company or any amendment to terms of such redemption, repurchase or cancellation, other than as provided under any Transaction Document, or any transfer under Section 4.4(a) of the Shareholders Agreement, or any transfer by any Management or participant of the ESOP other than the Officer under Section 4.4(b) of the Shareholders Agreement, so long as the holders of the Series B Preferred Shares are entitled to the tag-along right under Section 4.4(b) of the Shareholders Agreement with respect to such transfer;
- (e) any amendment of the Articles or any other constitutional documents of the Company;
- (f) dissolution, liquidation or bankruptcy of any Group Company;
- (g) any change to the Company's policy of making dividend distributions in proportion to shareholding percentages on an as-converted basis;
- (h) any change to the composition of the Board;
- (i) any material amendment to the Restructuring Documents;
- (j) the authorization, creation, issuance or sale of any Additional Ordinary Shares for a consideration per share less than the then existing Conversion Price of Series B Preferred Shares;
- (k) the authorization, creation, issuance or sale of any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than the then existing Conversion Price of Series B Preferred Shares;
- (l) establishment of or any amendment to the terms of, or the number of Shares or their equivalent covered under, any equity incentive plan for employees or directors of the Company, for which, together with any other such plan, the number of Shares reserved after the date of the Shareholders Agreement, exceeds 5% of the Total Share Capital of the Company as of Closing on a fully diluted and as-converted basis; for the avoidance of doubt, (i) the reservation of certain number of additional Shares which is no more than 5% of the Total Share Capital of the Company as of Closing on a fully diluted and as-converted basis for any equity incentive plan for employees or directors of the Company, and (ii) any grant of awards under such plan, any grant of options, awards, or restricted shares pursuant to the ESOP and the issuance of Ordinary Shares under such plan or the ESOP, shall not be subject to the approval of holders of the Series B Preferred Shares in this subsection (l); and

- (m) other matters that require class voting under the law of the Cayman Islands.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (m) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the then issued and outstanding Series B Preferred Shares has not yet been obtained, the holders of the Series B Preferred Shares, in such vote, hold one hundred (100) votes per Series B Preferred Share for the relevant Series B Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

59. In addition to such other limitations as may be provided in the Articles (including Section 3 of Schedule A hereto, Article 56, Article 57, Article 58, Article 60 and Article 61) and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series C Preferred Shares, voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO and/or pre-IPO financing, and (ii) in the event that any holder of the then issued and outstanding Series C Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series C Preferred Shares held by such holder shall not be included in calculating the percentage of Series C Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:
- (a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series C Preferred Shares (including any additional Series C Preferred Shares authorized, created or issued after the date hereof);
  - (b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series C Preferred Shares;
  - (c) merger or consolidation or restructuring or other business combination of any Group Company with or into any other business entity, immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; any transaction or a series of transactions immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; and Trade Sale;
  - (d) any amendment of the Articles or any other constitutional documents of the Company;
  - (e) dissolution, liquidation or bankruptcy of any Group Company;
  - (f) any change to the Company's policy of making dividend distributions in proportion to shareholding percentages on an as-converted basis;
  - (g) any material amendment to the Restructuring Documents;

- (h) any declaration or payment of dividends to the holders of Ordinary Shares; and
- (i) other matters that require class voting under the law of the Cayman Islands.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (i) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the Series C Preferred Shares has not yet been obtained, the holders of the Series C Preferred Shares, in such vote, hold one hundred (100) votes per Series C Preferred Share for the relevant Series C Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

60. In addition to such other limitations as may be provided in the Articles (including Section 3 of Schedule A hereto, Article 56 to Article 59 and Article 61) and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis), voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO and/or pre-IPO financing, and (ii) in the event that any holder of the then issued and outstanding Series D Preferred Shares or Series D+ Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series D Preferred Shares or Series D+ Preferred Shares held by such holder shall not be included in calculating the percentage of Series D Preferred Shares and the Series D+ Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:
- (a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series D Preferred Shares or the Series D+ Preferred Shares (including any additional Series D Preferred Shares or the Series D+ Preferred Shares authorized, created or issued after the date hereof but excluding the Series D+ Preferred Shares issued pursuant to Section 13.15 of the Shareholders Agreement);
  - (b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series D Preferred Shares or the Series D+ Preferred Shares;
  - (c) merger or consolidation or restructuring or other business combination of any Group Company with or into any other business entity, immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; any transaction or a series of transactions immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; and Trade Sale;
  - (d) any amendment of the Articles or any other constitutional documents of the Company;
  - (e) dissolution, liquidation or bankruptcy of any Group Company;
  - (f) any change to the Company's policy of making dividend distributions in proportion to shareholding percentages on an as-converted basis;

- (g) any material amendment to the Restructuring Documents;
- (h) any declaration or payment of dividends to the holders of Ordinary Shares;
- (i) the authorization, creation, issuance or sale of any Additional Ordinary Shares for a consideration per share less than the then existing Conversion Price of Series D+ Preferred Shares;
- (j) the authorization, creation, issuance or sale of any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than the then existing Conversion Price of Series D+ Preferred Shares;
- (k) any change to the composition of the Board; and
- (l) other matters that require class voting under the law of the Cayman Islands.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (l) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis) has not yet been obtained, the holders of the Series D Preferred Shares and Series D+ Preferred Shares, in such vote, hold one hundred (100) votes per Series D Preferred Share and Series D+ Preferred Share for the relevant Series D Preferred Shares and Series D+ Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

61. In addition to such other limitations as may be provided in the Articles (including Section 3 of Schedule A hereto and Article 56 to Article 60) and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series D+ Preferred Shares, voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO and/or pre-IPO financing, and (ii) in the event that any holder of the then issued and outstanding Series D+ Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series D+ Preferred Shares held by such holder shall not be included in calculating the percentage of Series D+ Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:

- (a) any change in the liquidation preference of the holders of Series D+ Preferred Shares provided in Schedule A; and
- (b) any change in the exit right of Series D+ Preferred Shares under Section 9.2 of the Shareholders Agreement.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (b) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the then issued and outstanding Series D+ Preferred Shares on a fully diluted basis has not yet been obtained, the holders of the Series D+ Preferred Shares, in such vote, hold one hundred (100) votes per Series D+ Preferred Share for the relevant Series D+ Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

- 61A. The provisions of Articles 56-61 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO (the “**Termination Date**”); *provided* that, in the event that the IPO does not complete within twelve (12) months after the Termination Date, each of the Group Companies shall take all such actions as necessary or desirable to restore all the rights and privileges of the holders of the Preferred Shares under the provisions of Articles 56-61.

#### VOTES OF MEMBERS

62. Except as otherwise required by law or as set forth herein, the holder of any shares issued and outstanding shall have one vote for each Share held by such holder, and shall vote on all matters except as specifically provided herein or as otherwise required by law.
63. In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
64. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bon is, or other person in the nature of a committee, receiver or curator bon is appointed by that court, and any such committee, receiver, curator bon is or other persons may vote by proxy.
65. No Member shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class or series of shares unless he is registered as a Member of the Company on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
66. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.
67. On a poll or on a show of hands votes may be given either personally or by proxy.

#### PROXIES

68. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation under the hand of an officer or attorney duly authorized in that behalf. A proxy need not be a Member of the Company.
69. The instrument appointing a proxy shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting, or adjourned meeting provided that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex, cable or telecopy confirmation from the appointer that the instrument of proxy duly signed is in the course of transmission to the Company. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
70. The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.

71. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the registered office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

#### CORPORATE MEMBERS

72. Any corporation or other non-natural person which is a Member of record of the Company may in accordance with its constitutional documents or in the absence of such provision by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class or series of Members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member of record of the Company.

#### SHARES THAT MAY NOT BE VOTED

73. Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.

#### DIRECTORS AND OBSERVERS

74. There shall be a Board consisting of up to sixteen (16) persons (exclusive of alternate Directors).
- (a) For so long as Xiaomi holds no less than 72,800,000 Ordinary Shares (subject to any adjustment made pursuant to share subdivision, combination, consolidation or other event of a similar nature), Xiaomi shall have the right to appoint and remove one (1) Director;
  - (b) For so long as IDG Investor holds no less than 58,983,782 Ordinary Shares on an as-converted basis (subject to any adjustment made to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company), IDG Investor shall have the right to appoint and remove one (1) Director (the “**IDG Director**”); provided that Kingsoft or the Company shall have the right to require the IDG Investor to re-designate a person as the IDG Director as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent IDG Director (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor (as defined in the Shareholders Agreement), or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent IDG Director shall, immediately upon the determination of the Board pursuant to the Shareholders Agreement, cease to have the rights associated with the director positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings;

- (c) For so long as AMC Investor holds no less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis, AMC Investor shall have the right to appoint and remove one (1) director (the “**AMC Director**”), provided however, if AMC Investor holds less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis, the AMC Director shall be immediately removed from the Board (for the avoidance of doubt, if the AMC Investor holds no less than 81,833,838 Ordinary Shares on an as-converted basis, then even if the AMC Investor holds less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis, the AMC Director shall not be removed), and the AMC Investor shall not have any right to appoint any director (unless subsequently it holds no less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis or the AMC Investor holds no less than 81,833,838 Ordinary Shares on an as-converted basis);
- (d) For so long as the Minsheng Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, Minsheng Investor shall have the right to appoint and remove one (1) director (the “**Minsheng Director**”), provided however, if Minsheng Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Minsheng Director shall be immediately removed from the Board (for the avoidance of doubt, if the Minsheng Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis, then even if the Minsheng Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Minsheng Director shall not be removed, and the Minsheng Investor shall still have the right to appoint a director), and the Minsheng Investor shall not have any right to appoint any director (unless subsequently the Minsheng Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis or the Minsheng Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis);
- (e) For so long as Metawit Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, Metawit Investor shall have the right to appoint and remove one (1) director (the “**Metawit Director**”), provided however, if Metawit Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Metawit Director shall be immediately removed from the Board (for the avoidance of doubt, if the Metawit Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis, then even if the Metawit Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Metawit Director shall not be removed, and the Metawit Investor shall still have the right to appoint a director), and the Metawit Investor shall not have any right to appoint any director (unless subsequently the Metawit Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis or the Metawit Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis);
- (f) For so long as FutureX Capital holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, FutureX Capital shall have the right to appoint and remove one (1) director (the “**FutureX Director**”), provided however, if FutureX Capital holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the FutureX Director shall be immediately removed from the Board (for the avoidance of doubt, if FutureX Capital holds no less than 91,976,964 Ordinary Shares on an as-converted basis, then even if FutureX Capital holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the FutureX Director shall not be removed, and FutureX Capital shall still have the right to appoint a director), and FutureX Capital shall not have any right to appoint any director (unless subsequently FutureX Capital holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis or FutureX Capital holds no less than 91,976,964 Ordinary Shares on an as-converted basis); and



- (g) For so long as the Officer Holdco, Mr. ZHANG Hongjiang and the Management Holdco collectively hold no less than 44,030,000 Ordinary Shares (subject to any adjustment made pursuant to share subdivision, combination, consolidation or other event of a similar nature), Mr. ZHANG Hongjiang, the Officer Holdco and the Management Holdco shall have the right to collectively appoint and remove up to two (2) Directors;
- (h) Kingsoft shall have the right to appoint and remove up to eight (8) Directors.
- (i) For so long as Xiaomi holds in aggregate not less than 323,376,000 Series A Preferred Shares on the date hereof, the Company shall invite a representative of Xiaomi to attend all meetings of its Board (and any committees thereof) in a nonvoting observer capacity (the “**Xiaomi Observer**”).
- (j) For so long as the AMC Investor holds no less than 1% but less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis and the AMC Director has been removed from the Board pursuant to Article 74(c), the AMC Investor will have the right to delegate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**AMC Observer**”) who shall be subject to provisions in Article 74(p) below. Kingsoft or the Company shall have the right to require AMC Investor to re-designate a person as the AMC Director or AMC Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent AMC Director or AMC Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent AMC Director or AMC Observer shall, immediately upon the determination of the Board pursuant to the Shareholders Agreement, cease to have the rights associated with the director or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).
- (k) For so long as the Metawit Investor holds no less than 1% but less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis and the Metawit Director has been removed from the Board pursuant to Article 74(e), the Metawit Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**Metawit Observer**”) who shall be subject to provisions in Article 74(p) below. Kingsoft or the Company shall have the right to require Metawit Investor to re-designate a person as the Metawit Director or Metawit Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent Metawit Director or Metawit Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent Metawit Director or Metawit Observer shall, immediately upon the determination of the Board pursuant to the Shareholders Agreement, cease to have the rights associated with the director and/or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).

- (l) For so long as the Minsheng Investor holds no less than 1% but less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis and the Minsheng Director has been removed from the Board pursuant to Article 74(d), the Minsheng Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**Minsheng Observer**”) who shall be subject to provisions in Article 74(p) below. Kingsoft or the Company shall have the right to require the Minsheng Investor to re-designate a person as the Minsheng Director or Minsheng Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent Minsheng Director or Minsheng Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent Minsheng Director or Minsheng Observer shall, immediately upon the determination of the Board pursuant to the Shareholders Agreement, cease to have the rights associated with the director and/or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).
- (m) For so long as the Forebright Investor holds no less than 1% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Forebright Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**Forebright Observer**”) who shall be subject to provisions in Article 74(p) below. Kingsoft or the Company shall have the right to require the Forebright Investor to re-designate a person as the Forebright Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, such Forebright Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such Forebright Observer shall, immediately upon the determination of the Board pursuant to the Shareholders Agreement, cease to have the rights associated with the observer position of the Group Companies, including the right to participate in board meetings and the right to access to information.
- (n) For so long as FutureX Capital holds no less than 1% but less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis and the FutureX Director has been removed from the Board pursuant to Article 74(f), FutureX Capital shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**FutureX Observer**”) who shall be subject to provisions in Article 74(p) below. Kingsoft or the Company shall have the right to require FutureX Capital to re-designate a person as the FutureX Director or FutureX Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent FutureX Director or FutureX Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent FutureX Director or FutureX Observer shall, immediately upon the determination of the Board pursuant to the Shareholders Agreement, cease to have the rights associated with the director and/or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).

- (o) For so long as the CIIF Investor holds no less than 0.5% of the total number of Shares of the Company on an as-converted and fully diluted basis, the CIIF Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**CIIF Observer**”; together with the Xiaomi Observer, the AMC Observer, the Metawit Observer, the Minsheng Observer, the Forebright Observer and the FutureX Observer, the “**Observers**”, and each, an “**Observer**”) who shall be subject to provisions in Article 73(p) below. If, in the good faith reasonable opinion of the Board, the CIIF Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor (collectively referred to as the “**Competitive Behaviors**”), Kingsoft or the Company shall give the CIIF Investor written notice, describing the Competitive Behaviors conducted by such CIIF Observer. If the CIIF Investor does not provide any reasonable evidence to Kingsoft or the Company to prove that there is no Competitive Behavior of such CIIF Observer within ten (10) days from the date of receipt of such written notice, such CIIF Observer shall cease to have the rights associated with the observer position of the Group Companies, including the right to participate in board meetings and the right to access to information from the date of expiration of such ten (10)-day period and the CIIF Investor shall re-designate a person as the CIIF Observer as soon as practicable but in no event later than 180 days after receipt of such written notice.
- (p) The Company shall give such Observers copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors in a meeting of the Board; provided, however, that the Board, acting in good faith and upon advice of legal counsel, reserves the right to withhold any information and to exclude any Observer from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of highly confidential proprietary technical information. Each of the Observers shall be subject to the same confidentiality and non-disclosure obligations as other attendees of the Board meetings, and other obligations the Board may deem appropriate on a case specific basis.

#### REMUNERATION OF DIRECTORS

75. The remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine, from time to time. The Directors shall also be entitled to be paid their traveling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.
76. The Directors may award special remuneration to any Director of the Company for any service other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

#### DIRECTORS' INTERESTS

77. A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

78. A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
79. A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as Member or otherwise and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
80. No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid; provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him or the alternate Director appointed by him at or prior to its consideration and any vote thereon.
81. A general notice or disclosure to the Directors or otherwise contained in the minutes of a meeting or a written resolution of the Directors or any committee thereof that a Director or alternate Director is a Member, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

#### NO MINIMUM SHAREHOLDING

82. A shareholding qualification for Directors may be fixed by the Company in general meeting, but unless and until so fixed no qualification shall be required.

#### ALTERNATE DIRECTORS

83. Any Director (other than an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him. An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointer is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in his absence. An alternate Director shall cease to be alternate Director if his appointer ceases to be a Director. Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors. An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

## POWERS AND DUTIES OF DIRECTORS

84. Subject to the provisions of the Statute, the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
85. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.
86. The Directors shall cause minutes to be made in books provided for the purpose:
  - (a) of all appointments of officers made by the Directors;
  - (b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Directors and of any committee of the Directors;
  - (c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.
87. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
88. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

## DELEGATION OF DIRECTORS' POWERS

89. The Directors (acting as a Board) may delegate to any managing director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him; provided that an alternate Director may not act as a managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered.
90. The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine; provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
91. The Directors may appoint such officers as they consider necessary on such terms, at such remuneration as may be determined by the Directors and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an officer may be removed by resolution of the Directors or Members.
92. The Directors may delegate any of their powers to any committee consisting of one or more Directors. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

93. The Directors may from time to time and at any time by powers of attorney appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purpose and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
94. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents.

#### PROCEEDINGS OF DIRECTORS

95. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit and, in any event, the Directors shall hold a Board meeting every quarter, which shall among other things, discuss quarterly operating report of the Company. Nine (9) Directors (including the IDG Director, the AMC Director, the Minsheng Director, the Metawit Director and the FutureX Director (for so long as the IDG Director or the AMC Director or the Minsheng Director or the Metawit Director or the FutureX Director has not been removed pursuant to these Articles)) then in office shall constitute a quorum. An alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting if his appointer is not present. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the directors present shall be a quorum; provided that a quorum for a Board meeting shall not require the presence of the IDG Director or the AMC Director or the Minsheng Director or the Metawit Director or the FutureX Director if the IDG Director or the AMC Director or the Minsheng Director or the Metawit Director or the FutureX Director or their respective representatives fail to attend such Board meeting after being duly notified of such Board meeting.
96. Questions arising at any meeting of the Directors shall be decided by a majority of votes of the Directors and alternate Directors present at a meeting at which there is a quorum. A Director who is also an alternate Director shall be entitled in the absence of his appointer to a separate vote on behalf of his appointer in addition to his own vote. In case of an equality of votes, the Chairman shall have a second or casting vote.
97. A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time summon a meeting of the Directors by at least seven (7) days' notice in writing to every Director and alternate Director which notice shall set forth the time and place of the meeting and the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held. Notice of a meeting of Directors shall be deemed to be duly given to a Director if it is given to him personally in writing or by word of mouth or sent to his last known address or any other address given by him to the Company for this purpose.
98. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

99. The Directors may elect a Chairman of their Board and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
100. All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.
101. Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting pursuant to this provision shall constitute presence in person at such meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the Chairman of the meeting is at the start of the meeting.
102. A resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the members of a committee of Directors (an alternate Director being entitled to sign such resolution on behalf of his appointer) shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee of Directors, as the case may be, duly convened and held.
103. A Director, but not an alternate Director, may be represented at any meetings of the Board by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the Director. The provisions of Articles 68-71 shall *mutatis mutandis* apply to the appointment of proxies by Directors.
- 103A. In addition to such other limitation as may be provided in the Articles and subject to applicable laws, any director designated by Kingsoft may, at his or her sole discretion, open, close or otherwise dispose of any bank account in the name and on behalf of the Company.

#### MATTERS REQUIRING APPROVAL BY BOARD

104. In addition to such other limitation as may be provided in the Articles (including Articles 56-61 and Section 3 of Schedule A hereto) and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first being approved by a majority of votes of the Directors and alternate Directors present at a meeting of the Board at which there is a quorum or by a majority of the members the Board (unless the relevant statutes in the Cayman Islands and/or other jurisdiction, and/or the Stock Exchange of Hong Kong Limited require a higher percentage):
- (a) declaration or payment of any dividend or distribution in cash or species on any class of shares by any Group Company;
  - (b) appointment and removal of the chief executive officer and the chief financial officer, any managing (or executive) director, general manager, chairman, financial controller or other senior management at the level equivalent of or above vice president of any Group Company, and determination of and any change to the terms of employment and compensation of the foregoing;

- (c) establishment of any new direct or indirect Subsidiary and branch of any Group Company;
- (d) adoption and administration of, and any change to the ESOP or any other employee incentive plan of the Group Companies;
- (e) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding RMB 1,000,000, except for the employment by any Group Company of such directors, officers and employees; provided, however, that any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value not more than RMB 1,000,000 other than employment by any Group Company of such directors, officers and employees, and the extension of loans to the employees in the ordinary course of business by the Group Companies, shall be reviewed and approved by the chief executive officer of the Company;
- (f) the entry into any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in which the aggregate payment obligation of the Group Companies thereunder is in excess of RMB30,000,000; provided, however that (i) the entry into any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in which the aggregate payment obligation of the Group Companies thereunder is not more than RMB30,000,000 but in excess of RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company and the chief financial officer of Kingsoft, and (ii) the entry into any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in which the aggregate payment obligation of the Group Companies thereunder is not more than RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company; provided further, that the aforesaid amounts are only applicable to the year of 2019 and such standard shall be adjusted annually at the meeting of the Board for the subsequent year;
- (g) the approval and amendment to any Group Companies’ annual capital expenditure and operations budgets and strategic plan, which shall be submitted to the Board for review and approval within forty-five (45) days prior to the end of each fiscal year;
- (h) any expense or capital expenditure that’s beyond the amount of deviations for any single or series of items of the budgets as may be allowed in writing by the Board in its approval of the annual or quarterly budgets, or absent of such amount of deviation, any expense or capital expenditure that’s beyond annual or quarterly budgets;
- (i) the cease of or any material change to any Group Company’s business as it now conducts, or any change to the scope of business of any Group Company materially different from that described in the then current business plan, or any change to the business undertakings of the Group Companies;
- (j) the sale or disposal of the whole or a substantial part of the undertaking, goodwill, material permits or assets of any Group Company;
- (k) the approval and alteration of the terms of any bonus or profit sharing scheme; and the approval, administration and alteration of any employee share option or share participation schemes;
- (l) incurrence of indebtedness of borrowed money or any financial facilities except pursuant to trade facilities obtained from banks or other financial institutions in the ordinary course of business;



- (m) extension of any loan or provision of any security, guarantee, indemnity or undertaking to any person other than a Group Company, except for trade credit and loans to the employees incurred in the ordinary course of business by the Group Companies;
- (n) without prejudice to (j) and (o), any sale, transfer, or disposal of assets of the Group Companies beyond the ordinary course of business, or by any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in the ordinary course of business in which the aggregate consideration thereunder is in excess of RMB30,000,000; provided, however, that (i) any sale, transfer, or disposal of assets of the Group Companies by any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in the ordinary course of business in which the aggregate consideration thereunder is not more than RMB30,000,000 but in excess of RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company and the chief financial officer of Kingsoft, and (ii) any sale, transfer, or disposal of assets of the Group Companies by any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in the ordinary course of business in which the aggregate consideration thereunder is not more than RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company; provided further, that the aforesaid amounts are only applicable to the year of 2019, and such standard shall be adjusted annually at the meeting of the Board for the subsequent year;
- (o) any sale, transfer, license, charge, encumbrance or otherwise disposal of any trademarks, patents or other intellectual property owned by any Group Company, other than non-exclusive licenses granted in the ordinary course of business;
- (p) purchase of any real property by the Group Companies in excess of RMB2,000,000 during any fiscal year;
- (q) any mergers or acquisitions of business or entities by the Group Companies;
- (r) any capital commitment or expenditure, including without limitation to that in connection with construction of property, purchase of material assets and disposal of fixed assets, by any Group Company in excess of RMB30,000,000; provided, however, that (i) any capital commitment or expenditure, including without limitation to that in connection with construction of property, purchase of material assets and disposal of fixed assets, by any Group Company not more than RMB30,000,000 but in excess of RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company and the chief financial officer of Kingsoft, and (ii) any capital commitment or expenditure, including without limitation to that in connection with construction of property, purchase of material assets and disposal of fixed assets, by any Group Company not more than RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company; provided further, that the aforesaid amounts are only applicable to the year of 2019, and such standard shall be adjusted annually at the meeting of the Board for the subsequent year;
- (s) selection of the listing exchange and approval of the valuation and terms and conditions for the Series B Qualified Public Offering and/or Series C Qualified Public Offering and/or Series D Qualified Public Offering or other public offering of the shares of the Group Companies;

- (t) adoption of or any amendment to the accounting and financial policies of the Group Companies or any change to the financial year of the Group Companies;
  - (u) appointment or removal of the underwriter and/or the auditor of any Group Company;
  - (v) approval of any transfer of shares in any Group Company other than any indirect transfer of shares in the Company through any share transfer in the Management Holdco Restructuring (as defined in the Management Restricted Share Agreement) and duly approved transfer of Tranche 2 Management Shares (as defined in the Management Restricted Share Agreement); and
  - (w) disposal or dilution of any Group Company's direct or indirect interests in any other Group Company.
105. In addition to such other limitation as may be provided in the Articles and subject to applicable laws, so long as IDG Investor collectively hold Shares representing no less than 3% of the total number of Shares of the Company on a fully-diluted basis and as-converted basis and the IDG Director has been designated by the IDG Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the IDG Director:
- (a) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or financial institution(s) for the operation of the Group Companies;
  - (b) any transaction with any shareholder, director, officer or key management of any Group Company or any other "connected person" (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions, except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 of the Shareholders Agreement; and
  - (c) an IPO, the selection of the stock exchange other than the Main Board of the Stock Exchange of Hong Kong Limited, the New York Stock Exchange or the Nasdaq National Market, or setting the valuation of the Group Companies for the purpose of an IPO, in each case without satisfying the following conditions:
    - (i) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the IPO) is no less than US\$1,000,000,000 or its equivalent in other currency; and
    - (ii) such offering results in gross proceeds of no less than US\$100,000,000 to the Company.
106. Whether such the conditions are satisfied shall be determined based on the written analysis of a Qualified Investment Bank. The approval of the IDG Director set forth in Article 105 shall not be required if (i) any of the actions set forth in Article 105 other than those set forth in Article 105(c) are for the purpose of completing an IPO or (ii) the IDG Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Articles together with a meeting agenda that included such action.

107. In addition to such other limitation as may be provided in the Articles and subject to applicable laws, so long as AMC Investor holds Shares representing no less than 3% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the AMC Director has been designated collectively by the AMC Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the AMC Director:
- (a) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;
  - (b) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 of the Shareholders Agreement; and
  - (c) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series C Qualified Public Offering.
108. The approval of the AMC Director set forth in Article 107 shall not be required if (i) any of the actions set forth in Article 107 are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Article 107(a) and Article 107(b) are for the purpose of completing an IPO or (ii) the AMC Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Articles together with a meeting agenda that included such action.
109. In addition to such other limitation as may be provided in the Articles and subject to applicable laws, so long as Minsheng Investor holds Shares representing no less than 4% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the Minsheng Director has been designated by the Minsheng Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the Minsheng Director:
- (a) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;

- (b) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 of the Shareholders Agreement; and
  - (c) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series D Qualified Public Offering.
110. The approval of the Minsheng Director set forth in Article 108 shall not be required if (i) any of the actions set forth in Article 109 are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Article 109(a) and Article 109(b) are for the purpose of completing an IPO or (ii) the Minsheng Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Articles together with a meeting agenda that included such action.
111. In addition to such other limitation as may be provided in the Articles and subject to applicable laws, so long as Metawit Investor holds Shares representing no less than 4% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the Metawit Director has been designated by the Metawit Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the Metawit Director:
- (a) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;
  - (b) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 of the Shareholders Agreement; and
  - (c) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series D Qualified Public Offering.
112. The approval of the Metawit Director set forth in Article 111 shall not be required if (i) any of the actions set forth in Article 111 are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Article 111(a) and Article 111(b) are for the purpose of completing an IPO, or (ii) the Metawit Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Articles together with a meeting agenda that included such action.

113. In addition to such other limitation as may be provided in the Articles and subject to applicable laws, so long as FutureX Capital holds Shares representing no less than 4% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the FutureX Director has been designated by FutureX Capital, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the FutureX Director:
- (a) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;
  - (b) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 of the Shareholders Agreement; and
  - (c) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series D Qualified Public Offering.
114. The approval of the FutureX Director set forth in Article 113 shall not be required if (i) any of the actions set forth in Article 113 are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Article 113(a) and Article 113(b) are for the purpose of completing an IPO, or (ii) the FutureX Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Articles together with a meeting agenda that included such action.
- 114A. The provisions of Articles 104-114 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO; *provided* that, in the event that the IPO does not complete within twelve (12) months after the Termination Date, each of the Group Companies shall take all such actions as necessary or desirable to restore all the rights and privileges of the holders of the Preferred Shares under the provisions of Articles 104-114.

#### VACATION OF OFFICE OF DIRECTOR

115. The office of a Director shall be vacated:
- (a) if he gives notice in writing to the Company that he resigns the office of Director;
  - (b) if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the Board without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office;

- (c) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (d) if he is found a lunatic or becomes of unsound mind; or
- (e) if he is removed by a shareholder vote by the holders of the class or series of shares that originally appointed him, as set forth in Article 74.

#### APPOINTMENT AND REMOVAL OF DIRECTORS

116. The Directors of the Company may only be appointed and removed as provided in Article 74.

#### PRESUMPTION OF ASSENT

117. A Director of the Company who is present at a meeting of the Board at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

#### SEAL

118. (a) The Company may, if the Directors so determine, have a Seal which shall, subject to paragraph (c) this Article 118, only be used by the authority of the Directors or of a committee of the Directors authorized by the Directors, in that behalf and every instrument to which the Seal has been affixed shall be signed by one person who shall be either a Director or the Secretary or Secretary-Treasurer or some person appointed by the Directors for the purpose.
- (b) The Company may have a duplicate Seal or Seals each of which shall be a facsimile of the Common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- (c) A Director, Secretary or other officer or representative or attorney may without further authority of the Directors affix the Seal of the Company over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

#### OFFICERS

119. The Directors may appoint such officers of the Company as they consider necessary, all for such terms, at such remuneration to be determined by the Directors and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time prescribe.

#### DIVIDENDS, DISTRIBUTIONS AND RESERVE

120. (a) Subject to the Statute and Schedule A of these Articles, the Directors may from time to time declare dividends (including interim dividends) and distributions on shares of the Company issued and outstanding and authorize payment of the same out of the funds of the Company lawfully available therefor and in accordance with the provisions of this Article 120.

- (b) Holders of the shares shall be entitled to receive out of any funds legally available therefor, when, as and if declared by the Directors, non-cumulative dividends, as well as any non-cash dividends when, as and if declared by the Directors.
  - (c) In the event the Company shall declare a distribution other than in cash, the holders of shares shall be entitled to a proportionate share of any such distribution when, as and if declared by the Directors.
121. The Directors may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.
  122. No dividend or distribution shall be payable except out of the profits of the Company, realized or unrealized, or out of the Share Premium Account or as otherwise permitted by the Statute.
  123. Subject to the special rights of certain class or classes or series of shares as to dividends or distributions, if dividends or distributions are to be declared on a class or series of shares they shall be declared and paid according to the amounts paid or credited as paid on the shares of such class or series issued and outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.
  124. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
  125. The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members on the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
  126. Any dividend, distribution, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.
  127. No dividend or distribution shall bear interest against the Company.

#### CAPITALIZATION

128. The Directors may capitalize any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalization, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorize any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

## BOOKS OF ACCOUNT

129. The Directors shall cause proper books of account to be kept with respect to:
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;
  - (b) all sales and purchases of goods by the Company;
  - (c) the assets and liabilities of the Company.
- Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
130. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or these Articles or authorized by the Directors or by the Company in general meeting.
131. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

## AUDIT

132. The Company may at any annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the next annual general meeting and may fix his or their remuneration.
133. The Directors may before the first annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the Members in general meeting in which case the Members at that meeting may appoint Auditors. The remuneration of any Auditor appointed by the Directors under this Article may be fixed by the Directors.
134. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.
135. Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Directors or any general meeting of the Members, make a report on the accounts of the Company in general meeting during their tenure of office.



## NOTICES

136. Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by post, cable, telex, facsimile or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, shall be sent by airmail.
137. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted.
- (b) Where a notice is sent by cable, telex, or facsimile, service of the notice shall be deemed to be effected by properly addressing, and sending such notice and shall be deemed to have been received on the same day that it was transmitted.
- (c) Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.
138. A notice may be given by the Company to the joint holders of record of a Share by giving the notice to the joint holder first named on the Register of Members in respect of the share.
139. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.
140. Notice of every general meeting shall be given in any manner hereinbefore authorized to every person shown as a Member in the Register of Members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

## WINDING UP

141. Subject to these Articles (including Schedule A hereto), if the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes or series of Members. The liquidator may with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

#### LIQUIDATION

142. Subject to these Articles (including Schedule A hereto), if the Company shall be wound up, and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

#### INDEMNITY

143. Every Director, agent or officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him as a result of any act or failure to act in carrying out his functions other than such liability (if any) that he may incur by his own willful neglect or default. No such Director, agent or officer shall be liable to the Company for any loss or damage in carrying out his functions unless that liability arises through the willful neglect or default of such Director, agent or officer.

#### FINANCIAL YEAR

144. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31 in each year and shall begin on January 1 in each year.

#### TRANSFER BY WAY OF CONTINUATION

145. If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

## SCHEDULE A

The holders of Preferred Shares shall, in addition to any other rights conferred on them under the Articles have the following rights:

1. Dividends.

- (a) Subject to the provisions of the Statute, the Articles (including but not limited to the other requirements of this Schedule A), no dividends, whether in cash, in property or in shares of the Company (other than those on Ordinary Shares payable solely in the form of Ordinary Shares) shall be declared or paid on the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares or any future class or series of shares of the Company, 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).
- (b) Subject to the provisions of the Statute, the Articles (including but not limited to the other requirements of this Schedule A), no dividends, whether in cash, in property or in shares of the Company (other than those on Ordinary Shares payable solely in the form of Ordinary Shares) shall be declared or paid on the 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 the Company, 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).
- (c) Subject to the provisions of the Statute, the Articles (including but not limited to the other requirements of this Schedule A), no dividends, whether in cash, in property or in shares of the Company (other than those on Ordinary Shares payable solely in the form of Ordinary Shares) shall be declared or paid on the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares or any future class or series of shares of the Company, unless and until a dividend in like amount is declared and paid in full on each issued and outstanding Series C Preferred Share (on an as-converted basis).
- (d) Subject to the provisions of the Statute, the Articles (including but not limited to the other requirements of this Schedule A), no dividends, whether in cash, in property or in shares of the Company (other than those on Ordinary Shares payable solely in the form of Ordinary Shares), shall be declared or paid on the Ordinary Shares, the Series A Preferred Shares or any future class or series of shares of the Company, unless and until a dividend in like amount is declared and paid in full on each issued and outstanding Series B Preferred Share (on an as-converted basis).
- (e) Subject to the provisions of the Statute, the Articles (including but not limited to the other requirements of this Schedule A), no dividends, whether in cash, in property or in shares of the Company (other than those on Ordinary Shares payable solely in the form of Ordinary Shares), shall be declared or paid on the Ordinary Shares or any future class or series of shares of the Company, unless and until a dividend in like amount is declared and paid in full on each issued and outstanding Series A Preferred Share (on an as-converted basis).
- (f) The holders of each class of Preferred Shares shall be entitled to receive on a pari passu basis, when, as and if declared at the sole discretion of the Board, but only out of funds that are legally available therefor, cash dividends at the rate or in the amount as the Board 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 on an as-converted basis.

- (g) No dividend or other distributions, whether in cash, in property or in shares of the Company, shall be paid or declared on any other class or series of shares of the Company unless and until a dividend in like amount (calculated on an as-converted basis) is first paid in full on each Preferred Shares.
- (h) The provisions of this Section 1 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO; *provided* that, in the event that the IPO does not complete within twelve (12) months after the Termination Date, each of the Group Companies shall take all such actions as necessary or desirable to restore all the rights and privileges of the holders of the Preferred Shares under the provisions of this Section 1.

2. Liquidation Preference.

- (a) (i) In the event of any insolvency, liquidation, dissolution or winding up of any Major Group Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and all other holders of share capital of the Company, each holder of Series D+ Preferred Shares shall be entitled to receive the higher of, (A) an amount equal to one hundred and twenty percent (120%) of the Preferred Shares Issue Price 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 the Company to Members are distributed ratably among all Members on an as-converted basis. If the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series D+ Preferred Shares, then such assets shall be distributed among the holders of Series D+ Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.
- (ii) After paying in full the amounts to the holders of all of the Series D+ Preferred Shares pursuant to paragraph (i) above, the remaining funds or assets of the Company legally available for distribution to Members, if any, shall, prior to distribution thereof to holders of Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Ordinary Shares and all other holders of share capital of the Company, be distributed to holders of Series D Preferred Shares. Each holder of Series D Preferred Shares shall be entitled to receive pursuant to this paragraph (ii) the higher of, (A) an amount equal to one hundred and twenty percent (120%) of the Preferred Share Issue Price 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 the Company to Members are distributed ratably among all Members on an as-converted basis. If the remaining assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series D Preferred Shares, then such assets shall be distributed among the holders of Series D Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

(iii) After paying in full the amounts to the holders of all of the Series D+ Preferred Shares and Series D Preferred Shares pursuant to paragraphs (i) and (ii) above, the remaining funds or assets of the Company legally available for distribution to Members, if any, shall, prior to distribution thereof to holders of Series A Preferred Shares, Series B Preferred Shares, Ordinary Shares and all other holders of share capital of the Company, be distributed to holders of Series C Preferred Shares. Each holder of Series C Preferred Shares shall be entitled to receive pursuant to this paragraph (iii) the higher of, (A) an amount equal to one hundred and twenty percent (120%) of the Preferred Share Issue Price with respect to each Series C Preferred Share multiplied by the number of Series C 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 the Company to Members are distributed ratably among all Members on an as-converted basis. If the remaining assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series C Preferred Shares, then such assets shall be distributed among the holders of Series C Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

(iv) After paying in full the amounts to the holders of all of the Series D+ Preferred Shares, the Series D Preferred Shares and the Series C Preferred Shares pursuant to paragraphs (i) to (iii) above, the remaining funds or assets of the Company legally available for distribution to Members, if any, shall, prior to distribution thereof to holders of Series A Preferred Shares, holders of Ordinary Shares and all other holders of share capital of the Company, be distributed to holders of Series B Preferred Shares. Each holder of Series B Preferred Shares shall be entitled to receive pursuant to this paragraph (iv) the higher of, (A) an amount equal to one hundred and twenty percent (120%) of the Preferred Share Issue Price with respect to each Series B Preferred Share multiplied by the number of Series B 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 the Company to Members are distributed ratably among all Members on an as-converted basis. If the remaining assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series B Preferred Shares, then such assets shall be distributed among the holders of Series B Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

(v) After paying in full the amounts to the holders of all of the Series D+ Preferred Shares, Series D Preferred Shares, Series C Preferred Shares and Series B Preferred Shares pursuant to paragraphs (i) to (iv) above, the remaining funds or assets of the Company legally available for distribution to Members, if any, shall be distributed ratably among all Members other than the holders of Series D+ Preferred Shares, Series D Preferred Shares, Series C Preferred Shares and Series B Preferred Shares (on an as-converted basis).

(vi) Any securities or other property distributed to Members shall be valued at the fair market value, as agreed between the Board and the holders of at least 66% of the then issued and outstanding Series B Preferred Shares, the holders of at least 66% of the then issued and outstanding Series C Preferred Shares and the holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis).

- (b) Any Trade Sale shall be treated as a liquidation under this Section 2 of Schedule A and any proceeds resulting to the Company or Members of the Company there from shall be distributed in accordance with terms of Section 2(a) hereof. For the avoidance of doubt, in the event that the Trade Sale has been duly approved in accordance with these Articles and the Shareholders Agreement, such Trade Sale shall not be treated as a liquidation under this Section 2.

- (c) The provisions of this Section 2 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO; *provided* that, in the event that the IPO does not complete within twelve (12) months after the Termination Date, each of the Group Companies shall take all such actions as necessary or desirable to restore all the rights and privileges of the holders of the Preferred Shares under the provisions of this Section 2.

3. Voting Rights.

Subject to the provisions of the Articles, at all general meetings of the Company: (i) the holder of each Ordinary Share issued and outstanding shall have one (1) vote in respect of each Ordinary Share held, and (ii) the holder of each Preferred Share shall be entitled to such number of votes as equals the whole number of Ordinary Shares into which such holder's collective Preferred Shares are convertible immediately after the close of business on the record date of the determination of the Company's shareholders entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Company's shareholders is first solicited. Subject to provisions to the contrary elsewhere in the Articles, or as required by the Statute, the holders of Preferred Shares shall vote together with the holders of Ordinary Shares as a single class, on an as-converted basis, on all matters put before the shareholders, except set forth in Articles 57-61 and as otherwise provided in Schedule A herein.

4. Conversion Rights.

The holders of the Preferred Shares shall have the rights described below with respect to the conversion of the Preferred Shares into Ordinary Shares. The number of Ordinary Shares to which a holder of Preferred Shares shall be entitled upon conversion of any of such Preferred Shares shall be the quotient of the applicable Preferred Shares Issue Price divided by the then-effective applicable Conversion Price. For the avoidance of doubt, the initial conversion ratio for Preferred Shares to Ordinary Shares shall be 1:1, subject to adjustments based on adjustments of the applicable Conversion Price, being no less than par, as set forth below:

(a) Optional Conversion.

(i) Unless converted earlier pursuant to Section 4(b) below, subject to and in compliance with the provisions of this Section 4(a), any Preferred Share may, at the option of the holder, be converted at any time into fully-paid and non-assessable Ordinary Shares based on the then-effective applicable Conversion Price, being no less than par.

(ii) The holder of any Preferred Shares who desires to convert such shares into Ordinary Shares shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Preferred Shares, and shall give written notice to the Company at such office that such holder has elected to convert such shares. Such notice shall state the number of Preferred Shares being converted. Thereupon, the Company shall promptly issue and deliver to such holder at such office a certificate or certificates for the number of Ordinary Shares to which the holder is entitled and the Company shall update its Register of Members accordingly. No fractional Ordinary Shares shall be issued upon conversion of the Preferred Shares. Such conversion shall be deemed to have been made at the close of business on the date of the surrender of the certificates representing the Preferred Shares to be converted, and the person entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder of such Ordinary Shares on such date, and the Company shall update its Register of Members accordingly.

(b) Automatic Conversion.

The Preferred Shares will automatically be converted into Ordinary Shares, at the then applicable Conversion Price, upon the closing of an IPO. In the event of the automatic conversion of the Preferred Shares as described above, the person(s) entitled to receive the Ordinary Shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such IPO.

(c) Conversion Mechanism.

No fractional Ordinary Share shall be issued upon conversion of the Preferred Shares. In lieu of any fractional Ordinary Shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then effective Conversion Price, being no less than par.

- (i) Mechanics of Optional Conversion. In the event of an optional conversion pursuant to the Section 4(a), before any holder of Preferred Shares shall be entitled to convert the same into Ordinary Shares and to receive certificates therefor, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Preferred Shares to be converted and shall give written notice to the Company at such office that the holder elects to convert the same. The Company shall promptly issue and deliver at such office to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which the holder is entitled pursuant to this Section 4 and a cheque denominated in U.S. dollars payable to the holder in the amount of any cash amounts payable (if any) as the result of a conversion into fractional Ordinary Shares. On the date of such surrender, the Register of Members shall be updated to show that the converted Preferred Shares have been redeemed and all rights with respect to the Preferred Shares so converted will terminate, with the exception of the rights of the holders thereof, upon surrender of the certificate or certificates therefor, to receive Ordinary Shares (which shall be recorded as issued to such holder in the Register of Members) and certificates for the number of Ordinary Shares into which such Preferred Shares have been converted and payment of any accrued but unpaid dividends thereon. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the Preferred Shares to be converted, and the person or persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares on such date.

- (ii) In the event of an automatic conversion pursuant to Section 4(b), all holders of Preferred Shares will be given at least ten (10) days' prior written notice of the date fixed (which date shall in the case of an IPO be the latest practicable date immediately prior to the closing of an IPO) and the place designated for automatic conversion of all such Preferred Shares pursuant to this Section 4. Such notice shall be sent by overnight courier, postage prepaid, to each record holder of the Preferred Shares at such holder's address appearing on the Register of Members. On or before the date fixed for conversion, each holder of Preferred Shares shall surrender his or its certificate or certificates for all such Preferred Shares to the Company at the place designated in such notice, and shall promptly receive certificates for the number of Ordinary Shares to which such holder is entitled pursuant to this Section 4 and a cheque denominated in U.S. dollars payable to the holder in the amount of any cash amounts payable as a result of a conversion into fractional Ordinary Shares. On the date fixed for conversion, the Register of Members shall be updated to show that the converted Preferred Shares have been redeemed and all rights with respect to the Preferred Shares so converted will terminate, with the exception of the rights of the holders thereof, upon surrender of the certificate or certificates therefor, to receive Ordinary Shares (which shall be recorded as issued to such holder in the Register of Members) and certificates for the number of Ordinary Shares into which such Preferred Shares have been converted and payment of any accrued but unpaid dividends thereon. All certificates evidencing Preferred Shares which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been retired and cancelled and the Preferred Shares represented thereby converted into Ordinary Shares for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date.
- (iii) Manner of Conversion. The Directors of the Company may effect such conversion in any manner available under applicable law, including redeeming or repurchasing the relevant Preferred Shares and applying the proceeds thereof towards payment for the new Ordinary Shares being not less than par value. For purposes of the repurchase or redemption, the Directors may, subject to the Company being able to pay its debts in the ordinary course of business, make payments out of its capital.

(d) Reservation of Shares Issuable Upon Conversion.

The Company shall at all times keep available out of its authorized but unissued Ordinary Shares solely for the purpose of effecting the conversion of the Preferred Shares such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all issued and outstanding Preferred Shares, and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then issued and outstanding Preferred Shares, in addition to such other remedies as shall be available to the holder of such Preferred Shares, the Company and its Members will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of Shares as shall be sufficient for such purposes.

(e) Conversion Price.

The "**Conversion Price**" shall, (i) with respect to Series A Preferred Shares, initially equal to the Preferred Shares Issue Price of Series A Preferred Shares, (ii) with respect to Series B Preferred Shares, initially equal to the Preferred Shares Issue Price of Series B Preferred Shares, (iii) with respect to Series C Preferred Shares, initially equal to the Preferred Shares Issue Price of Series C Preferred Shares (the "**Series C Conversion Price**"), (iv) with respect to Series D Preferred Shares, initially equal to the Preferred Shares Issue Price of Series D Preferred Shares (the "**Series D Conversion Price**"), and (v) with respect to Series D+ Preferred Shares, initially equal to the Preferred Shares Issue Price of Series D+ Preferred Shares (the "**Series D+ Conversion Price**"), and in each case shall be adjusted from time to time as provided below:



(i) Adjustment for Share Splits and Combinations. If the Company shall at any time, or from time to time, effect a subdivision of the issued and outstanding Ordinary Shares, each of the Conversion Prices in effect immediately prior to such subdivision shall be proportionately decreased. Conversely, if the Company shall at any time, or from time to time, combine the issued and outstanding Ordinary Shares into a smaller number of shares, each of the Conversion Prices in effect immediately prior to the combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

(ii) Adjustment for Ordinary Share Dividends and Distributions. If the Company makes (or fixes a record date for the determination of holders of Ordinary Shares entitled to receive) a dividend or other distribution to the holders of Ordinary Shares payable in additional Ordinary Shares, each of the Conversion Prices then in effect shall be decreased as of the time of such issuance (or in the event such record date is fixed, as of the close of business on such record date) by multiplying such Conversion Price then in effect by a fraction (A) the numerator of which is the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (B) the denominator of which is the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of Ordinary Shares issuable in payment of such dividend or distribution.

(iii) Adjustments for Other Dividends. If the Company at any time, or from time to time, makes (or fixes a record date for the determination of holders of Ordinary Shares entitled to receive) a dividend or other distribution payable in securities of the Company other than Ordinary Shares, then, and in each such event, provision shall be made so that, upon conversion of any Preferred Share thereafter, the holder thereof shall receive, in addition to the number of Ordinary Shares issuable thereon, the amount of securities of the Company which the holder of such share would have received had the Preferred Shares been converted into Ordinary Shares immediately prior to such event, all subject to further adjustment as provided herein.

(iv) Reorganizations, Mergers, Consolidations, Reclassifications, Exchanges, Substitutions. If at any time, or from time to time, any capital reorganization or reclassification of the Ordinary Shares (other than as a result of a share dividend, subdivision, split or combination otherwise treated above) occurs or the Company is consolidated, merged or amalgamated with or into another person (other than a consolidation, merger or amalgamation treated as a liquidation in Section 2), then in any such event, provision shall be made so that, upon conversion of any Preferred Share thereafter, the holder thereof shall receive the kind and amount of shares and other securities and property which the holder of such share would have received had the Preferred Shares been converted into Ordinary Shares on the date of such event, all subject to further adjustment as provided herein, or with respect to such other securities or property, in accordance with any terms applicable thereto.

(v) Sale of Shares Below the Series C Conversion Price.

- (A) If at any time, or from time to time, after the date of the adoption of these Articles, the Company shall issue or sell Additional Ordinary Shares (other than as a subdivision or combination of Ordinary Shares provided for in subsection (i) above and other than as a dividend or other distribution provided for in subsection (ii) above) for a consideration per share less than the then effective Series C Conversion Price, then, the Series C Conversion Price shall be reduced on a weighted average basis, as of the opening of business on the date of such issue or sale, to a price determined as set forth below:

$$\text{NCP} = \text{OCP} * (\text{OS} + (\text{NP}/\text{OCP})) / (\text{OS} + \text{NS})$$

WHERE:

NCP = the new Series C Conversion Price,

OCP = the Series C Conversion Price in effect immediately before the issuance of the Additional Ordinary Shares,

OS = the total issued and outstanding Ordinary Shares immediately before the issuance of the Additional Ordinary Shares plus the total Ordinary Shares issuable upon conversion, exchange or exercise of all the issued and outstanding Preferred Shares and Ordinary Share Equivalents,

NP = the total consideration received for the issuance or sale of the Additional Ordinary Shares, and

NS = the number of Additional Ordinary Shares issued or sold.

Such adjustment shall be made whenever such Additional Ordinary Shares or Ordinary Share Equivalents are issued, and the determination as to whether an adjustment is required to be made pursuant to the Articles shall be made upon the issuance of such Additional Ordinary Shares or Ordinary Share Equivalents, and not upon the issuance of any security into which the Ordinary Share Equivalents convert, exchange or may be exercised.

- (B) For the purpose of making any adjustment in Series C Conversion Price or number of Ordinary Shares issuable upon conversion of the Series C Preferred Shares, as provided above:
- (1) To the extent it consists of cash, the consideration received by the Company for any issue or sale of securities shall be computed at the net amount of cash received by the Company after deduction of any expenses payable directly or indirectly by the Company and any underwriting or similar commissions, compensations, discounts or concessions paid or allowed by the Company in connection with such issue or sale;
  - (2) To the extent it consists of property other than cash, consideration other than cash received by the Company for any issue or sale of securities shall be computed at the fair market value thereof, as determined in good faith by the Board of Directors as of the date of the adoption of the resolution specifically authorizing such issue or sale, irrespective of any accounting treatment of such property; and

- (3) If Additional Ordinary Shares or Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares are issued or sold together with other stock or securities or other assets of the Company for consideration which covers both, the consideration received for the Additional Ordinary Shares or Ordinary Share Equivalents shall be computed as that portion of the consideration received which is reasonably determined in good faith by the Board of Directors to be allocable to such Additional Ordinary Shares or Ordinary Share Equivalents.
- (C) For the purpose of making any adjustment in Series C Conversion Price provided in this subsection (v), if at any time, or from time to time, after the date of the adoption of these Articles, the Company issues any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than Series C Conversion Price in effect immediately prior to such issuance, then, in each such case, at the time of such issuance the Company shall be deemed to have issued the maximum number of Additional Ordinary Shares issuable upon the exercise, conversion or exchange of such Ordinary Share Equivalents and to have received in consideration for each Additional Ordinary Share deemed issued an amount equal to the Effective Conversion Price.
- (1) In the event of any increase in the number of Ordinary Shares deliverable or any reduction in consideration payable upon exercise, conversion or exchange of any Ordinary Share Equivalents where the resulting Effective Conversion Price is less than Series C Conversion Price at such date, including, but not limited to, a change resulting from the anti-dilution provisions thereof, such Series C Conversion Price shall be recomputed to reflect such change as if, at the time of issue for such Ordinary Share Equivalent, such Effective Conversion Price applied.
- (2) If any right to exercise, convert or exchange any Ordinary Share Equivalents shall expire without having been fully exercised, the Series C Conversion Price as adjusted upon the issuance of such Ordinary Share Equivalents shall be readjusted to the Series C Conversion Price which would have been in effect had such adjustment been made on the basis that (A) the only Additional Ordinary Shares to be issued on such Ordinary Share Equivalents were such Additional Ordinary Shares, if any, as were actually issued or sold in the exercise, conversion or exchange of any part of such Ordinary Share Equivalents prior to the expiration thereof and (B) such Additional Ordinary Shares, if any, were issued or sold for (x) the consideration actually received by the Company upon such exercise, conversion or exchange, plus (y) where the Ordinary Share Equivalents consist of options, warrants or rights to purchase Ordinary Shares, the consideration, if any, actually received by the Company for the grant of such Ordinary Share Equivalents, whether or not exercised, plus (z) where the Ordinary Share Equivalents consist of shares or securities convertible or exchangeable for Ordinary Shares, the consideration received for the issue or sale of Ordinary Share Equivalent actually converted.

- (3) For any Ordinary Share Equivalent with respect to which the Series C Conversion Price has been adjusted under this subsection (C), no further adjustment of such Series C Conversion Price shall be made solely as a result of the actual issuance of Ordinary Shares upon the actual exercise or conversion of such Ordinary Share Equivalent.

(vi) Sale of Shares Below the Series D Conversion Price.

- (A) If at any time, or from time to time, after the date of the adoption of these Articles, the Company shall issue or sell Additional Ordinary Shares (other than as a subdivision or combination of Ordinary Shares provided for in subsection (i) above and other than as a dividend or other distribution provided for in subsection (ii) above) for a consideration per share less than the then effective Series D Conversion Price, then, the Series D Conversion Price shall be reduced on a weighted average basis, as of the opening of business on the date of such issue or sale, to a price determined as set forth below:

$$\text{NCP} = \text{OCP} * (\text{OS} + (\text{NP}/\text{OCP})) / (\text{OS} + \text{NS})$$

WHERE:

NCP = the new Series D Conversion Price,

OCP = the Series D Conversion Price in effect immediately before the issuance of the Additional Ordinary Shares,

OS = the total issued and outstanding Ordinary Shares immediately before the issuance of the Additional Ordinary Shares plus the total Ordinary Shares issuable upon conversion, exchange or exercise of all the issued and outstanding Preferred Shares and Ordinary Share Equivalents,

NP = the total consideration received for the issuance or sale of the Additional Ordinary Shares, and

NS = the number of Additional Ordinary Shares issued or sold.

Such adjustment shall be made whenever such Additional Ordinary Shares or Ordinary Share Equivalents are issued, and the determination as to whether an adjustment is required to be made pursuant to the Articles shall be made upon the issuance of such Additional Ordinary Shares or Ordinary Share Equivalents, and not upon the issuance of any security into which the Ordinary Share Equivalents convert, exchange or may be exercised.

- (B) For the purpose of making any adjustment in Series D Conversion Price or number of Ordinary Shares issuable upon conversion of the Series D Preferred Shares, as provided above:
- (1) To the extent it consists of cash, the consideration received by the Company for any issue or sale of securities shall be computed at the net amount of cash received by the Company after deduction of any expenses payable directly or indirectly by the Company and any underwriting or similar commissions, compensations, discounts or concessions paid or allowed by the Company in connection with such issue or sale;

- (2) To the extent it consists of property other than cash, consideration other than cash received by the Company for any issue or sale of securities shall be computed at the fair market value thereof, as determined in good faith by the Board of Directors as of the date of the adoption of the resolution specifically authorizing such issue or sale, irrespective of any accounting treatment of such property; and
  - (3) If Additional Ordinary Shares or Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares are issued or sold together with other stock or securities or other assets of the Company for consideration which covers both, the consideration received for the Additional Ordinary Shares or Ordinary Share Equivalents shall be computed as that portion of the consideration received which is reasonably determined in good faith by the Board of Directors to be allocable to such Additional Ordinary Shares or Ordinary Share Equivalents.
- (C) For the purpose of making any adjustment in Series D Conversion Price provided in this subsection (vi), if at any time, or from time to time, after the date of the adoption of these Articles, the Company issues any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than Series D Conversion Price in effect immediately prior to such issuance, then, in each such case, at the time of such issuance the Company shall be deemed to have issued the maximum number of Additional Ordinary Shares issuable upon the exercise, conversion or exchange of such Ordinary Share Equivalents and to have received in consideration for each Additional Ordinary Share deemed issued an amount equal to the Effective Conversion Price.
- (1) In the event of any increase in the number of Ordinary Shares deliverable or any reduction in consideration payable upon exercise, conversion or exchange of any Ordinary Share Equivalents where the resulting Effective Conversion Price is less than Series D Conversion Price at such date, including, but not limited to, a change resulting from the anti-dilution provisions thereof, such Series D Conversion Price shall be recomputed to reflect such change as if, at the time of issue for such Ordinary Share Equivalent, such Effective Conversion Price applied.

- (2) If any right to exercise, convert or exchange any Ordinary Share Equivalents shall expire without having been fully exercised, the Series D Conversion Price as adjusted upon the issuance of such Ordinary Share Equivalents shall be readjusted to the Series D Conversion Price which would have been in effect had such adjustment been made on the basis that (A) the only Additional Ordinary Shares to be issued on such Ordinary Share Equivalents were such Additional Ordinary Shares, if any, as were actually issued or sold in the exercise, conversion or exchange of any part of such Ordinary Share Equivalents prior to the expiration thereof and (B) such Additional Ordinary Shares, if any, were issued or sold for (x) the consideration actually received by the Company upon such exercise, conversion or exchange, plus (y) where the Ordinary Share Equivalents consist of options, warrants or rights to purchase Ordinary Shares, the consideration, if any, actually received by the Company for the grant of such Ordinary Share Equivalents, whether or not exercised, plus (z) where the Ordinary Share Equivalents consist of shares or securities convertible or exchangeable for Ordinary Shares, the consideration received for the issue or sale of Ordinary Share Equivalent actually converted.

(vii) Sale of Shares Below the Series D+ Conversion Price.

- (A) If at any time, or from time to time, after the date of the adoption of these Articles, the Company shall issue or sell Additional Ordinary Shares (other than as a subdivision or combination of Ordinary Shares provided for in subsection (i) above and other than as a dividend or other distribution provided for in subsection (ii) above) for a consideration per share less than the then effective Series D+ Conversion Price, then, the Series D+ Conversion Price shall be reduced on a weighted average basis, as of the opening of business on the date of such issue or sale, to a price determined as set forth below:

$$NCP = OCP * (OS + (NP/OCP))/(OS + NS)$$

WHERE:

NCP = the new Series D+ Conversion Price,

OCP = the Series D+ Conversion Price in effect immediately before the issuance of the Additional Ordinary Shares,

OS = the total issued and outstanding Ordinary Shares immediately before the issuance of the Additional Ordinary Shares plus the total Ordinary Shares issuable upon conversion, exchange or exercise of all the issued and outstanding Preferred Shares and Ordinary Share Equivalents,

NP = the total consideration received for the issuance or sale of the Additional Ordinary Shares, and

NS = the number of Additional Ordinary Shares issued or sold.

Such adjustment shall be made whenever such Additional Ordinary Shares or Ordinary Share Equivalents are issued, and the determination as to whether an adjustment is required to be made pursuant to the Articles shall be made upon the issuance of such Additional Ordinary Shares or Ordinary Share Equivalents, and not upon the issuance of any security into which the Ordinary Share Equivalents convert, exchange or may be exercised.

- (B) For the purpose of making any adjustment in Series D+ Conversion Price or number of Ordinary Shares issuable upon conversion of the Series D+ Preferred Shares, as provided above:
- (1) To the extent it consists of cash, the consideration received by the Company for any issue or sale of securities shall be computed at the net amount of cash received by the Company after deduction of any expenses payable directly or indirectly by the Company and any underwriting or similar commissions, compensations, discounts or concessions paid or allowed by the Company in connection with such issue or sale;
  - (2) To the extent it consists of property other than cash, consideration other than cash received by the Company for any issue or sale of securities shall be computed at the fair market value thereof, as determined in good faith by the Board of Directors as of the date of the adoption of the resolution specifically authorizing such issue or sale, irrespective of any accounting treatment of such property; and
  - (3) If Additional Ordinary Shares or Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares are issued or sold together with other stock or securities or other assets of the Company for consideration which covers both, the consideration received for the Additional Ordinary Shares or Ordinary Share Equivalents shall be computed as that portion of the consideration received which is reasonably determined in good faith by the Board of Directors to be allocable to such Additional Ordinary Shares or Ordinary Share Equivalents.
- (C) For the purpose of making any adjustment in Series D+ Conversion Price provided in this subsection (vii), if at any time, or from time to time, after the date of the adoption of these Articles, the Company issues any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than Series D+ Conversion Price in effect immediately prior to such issuance, then, in each such case, at the time of such issuance the Company shall be deemed to have issued the maximum number of Additional Ordinary Shares issuable upon the exercise, conversion or exchange of such Ordinary Share Equivalents and to have received in consideration for each Additional Ordinary Share deemed issued an amount equal to the Effective Conversion Price.
- (1) In the event of any increase in the number of Ordinary Shares deliverable or any reduction in consideration payable upon exercise, conversion or exchange of any Ordinary Share Equivalents where the resulting Effective Conversion Price is less than Series D+ Conversion Price at such date, including, but not limited to, a change resulting from the anti-dilution provisions thereof, such Series D+ Conversion Price shall be recomputed to reflect such change as if, at the time of issue for such Ordinary Share Equivalent, such Effective Conversion Price applied.

- (2) If any right to exercise, convert or exchange any Ordinary Share Equivalents shall expire without having been fully exercised, the Series D+ Conversion Price as adjusted upon the issuance of such Ordinary Share Equivalents shall be readjusted to the Series D+ Conversion Price which would have been in effect had such adjustment been made on the basis that (A) the only Additional Ordinary Shares to be issued on such Ordinary Share Equivalents were such Additional Ordinary Shares, if any, as were actually issued or sold in the exercise, conversion or exchange of any part of such Ordinary Share Equivalents prior to the expiration thereof and (B) such Additional Ordinary Shares, if any, were issued or sold for (x) the consideration actually received by the Company upon such exercise, conversion or exchange, plus (y) where the Ordinary Share Equivalents consist of options, warrants or rights to purchase Ordinary Shares, the consideration, if any, actually received by the Company for the grant of such Ordinary Share Equivalents, whether or not exercised, plus (z) where the Ordinary Share Equivalents consist of shares or securities convertible or exchangeable for Ordinary Shares, the consideration received for the issue or sale of Ordinary Share Equivalent actually converted.

(viii) For any Ordinary Share Equivalent with respect to which the Series C Conversion Price, the Series D Conversion Price or the Series D+ Conversion Price has been adjusted under Section 4(e)(v)(C), Section 4(e)(vi)(C) or this Section 4(e)(vii)(C), no further adjustment of such Series C Conversion Price, the Series D Conversion Price or the Series D+ Conversion Price shall be made solely as a result of the actual issuance of Ordinary Shares upon the actual exercise or conversion of such Ordinary Share Equivalent.

(ix) Other Dilutive Events. In case any event shall occur as to which the other provisions of this Section 4 are not strictly applicable, but the failure to make any adjustment to a Conversion Price would not fairly protect the conversion rights of a series of Preferred Shares in accordance with the essential intent and principles hereof, then, in each such case, the Board, in good faith, shall determine the appropriate adjustment to be made, on a basis consistent with the essential intent and principles established in this Section 4, necessary to preserve, without dilution, the conversion rights of such series of Preferred Shares.

(x) Certificate of Adjustments. In the case of any adjustment or readjustment of a Conversion Price, the Company, at its sole expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of such series of Preferred Shares at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (A) the consideration received or deemed to be received by the Company for any Additional Ordinary Shares issued or sold or deemed to have been issued or sold, (B) the number of Additional Ordinary Shares issued or sold or deemed to be issued or sold, (C) the Conversion Price in effect before and after such adjustment or readjustment, and (D) the number of Ordinary Shares and the type and amount, if any, of other property which would be received upon conversion of the Preferred Shares after such adjustment or readjustment.



(xi) Notice of Record Date. In the event the Company shall propose to take any action of the type or types requiring an adjustment to a Conversion Price or the number or character of any Preferred Shares as set forth herein, the Company shall give notice to the holders of such Preferred Shares, which notice shall specify the record date, if any, with respect to any such action and the date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Conversion Price and the number, kind or class of shares or other securities or property which shall be deliverable upon the occurrence of such action or deliverable upon the conversion of such Preferred Shares. In the case of any action which would require the fixing of a record date, such notice shall be given at least twenty (20) days prior to the date so fixed, and in the case of all other actions, such notice shall be given at least thirty (30) days prior to the taking of such proposed action.

(xii) Notices. Any notice required by the provisions of this Section shall be in writing and shall be deemed effectively given: (A) upon personal delivery to the party to be notified, (B) when sent by confirmed facsimile if sent during normal business hours of the recipient; if not, then on the next Business Day, (C) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (D) one (1) day after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Company.

(xiii) Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or allotment of Ordinary Shares upon conversion of Preferred Shares, excluding any tax or other charge imposed in connection with any transfer involved in the issue and allotment of Ordinary Shares in a name other than that in which the Preferred Shares so converted were registered.

**THE COMPANIES LAW (2020 REVISION)**  
**EXEMPTED COMPANY LIMITED BY SHARES**  
**THE AMENDED AND RESTATED**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**Kingsoft Cloud Holdings Limited**

1. The name of the Company is Kingsoft Cloud Holdings Limited.
2. The registered office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law.
5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is US\$4,000,000.00 divided into 4,000,000,000 shares of a nominal or par value of US\$0.001 each.
9. The Company may exercise the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.

---

The Companies Law (2020 Revision)  
Company Limited by Shares

THE AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

**Kingsoft Cloud Holdings Limited**

(Conditionally adopted by way of a special resolution passed on \_\_\_\_\_, 2020  
and to become effective immediately prior to the completion of  
the initial public offering of the Company's American Depositary Shares representing its  
shares in the Company  
(with effect from \_\_\_\_\_, 2020)

## I N D E X

| <u>SUBJECT</u>  | <u>Article No.</u> |
|---|--------------------|
| Table A   | 1                  |
| Interpretation  | 2                  |
| Share Capital   | 3                  |
| Alteration Of Capital   | 4-7                |
| Share Rights  | 8-10               |
| Variation Of Rights   | 11-12              |
| Shares  | 13-165             |
| Share Certificates  | 17-22              |
| Lien  | 23-25              |
| Calls On Shares   | 26-34              |
| Forfeiture Of Shares  | 35-43              |
| Register Of Members   | 44-45              |
| Record Dates  | 46                 |
| Transfer Of Shares  | 47-52              |
| Transmission Of Shares  | 53-55              |
| Untraceable Members   | 56                 |
| General Meetings  | 57-59              |
| Notice Of General Meetings  | 60-61              |
| Proceedings At General Meetings   | 62-66              |
| Voting  | 67-78              |
| Proxies   | 79-84              |
| Corporations Acting By Representatives                                  | 85                 |
| No Action By Written Resolutions Of Members                             | 86                 |
| Board Of Directors  | 87                 |
| Disqualification Of Directors   | 88                 |
| Executive Directors   | 89-90              |
| Alternate Directors   | 91-94              |
| Directors' Fees And Expenses  | 95-98              |
| Directors' Interests  | 99-102             |
| General Powers Of The Directors   | 103-108            |
| Borrowing Powers  | 109-112            |
| Proceedings Of The Directors  | 113-122            |
| Audit Committee   | 123-125            |
| Officers  | 126-129            |
| Register of Directors and Officers                                      | 130                |
| Minutes   | 131                |
| Seal  | 132                |
| Authentication Of Documents   | 133                |
| Destruction Of Documents  | 134                |
| Dividends And Other Payments  | 135-144            |
| Reserves  | 145                |
| Capitalisation  | 146-147            |
| Subscription Rights Reserve   | 148                |
| Accounting Records  | 149-153            |
| Audit   | 154-159            |
| Notices   | 160-162            |
| Signatures  | 163                |
| Winding Up  | 164-165            |
| Indemnity   | 166                |
| Amendment To Memorandum and Articles of Association And Name of Company | 167                |
| Information   | 168                |

TABLE A

1. The regulations in Table A in the Schedule to the Companies Law (2020 Revision) do not apply to the Company.

INTERPRETATION

2. (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

| <u>WORD</u>                      | <u>MEANING</u>  |
|----------------------------------|---|
| “ADSs”                           | American Depositary Shares representing the Company’s ordinary shares.  |
| “Articles”                       | these Articles in their present form or as supplemented or amended or substituted from time to time.  |
| “Audit Committee”                | the audit committee of the Company formed by the Board pursuant to Article 125 hereof, or any successor audit committee.  |
| “Auditor”                        | the independent auditor of the Company which shall be an internationally recognized firm of independent accountants.  |
| “Board” or “Directors”           | the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.   |
| “capital”                        | the share capital from time to time of the Company.   |
| “clear days”                     | in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.   |
| “clearing house”                 | a clearing house recognised by the laws of the jurisdiction in which the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction. |
| “Company”                        | Kingsoft Cloud Holdings Limited   |
| “competent regulatory authority” | a competent regulatory authority in the territory where the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such territory.                 |

|                                    |   |
|------------------------------------|---|
| “debenture” and “debenture holder” | include debenture stock and debenture stockholder respectively.   |
| “Designated Stock Exchange”        | the stock exchange in the United States of America on which any shares or ADSs are listed for trading.  |
| “dollars” and “\$”                 | dollars, the legal currency of the United States of America.  |
| “Exchange Act”                     | the Securities Exchange Act of 1934, as amended.  |
| “head office”                      | such office of the Company as the Directors may from time to time determine to be the principal office of the Company.  |
| “Law”                              | The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.  |
| “Member”                           | a duly registered holder from time to time of the shares in the capital of the Company.   |
| “Memorandum of Association”        | the memorandum of association of the Company, as amended from time to time.   |
| “month”                            | a calendar month.   |
| “Notice”                           | written notice unless otherwise specifically stated and as further defined in these Articles.   |
| “Office”                           | the registered office of the Company for the time being.  |
| “ordinary resolution”              | a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days’ Notice has been duly given; |
| “paid up”                          | paid up or credited as paid up.   |
| “Register”                         | the principal register and where applicable, any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.  |
| “Registration Office”              | in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.               |

|                      |  |
|----------------------|--|
| “SEC”                | the United States Securities and Exchange Commission.  |
| “Securities Act”     | mean the U.S. Securities Act 1933 as amended, or any similar federal statute and the rules and regulations of the SEC thereunder as the same shall be in effect from time to time.   |
| “Seal”               | common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the Cayman Islands or in any place outside the Cayman Islands.  |
| “Secretary”          | any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.   |
| “shares”             | ordinary shares of par value US\$0.001 each.   |
| “special resolution” | <p>a resolution shall be a special resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days’ Notice, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than ten (10) clear days’ Notice has been given;</p> <p>a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.</p> |
| “Statutes”           | the Law and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum of Association and/or these Articles.  |
| “year”               | a calendar year.   |

- (2) In these Articles, unless there be something within the subject or context inconsistent with such construction:
- (a) words importing the singular include the plural and vice versa;
  - (b) words importing a gender include both gender and the neuter;
  - (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
  - (d) (the words:
    - (i) “may” shall be construed as permissive;
    - (ii) “shall” or “will” shall be construed as imperative;
  - (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations;
  - (f) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
  - (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context;
  - (h) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
  - (i) Section 8 of the Electronic Transaction Law (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles; and
  - (j) references to “in the ordinary course of business” and comparable expressions mean the ordinary and usual course of business of the relevant party, consistent in all material respects (including nature and scope) with the prior practice of such party.

#### SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Articles come into effect shall be divided into ordinary shares of a par value of US\$0.001 each.



(2) Subject to the Law, the Company's Memorandum and Articles of Association and, where applicable, the rules of the Designated Stock Exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fits and any determination by the Board of the manner of purchase shall be deemed authorized by these Articles for purposes of the Law.

(3) The Company is authorised to hold treasury shares in accordance with the Law and may designate as treasury shares any of its shares that it purchases or redeems, or any share surrendered to it subject to the rules of the Designated Stock Exchange and/or any competent regulatory authority. Shares held by the Company as treasury shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred as the Board may determine on such terms and subject to such conditions as it in its absolute discretion thinks fits in accordance with the Law subject to the rules of the Designated Stock Exchange and/or any competent regulatory authority.

(4) The Company may accept the surrender for no consideration of any fully paid share unless, as a result of such surrender, there would no longer be any issued shares of the Company other than shares held as treasury shares.

(5) No share shall be issued to bearer.

#### ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with the Law alter the conditions of its Memorandum of Association to:

- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) without prejudice to the powers of the Board under Article 13, divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that, for the avoidance of doubt, where a class of shares has been authorized by the Company no resolution of the Company in general meeting is required for the issuance of shares of that class and the Directors may issue shares of that class and determine such rights, privileges, conditions or restrictions attaching thereto as aforesaid, and further provided that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Law), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
  - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.
5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the Article 4 and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise any person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.
7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

#### SHARE RIGHTS

8. Subject to the provisions of the Law, the rules of the Designated Stock Exchange and the Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, and without prejudice to Article 14 hereof, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine, including without limitation on terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.
9. Subject to the Law, any preferred shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its Memorandum of Association, are to be redeemed or, are liable to be redeemed on such terms and in such manner as the Directors before the issue or conversion may in their absolute discretion determine. Where the Company purchases for redemption a

redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Board, either generally or with regard to specific purchases. If purchases are by tender, tenders shall comply with applicable laws.

10. Subject to Article 13.1, the Memorandum of Association and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to these Articles:

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as the Board may from time to time declare;
- (c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally, be entitled to enjoy all of the rights attaching to shares.

#### VARIATION OF RIGHTS

11. Subject to the Law and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:

- (a) separate general meetings of the holders of a class or series of shares may be called only by (i) the Chairman of the Board, or (ii) a majority of the entire Board (unless otherwise specifically provided by the terms of issue of the shares of such class or series). Nothing in this Article 11 shall be deemed to give any Member or Members the right to call a class or series meeting;
- (b) the necessary quorum (whether at a separate general meeting or at its adjourned meeting) shall be a person or persons or (in the case of a Member being a corporation) its duly authorized representative together holding or representing by proxy not less than one-third in nominal value or par value of the issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall form a quorum);
- (c) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
- (d) any holder of shares of the class present in person or by proxy or authorised representative may demand a poll.

12. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of

such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

### SHARES

13. (1) Subject to the Law, these Articles and, where applicable, the rules of the Designated Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to the par value. In particular and without prejudice to the generality of the foregoing, the Board is hereby empowered to authorize by resolution or resolutions from time to time the issuance of one or more classes or series of preferred shares and to fix the designations, powers, preferences and relative, participating, optional and other rights, if any, and the qualifications, limitations and restrictions thereof, if any, including, without limitation, the number of shares constituting each such class or series, dividend rights, conversion rights, redemption privileges, voting powers, full or limited or no voting powers, and liquidation preferences, and to increase or decrease the size of any such class or series (but not below the number of shares of any class or series of preferred shares then outstanding) to the extent permitted by the Law. Without limiting the generality of the foregoing, the resolution or resolutions providing for the establishment of any class or series of preferred shares may, to the extent permitted by law, provide that such class or series shall be superior to, rank equally with or be junior to the preferred shares of any other class or series.

(2) Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of preferred shares, no vote of the holders of preferred shares or ordinary shares shall be a prerequisite to the issuance of any shares of any class or series of the preferred shares authorized by and complying with the conditions of the Memorandum and Articles of Association.

(3) The Board may issue options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

14. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Law. Subject to the Law, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

15. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by

these Articles or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

16. Subject to the Law and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

#### SHARE CERTIFICATES

17. Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

18. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

19. The Company is not obliged to issue a share certificate to a Member unless the Member requests it in writing from the Company. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.

20. Share certificates shall be issued within the relevant time limit as prescribed by the Law or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.

21. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article 21. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.

(2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.

22. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Board has determined that the original has been destroyed.

#### LIEN

23. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually become due or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article 23.

24. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

25. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

#### CALLS ON SHARES

26. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the

time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

27. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.
28. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.
29. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest in whole or in part.
30. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
31. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
32. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
33. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
34. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one (1) month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

35. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:
- (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
  - (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.
- (2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.
36. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.
37. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.
38. Any share so forfeited shall be deemed the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.
39. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Board shall in its discretion so requires) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board shall determine. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article 39 any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.
40. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the



forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

41. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.
42. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.
43. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### REGISTER OF MEMBERS

44. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:
    - (a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;
    - (b) the date on which each person was entered in the Register; and
    - (c) the date on which any person ceased to be a Member.
  - (2) The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.
45. The Register and branch register of Members, as the case may be, shall be open to inspection for such times and on such days as the Board shall determine by Members without charge or by any other person, upon a maximum payment of \$2.50 or such other sum specified by the Board, at the Office or Registration Office or such other place at which the Register is kept in accordance with the Law. The Register including any overseas or local or other branch register of Members may, after compliance with any notice requirements of the Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

#### RECORD DATES

46. For the purpose of determining the Members entitled to notice of or to vote at any general meeting, or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of Members, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board does not fix a record date for any general meeting, the record date for determining the Members entitled to a notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with these Articles notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The record date for determining the Members for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of the Members of record entitled to notice of or to vote at a meeting of the Members shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

#### TRANSFER OF SHARES

47. Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or a central depository house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

48. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to Article 47, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

49. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.

(2) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.

(3) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the Law.

50. Without limiting the generality of the Article 49, the Board may decline to recognise any instrument of transfer unless:-

- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Law or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.

51. If the Board refuses to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.

52. The registration of transfers of shares or of any class of shares may, after compliance with any notice requirement of the Designated Stock Exchange, be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

#### TRANSMISSION OF SHARES

53. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

54. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or the Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles

relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.

55. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 76(2) being met, such a person may vote at meetings.

#### UNTRACEABLE MEMBERS

56. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article 56, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

(2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of the Company have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of, the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

(3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale

will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

#### GENERAL MEETINGS

57. The Company shall, if required by the Statute, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. An annual general meeting of the Company shall be held at such time and place as may be determined by the Board.

58. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held at such times and in any location in the world as may be determined by the Board.

59. A majority of the Board or the Chairman of the Board may call extraordinary general meetings, which extraordinary general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine. Any one or more Members holding not less than ten per cent (10%) of the votes attaching to the total issued and paid up share capital of the Company at the date of deposit of the requisition shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

#### NOTICE OF GENERAL MEETINGS

60. (1) An annual general meeting and any extraordinary general meeting may be called by not less than ten (10) clear days' Notice but a general meeting may be called by shorter notice, subject to the Law, if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

(2) The notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors.

61. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

62. (1) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of:

- (a) the declaration and sanctioning of dividends;
- (b) consideration and adoption of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet; and
- (c) the election of Directors.

(2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. At any general meeting of the Company, two (2) Members entitled to vote and present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing not less than one-third in nominal value of the total issued voting shares in the Company throughout the meeting shall form a quorum for all purposes.

63. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

64. The Chairman of the Board shall preside as chairman at every general meeting. If at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and entitled to vote shall elect one of their number to be chairman.

65. The chairman may adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

66. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

#### VOTING

67. Holders of ordinary shares have the right to receive notice of, attend, speak and vote at general meetings of the Company. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house or a central depository house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and representing not less than one tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

68. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the

minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

69. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.

70. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

71. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

72. On a poll votes may be given either personally or by proxy.

73. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

74. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the Law. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

75. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

76. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under Article 54 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were



the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

77. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

78. If:

- (a) any objection shall be raised to the qualification of any voter; or
- (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

#### PROXIES

79. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.

80. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

81. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote

or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

82. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

83. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

84. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

#### CORPORATIONS ACTING BY REPRESENTATIVES

85. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If a clearing house (or its nominee(s)) or a central depository entity, being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house or a central depository entity (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house or a central depository entity (or its nominee(s)) including the right to vote individually on a show of hands.

(3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

#### NO ACTION BY WRITTEN RESOLUTIONS OF MEMBERS

86. Any action required or permitted to be taken at any annual or extraordinary general meetings of the Company may be taken only upon the vote of the Members at an annual or extraordinary general meeting duly noticed and convened in accordance with these Articles and the Law and may not be taken by written resolution of Members without a meeting.

#### BOARD OF DIRECTORS

87. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Board. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and thereafter in accordance with Article 87 and 88 and shall hold office until the expiration of his term or until their successors are elected or appointed.

(2) Subject to the Articles and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Board.

(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

(4) No Director shall be required to hold any shares of the Company by way of qualification and a Director who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.

(5) Subject to any provision to the contrary in these Articles, a Director may be removed by way of an ordinary resolution of the Members at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

(6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.

(7) The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).

DISQUALIFICATION OF DIRECTORS

88. The office of a Director shall be vacated if the Director:

- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
- (2) becomes of unsound mind or dies;
- (3) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated;
- (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (5) is prohibited by law from being a Director; or
- (6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

EXECUTIVE DIRECTORS

89. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article 91 shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

90. Notwithstanding Articles 95, 96, 97 and 98, an executive director appointed to an office under Article 89 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

91. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Directors appoint any person (including another Director) to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the body which appointed him and, subject thereto, the office of alternate Director shall continue until the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointer ceases for any reason to be a Director. Any appointment or removal of an alternate Director

shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

92. An alternate Director shall only be a Director for the purposes of the Law and shall only be subject to the provisions of the Law insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.

93. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from the People's Republic of China or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

94. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Articles which was in force immediately before his retirement shall remain in force as though he had not retired.

#### DIRECTORS' FEES AND EXPENSES

95. The Directors shall receive such remuneration as the Board may from time to time determine. Each Director shall be entitled to be repaid or prepaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the board or general meetings or separate meetings of any class of shares or of debenture of the Company or otherwise in connection with the discharge of his duties as a Director.

96. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

97. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

98. The Board shall determine any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

#### DIRECTORS' INTERESTS

99. A Director may:

- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;
- (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
- (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Notwithstanding the foregoing, no “Independent Director” as defined in the rules of the Designated Stock Exchange or in Rule 10A-3 under the Exchange Act, and with respect of whom the Board has determined constitutes an “Independent Director” for purposes of compliance with applicable law or the rules of the Designated Stock Exchange, shall without the consent of the Audit Committee take any of the foregoing actions or any other action that would reasonably be likely to affect such Director’s status as an “Independent Director” of the Company.

100. Subject to the Law and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 103 herein. Any such transaction that would reasonably be likely to affect a Director’s status as an “Independent Director”, or that would constitute a “related party transaction” as defined by the rules of the Designated Stock Exchange or under applicable laws, shall require the approval of the Audit Committee.

101. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:

- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

102. Following a declaration being made pursuant to the last preceding two Articles, subject to any separate requirement for Audit Committee approval under applicable law or the listing rules of the Company’s Designated Stock Exchange, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.

#### GENERAL POWERS OF THE DIRECTORS

103. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Articles required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any one Director on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

(3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:

- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed;
- (b) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration; and
- (c) to resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the Law.

104. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

105. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these



Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Company's Seal.

106. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

107. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

108. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.

(2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement, and may be subject or not subject to any terms or conditions as the Board may determine.

#### BORROWING POWERS

109. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Law, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

110. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

111. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption,

surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

112. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.

(2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Law, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Law in regard to the registration of charges and debentures therein specified and otherwise.

#### PROCEEDINGS OF THE DIRECTORS

113. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

114. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the president or chairman, as the case may be, or any Director.

115. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2) of the Board. An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.

(2) Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

(3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

116. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles as the quorum, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.

117. The Chairman of the Board shall be the chairman of all meetings of the Board. If the Chairman of the Board is not present at any meeting within five (5) minutes after the time

appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

118. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

119. (1) The Board may delegate any of its powers, authorities and discretions to committees (including, without limitation, the Audit Committee), consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

(2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board (or if the Board delegates such power, the committee) shall have power to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.

120. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article, indicating, without limitation, any committee charter adopted by the Board for purposes or in respect of any such committee.

121. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors and for this purpose a facsimile signature of a Director shall be treated as valid.

122. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

#### AUDIT COMMITTEE

123. Without prejudice to the freedom of the Directors to establish any other committees, for so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the rules of the Designated Stock Exchange and the rules and regulations of the SEC.

124. The Board shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis.

125. For so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee for the review and approval of potential conflicts of interest in accordance with the audit committee charter.

#### OFFICERS

126. (1) The officers of the Company shall consist of the Chairman of the Board, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Law and these Articles. In addition to the officers of the Company, the Board may also from time to time determine and appoint managers and delegate to the same such powers and duties as are prescribed by the Board.

(2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one Director is proposed for this office, the election to such office shall take place in such manner as the Directors may determine.

(3) The officers shall receive such remuneration as the Directors may from time to time determine.

127. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.

(2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Law or these Articles or as may be prescribed by the Board.

128. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.

129. A provision of the Law or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

#### REGISTER OF DIRECTORS AND OFFICERS

130. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Law or as the Directors may determine. The Company shall send to the Registrar of Companies in the

Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the Law.

#### MINUTES

131. (1) The Board shall cause minutes to be duly entered in books provided for the purpose:
- (a) of all elections and appointments of officers;
  - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
  - (c) of all resolutions and proceedings of each general meeting of the Members, meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.
- (2) Minutes shall be kept by the Secretary at the Office.

#### SEAL

132. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Article 134 shall be deemed to be sealed and executed with the authority of the Board previously given.

(2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

#### AUTHENTICATION OF DOCUMENTS

133. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents

or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

#### DESTRUCTION OF DOCUMENTS

134. (1) The Company shall be entitled to destroy the following documents at the following times:

- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
- (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
- (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Article 136 shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Article 136 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Article 136 to the destruction of any document include references to its disposal in any manner.

(2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Article 136 and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction

of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

#### DIVIDENDS AND OTHER PAYMENTS

135. Subject to the Law, the Board may from time to time declare dividends in any currency to be paid to the Members.

136. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. The Board may also declare and pay dividends out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

137. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

138. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

139. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

140. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

141. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder

whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

142. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

143. Whenever the Board has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

144. (1) Whenever the Board has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:
  - (i) the basis of any such allotment shall be determined by the Board;
  - (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;



- (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
  - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (“the non-elected shares”) and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or
- (b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
  - (ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days’ Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
  - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
  - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised (“the elected shares”) and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.
- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Article 146 shall rank *pari passu* in all respects with shares of the same

class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Article 146 in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.

(b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article 146, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(3) The Board may determine and resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article 146 a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Article 146 shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a dividend on shares of any class by the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall *mutatis mutandis* apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

#### RESERVES

145. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the Law. The Company shall at all times comply with the provisions of the Law in relation to the share premium account.

(2) Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

#### CAPITALISATION

146. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the basis that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article 148, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

147. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the Article 148 and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

#### SUBSCRIPTION RIGHTS RESERVE

148. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Law:

(1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act

or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:

- (a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Article 150) maintain in accordance with the provisions of this Article 150 a reserve (the "Subscription Rights Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;
- (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;
- (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:
  - (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
  - (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant holders; and
- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and

allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrant holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant holder upon the issue of such certificate.

(2) Shares allotted pursuant to the provisions of this Article shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Article, no fraction of any share shall be allotted on exercise of the subscription rights.

(3) The provision of this Article as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrant holder or class of warrant holders under this Article without the sanction of a special resolution of such warrant holders or class of warrant holders.

(4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

#### ACCOUNTING RECORDS

149. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

150. The accounting records shall be kept at the Office or, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

151. Subject to Article 154, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least ten (10) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with Article 57

provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.

152. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 153 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summarised financial statements derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

153. The requirement to send to a person referred to in Article 153 the documents referred to in that article or a summary financial report in accordance with Article 154 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 153 and, if applicable, a summary financial report complying with Article 154, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

#### AUDIT

154. Subject to applicable law and rules of the Designated Stock Exchange, the Board shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until removed from office by a resolution of the Directors. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.

155. Subject to the Law the accounts of the Company shall be audited at least once in every year.

156. The remuneration of the Auditor shall be determine by the Audit Committee or, in the absence of such Audit Committee, by the Board.

157. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.

158. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.

159. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books,

accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Audit Committee. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

#### NOTICES

160. Any Notice or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

161. Any Notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the Notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A Notice placed on the Company's website is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;
- (c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or

delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and

- (d) may be given to a Member in the English language or such other language as may be approved by the Directors, subject to due compliance with all applicable Statutes, rules and regulations.

162. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the Notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

(2) A Notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

(3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every Notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

#### SIGNATURES

163. For the purposes of these Articles, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director in the terms in which it is received.

#### WINDING UP

164. (1) The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
- (2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.



165. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, a nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

(2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Law, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

#### INDEMNITY

166. (1) The Directors, Secretary and other officers for the time being of the Company (but not including the Company's auditors) and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

(2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

#### AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

AND NAME OF COMPANY

167. No Article shall be rescinded, altered or amended and no new Article shall be made until the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the Memorandum of Association or to change the name of the Company.

INFORMATION

168. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

Incorporated in the Cayman Islands

**Kingsoft Cloud Holdings Limited**

This is to certify that  
of

is/are the registered shareholder of:

|                |                    |                  |
|----------------|--------------------|------------------|
| No. of Shares  | Type of Share      | Par Value        |
|                | <b>Ordinary</b>    | <b>US\$0.001</b> |
| Date of Record | Certificate Number | % Paid           |
|                |                    | <b>100%</b>      |

The above shares are subject to the Memorandum and Articles of Association of the Company and transferrable in accordance therewith.

\_\_\_\_\_ Director

\_\_\_\_\_ Director/Secretary

# CONYERS

CONYERS DILL &amp; PEARMAN

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman KY1-1111  
Cayman Islands  
T +1 345 945 3901

conyers.com

17 April, 2020

Matter No.:830357  
Doc Ref: PL/HL/KN/105976089v1(852) 2842 9551  
[Paul.lim@conyers.com](mailto:Paul.lim@conyers.com)(852) 2842 9402  
[Hollia.lam@conyers.com](mailto:Hollia.lam@conyers.com)Kingsoft Cloud Holdings Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

Dear Sirs,

**Re: Kingsoft Cloud Holdings Limited (the “Company”)**

We have acted as special Cayman Islands legal counsel to the Company in connection with a registration statement on form F-1, including all amendments or supplements thereto, filed with the U.S. Securities and Exchange Commission (the “**Commission**”) on 17 April, 2020 (the “**Registration Statement**”, which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto) relating to the registration under the U.S. Securities Act of 1933, as amended, (the “**Securities Act**”) of ordinary shares, par value US\$0.001 of the Company (the “**Ordinary Shares**”) each of which are being offered by the Company in the form of American Depositary Shares (the “**ADSs**”).

For the purposes of giving this opinion, we have examined a copy of the Registration Statement. We have also reviewed the current seventeenth amended and restated memorandum and articles of association of the Company adopted on 16 December, 2019 and being effective from 27 December, 2019 (the “**M&A**”), written resolutions of the directors of the Company dated 7 April, 2020 (the “**Director Resolutions**”), written resolutions of the members of the Company dated 7 April, 2020 (the “**Member Resolutions**”), the amended and restated memorandum and articles of association of the Company conditionally adopted by the Company to become effective immediately prior to the completion of the Company’s initial public offering of its ADSs represented by its Ordinary Shares (the “**Listing M&A**”), a Certificate of Good Standing issued by the Registrar of Companies in relation to the Company on 8 April, 2020 (the “**Certificate Date**”), and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (b) that where a document has been examined by us in draft form, it will be or has been executed and/or filed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention, (c) the accuracy and completeness of all factual representations made in the Registration Statement and other documents reviewed by us,

(d) that the Director Resolutions and Members Resolutions were passed at one or more duly convened, constituted and quorate meetings or by unanimous written resolutions, remain in full force and effect and have not been rescinded or amended, (e) that the Listing M&A conditionally adopted by the Company will become effective immediately prior to the completion of the Company's initial public offering of its ADSs represented by its Ordinary Shares, (f) that there is no provision of the law of any jurisdiction, other than the Cayman Islands, which would have any implication in relation to the opinions expressed herein, (g) that upon issue of any Ordinary Shares to be sold by the Company, the Company will receive consideration for the full issue price thereof which shall be equal to at least the par value thereof, and (h) the validity and binding effect under the laws of the United States of America of the Registration Statement and that the Registration Statement will be duly filed with the Commission.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the Cayman Islands. This opinion is to be governed by and construed in accordance with the laws of the Cayman Islands and is limited to and is given on the basis of the current law and practice in the Cayman Islands. This opinion is issued solely for the purposes of the filing of the Registration Statement and the offering of the Ordinary Shares in the form of ADSs by the Company and is not to be relied upon in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that:

1. The Company is duly incorporated and existing under the law of the Cayman Islands and, based on the Certificate of Good Standing, is in good standing as at the Certificate Date. Pursuant to the Companies Law (the "**Law**"), a company is deemed to be in good standing if all fees and penalties under the Law have been paid and the Registrar of Companies has no knowledge that the Company is in default under the Law.
2. The allotment and issue of the Ordinary Shares have been duly authorised. When issued and paid for as contemplated by the Registration Statement, the Ordinary Shares will be validly issued, fully paid and non-assessable (which term when used herein means that no further sums are required to be paid by the holders thereof in connection with the issue thereof).

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to our firm under the captions "Enforceability of Civil Liabilities", "Taxation" and "Legal Matters" in the prospectus forming a part of the Registration Statement.

In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Securities Act or that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

/s/ Conyers Dill & Pearman

---

**Conyers Dill & Pearman**

# CONYERS

**CONYERS DILL & PEARMAN**Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman KY1-1111  
Cayman Islands  
T +1 345 945 3901[conyers.com](http://conyers.com)

17 April, 2020

Matter No.:830357  
Doc Ref: PL/HL/KN/105976119v1

(852) 2842 9551

[Paul.lim@conyers.com](mailto:Paul.lim@conyers.com)

(852) 2842 9402

[Hollia.lam@conyers.com](mailto:Hollia.lam@conyers.com)Kingsoft Cloud Holdings Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

Dear Sirs,

**Re: Kingsoft Cloud Holdings Limited** (the “Company”)

We have acted as special Cayman Islands legal counsel to the Company in connection with a registration statement on form F-1, including all amendments or supplements thereto, filed with the U.S. Securities and Exchange Commission (the “**Commission**”) on 17 April, 2020 (the “**Registration Statement**”, which term does not include any other document or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto) relating to the registration under the U.S. Securities Act of 1933, as amended, (the “**Securities Act**”) of ordinary shares, par value US\$0.001 of the Company (the “**Ordinary Shares**”) each of which are being offered by the Company in the form of American Depositary Shares (the “**ADSs**”).

For the purposes of giving this opinion, we have examined and relied upon copies of the Registration Statement, a draft of the prospectus (the “**Prospectus**”) contained in the Registration Statement which is in substantially final form, the current seventeenth amended and restated memorandum and articles of association of the Company adopted on 16 December, 2019 and being effective from 27 December, 2019, the amended and restated memorandum and articles of association of the Company conditionally adopted by the Company to become effective immediately prior to the completion of the Company’s initial public offering of its ADSs represented by its Ordinary Shares, an undertaking from the Governor in Cabinet of the Cayman Islands under the Tax Concessions Law (2018 Revision) dated 23 December, 2019, and such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (a) the genuineness and authenticity of all signatures, stamps and seals and the conformity to the originals of all copies of documents (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken; (b) the accuracy and completeness of all factual representations made in the Prospectus and Registration

Statement reviewed by us; (c) the validity and binding effect under the laws of the United States of America of the Registration Statement and the Prospectus and that the Registration Statement will be duly filed with and declared effective by the Commission; (d) that the amended and restated memorandum and articles of association of the Company conditionally adopted by the Company will become effective immediately prior to the completion of the Company's initial public offering of its ADSs represented by its Ordinary Shares, and (e) that the Prospectus, when published, will be in substantially the same form as that examined by us for purposes of this opinion.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than the Cayman Islands. This opinion is to be governed by and construed in accordance with the laws of the Cayman Islands and is limited to and is given on the basis of the current law and practice in the Cayman Islands. This opinion is issued solely for the purposes of the filing of the Registration Statement and the offering of the Ordinary Shares in the form of ADSs by the Company and is not to be relied upon in respect of any other matter.

On the basis of and subject to the foregoing, we are of the opinion that the statements under the caption "Taxation – Cayman Islands Taxation" in the Prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are true and accurate in all material respects and that such statements constitute our opinion.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and further consent to the reference to our firm under the captions "Enforceability of Civil Liabilities", "Taxation" and "Legal Matters" in the Prospectus forming part of the Registration Statement.

In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Securities Act or that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder.

Yours faithfully,

/s/ Conyers Dill & Pearman

**Conyers Dill & Pearman**

New York  
Northern California  
Washington DC  
São Paulo  
London

Paris  
Madrid  
Tokyo  
Beijing  
Hong Kong



Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, NY 10017

212 450 4000 tel  
212 701 5800 fax

17 April, 2020

Re: Registration Statement on Form F-1

Kingsoft Tower, No. 33, Xiao Ying West Road,  
Haidian District  
Beijing, 100085, the People's Republic of China

Dear Ladies and Gentlemen:

We are acting as United States counsel to Kingsoft Cloud Holdings Limited, a company incorporated in the Cayman Islands (the "**Company**"), in connection with the preparation of the Registration Statement on Form F-1 (the "**Registration Statement**") and the related Prospectus (the "**Prospectus**") filed with the Securities and Exchange Commission by the Company under the Securities Act of 1933, as amended (the "**Securities Act**"). The Prospectus has been filed in connection with the Company's offering of its American depositary shares ("**ADSs**") representing the Company's ordinary shares, par value \$0.001 per share.

We have examined such matters of fact and law as we have deemed necessary or advisable for the purpose of our opinion.

We hereby confirm that our opinion as to the material U.S. federal income tax consequences to U.S. Holders of an investment in ADSs is set forth in full under the caption "Taxation—Material U.S. Federal Income Tax Considerations" in the Prospectus.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York and the federal laws of the United States.

We hereby consent to the use of our name under the captions "Taxations—Material U.S. Federal Income Tax Considerations" and "Legal Matters" in the Prospectus and to the filing, as an exhibit to the Registration Statement, of this letter.

In giving such consent we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations thereunder.

Very truly yours,

Davis Polk & Wardwell LLP



**Kingsoft Cloud Holdings Limited**

---

**SHARE OPTION SCHEME**  
**Adopted on 27 February 2013**

---

## CONTENT

| <u>Clause</u> | <u>Heading</u>                                      | <u>Page</u> |
|---------------|---|-------------|
| 1.            | DEFINITIONS   | 3           |
| 2.            | CONDITIONS  | 5           |
| 3.            | PURPOSE, DURATION AND ADMINISTRATION                | 6           |
| 4.            | GRANT OF OPTIONS                                    | 6           |
| 5.            | SUBSCRIPTION PRICE                                  | 8           |
| 6.            | EXERCISE OF OPTIONS                                 | 8           |
| 7.            | LAPSE OF OPTION                                     | 12          |
| 8.            | MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION | 13          |
| 9.            | REORGANISATION OF CAPITAL STRUCTURE                 | 15          |
| 10.           | SHARE CAPITAL                                       | 16          |
| 11.           | DISPUTES  | 16          |
| 12.           | ALTERATION OF THIS SCHEME                           | 16          |
| 13.           | TERMINATION   | 17          |
| 14.           | CANCELLATION OF OPTIONS                             | 17          |
| 15.           | MISCELLANEOUS                                       | 17          |

**Kingsoft Cloud Holdings Limited**  
**SHARE OPTION SCHEME**

**1. DEFINITIONS**

1.01 In this Scheme the following expressions have the following meanings.

|                              |  |
|------------------------------|--|
| <b>“Adoption Date”</b>       | 27 February 2013, the date on which this Scheme is conditionally adopted by the shareholders of the Company and Kingsoft Corporation Limited in general meeting;   |
| <b>“Associates”</b>          | has the meaning as ascribed thereto in Rule 1.01 of Chapter 1 of the Listing Rules;  |
| <b>“Auditors”</b>            | the auditors for the time being of the Company;  |
| <b>“Board”</b>               | the board of directors of the Company or such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer this Scheme;  |
| <b>“Business Day”</b>        | has the meaning ascribed thereto in the Listing Rules;   |
| <b>“Commencement Date”</b>   | in respect of an Option, the date upon which such Option is deemed to be granted and accepted in accordance with Clause 4.04;  |
| <b>“Company”</b>             | Kingsoft Cloud Holdings Limited, a limited liability company organized under the laws of the Cayman Islands whose registered office is at Harneys Services (Cayman) Limited, 3rd Floor, Queensgate House, 113 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands;   |
| <b>“Connected Person(s)”</b> | has the meaning as ascribed thereto in the Listing Rules;  |
| <b>“Court”</b>               | has the same meaning as ascribed in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);   |
| <b>“Eligible Employee”</b>   | employee(s) (whether full time or part time employee(s)) of the Company, its Subsidiaries or any Invested Entity;  |
| <b>“Excluded Employee”</b>   | any Eligible Employee who is resident in a place where (a) the grant or exercise of the Option pursuant to the terms of this Scheme is not permitted under the laws and regulations of such place, or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Employee, in each case as determined by the Board in its absolute discretion; |
| <b>“Group”</b>               | the Company and its directly or indirectly owned Subsidiaries;   |

|                                       |  |
|---------------------------------------|--|
| <b>“Grantee”</b>                      | any Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits) a person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised) in consequence of the death of such Grantee; |
| <b>“Hong Kong”</b>                    | The Hong Kong Special Administrative Region of the People’s Republic of China;   |
| <b>“Initial Public Offering”</b>      | a firm commitment underwritten initial public offering which results in the ordinary shares of the Company trading publicly on a recognized regional or national securities exchange;  |
| <b>“Invested Entity”</b>              | any entity in which the Group directly or indirectly holds 20% or more equity interest;  |
| <b>“Kingsoft Corporation Limited”</b> | 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;  |
| <b>“Listing Rules”</b>                | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);  |
| <b>“Offer”</b>                        | the offer of the grant of an Option made in accordance with Clause 4.01;   |
| <b>“Offer Date”</b>                   | the date on which the Board makes an Offer to any Participant;   |
| <b>“Option(s)”</b>                    | option(s) to subscribe for Shares granted pursuant to this Scheme;   |
| <b>“Option Period”</b>                | in respect of any particular Option, such period as the Board may in its absolute discretion determine and notify to each Grantee, from the Commencement Date to the date of expiration of the Option, save that such period shall not be more than ten (10) years from the Commencement Date subject to the provisions for early termination set out in this Scheme;                        |
| <b>“Participant(s)”</b>               | any Eligible Employee (excluding any Excluded Employee);   |
| <b>“Scheme”</b>                       | this share option scheme in its present or any amended form;   |
| <b>“Share(s)”</b>                     | ordinary share(s) of the Company, par value US\$0.001 or such other nominal amount as shall result from a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company;  |
| <b>“Stock Exchange”</b>               | The Stock Exchange of Hong Kong Limited;   |

|                             |   |
|-----------------------------|---|
| <b>“Subscription Price”</b> | the price per Share at which a Grantee may subscribe for Share on the exercise of an Option as described in Clause 5;   |
| <b>“Subsidiary”</b>         | a company which is for the time being a subsidiary (within the meaning of Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as modified from time to time) of the Company, whether incorporated in Hong Kong or elsewhere; |
| <b>“Trading Day”</b>        | a day on which the Stock Exchange is open for the trading of securities;  |
| <b>“HK\$”</b>               | Hong Kong dollars;  |
| <b>“US\$”</b>               | United States dollars; and.   |
| <b>“Vesting Schedule”</b>   | in relation to an Option, a schedule for the vesting of Shares comprised in the Option during the Option Period to be determined by the Board on the Offer Date.  |

1.02 In this Scheme, save as where the context otherwise requires:

- (a) clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme;
- (b) references herein to clauses are to clauses of this Scheme;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organizations, associations, enterprises, branches and entities of any other kind.

## 2. CONDITIONS

- 2.01 This Scheme shall take effect subject to the passing of the resolution of shareholders of the Company and Kingsoft Corporation Limited to adopt this Scheme.
- 2.02 If the above conditions are not satisfied, this Scheme shall forthwith determine, any Option(s) granted or agreed to be granted pursuant to this Scheme and any Offer of such a grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.
- 2.03 A certificate issued by the board of the Company and Kingsoft Corporation Limited that the conditions set out in Clause 2.01 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date shall be conclusive evidence of the matters certified.

### **3. PURPOSE, DURATION AND ADMINISTRATION**

- 3.01 The purpose of this Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.
- 3.02 Subject to Clause 13, this Scheme shall be valid and effective for a period of ten (10) years commencing on the date on which the conditions set out in Clause 2.01 are satisfied, after which period no further Options will be granted but the provisions of this Scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of this Scheme and remain unexercised immediately prior to the end of the ten-year period shall continue to be exercisable in accordance with their terms of grant within the Option Period for which such Options are granted, notwithstanding the expiry of this Scheme.
- 3.03 This Scheme shall be subject to the administration of the board of the Company and Kingsoft Corporation Limited (including the independent non-executive directors) whose decision (save as otherwise provided herein) shall be final and binding on all parties.

### **4. GRANT OF OPTIONS**

- 4.01 On and subject to the terms of this Scheme, the Board shall be entitled at any time and from time to time within the life of this Scheme set out in Clause 3.02 to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, Option(s) to subscribe for such number of Shares as the Board may determine at the Subscription Price. For the avoidance of doubt, the grant of any Options by the Company for the subscription of Shares to any person who falls within any of the classes of Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under this Scheme. The basis of eligibility of any of the classes of Participants to the grant of any Options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.
- 4.02 The Company may not grant any Options after inside information has come to the knowledge of the Company and Kingsoft Corporation Limited until an announcement of such information has been made. In particular, the Company may not grant any Options during the period commencing one month immediately before the earlier of (i) the date of the board meeting of Kingsoft Corporation Limited (as such date is first notified to the Stock Exchange under the Listing Rules) for approving Kingsoft Corporation Limited's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for Kingsoft Corporation Limited to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

- 4.03 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned for a period of twenty-eight (28) days from the Offer Date provided that no Offer shall be open for acceptance after the expiry of this Scheme set out in Clause 3.02 or after this Scheme has been terminated in accordance with the provisions hereof. No consideration is payable on acceptance of each grant of Option(s).
- 4.04 An Offer shall be deemed to have been accepted and the Option to which such Offer relates shall be deemed to have been granted and to have taken effect when the acceptance form attached to the Offer with the number of Shares in respect of which the Offer is accepted clearly stated therein is duly completed, signed and returned by the Grantee and is received by the Company at its principal office or such other address as is specified in the Offer on or before the Commencement Date.
- 4.05 To the extent that the Offer is not accepted within twenty-eight (28) days from the Offer Date in the manner indicated in Clause 4.04, it will be deemed to have been irrevocably declined and lapsed automatically.
- 4.06 Each grant of Options to a director, chief executive (other than a proposed director or chief executive of the Company or Kingsoft Corporation Limited) or substantial shareholder of the Company or Kingsoft Corporation Limited, or any of their respective Associates, under this Scheme or any other share option scheme of the Company or any of its Subsidiaries must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by the independent non-executive directors of Kingsoft Corporation Limited (excluding independent non-executive director who is a Grantee of the Options).
- 4.07 Where any grant of Options to a substantial shareholder or an independent non-executive director of Kingsoft Corporation Limited, or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
  - (b) (where the Shares are listed on the Stock Exchange), having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of Options must be approved by the shareholders of the Company and Kingsoft Corporation Limited. A circular must be sent to all shareholders of the Company and Kingsoft Corporation Limited. All Connected Persons of Kingsoft Corporation Limited must abstain from voting in favour at such general meeting. Any Connected Persons who are required to abstain from voting in favour at the general meeting may vote against the resolution at the general meeting provided that their intention to do so has been stated in relevant circular to shareholders. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. Any change in the terms of the Options granted to a substantial shareholder or an independent non-executive director of Kingsoft Corporation Limited, or any of their respective Associates must be approved by the shareholders of the Company and Kingsoft Corporation Limited in general meeting.

4.08 The circular referred to in Clause 4.07 shall contain:

- (a) details of the number and terms (including the Option Period, the minimum period (if any) for which an Option must be held before it can be exercised, performance targets (if any), the Subscription Price, the basis of determination of Subscription Price, the amount (if any) payable on acceptance of the Option and the rights attached to the Share or the Option) of the Options to be granted to each Grantee, which must be fixed before the shareholders' meeting of the Company and the date of board meeting of the Company for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price;
- (b) a recommendation from the independent non-executive directors of Kingsoft Corporation Limited (excluding one who is a Grantee of the Options) on whether or not to vote in favour of the proposed grant;
- (c) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (d) the information required under Rule 2.17.

## 5. **SUBSCRIPTION PRICE**

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the making of the Offer (which shall be stated in the Offer Letter) but in any case the Subscription Price of Options granted after the Company or Kingsoft Corporation Limited has resolved to seek a separate Initial Public Offering and up to date of the Company's Initial Public Offering must not be lower than the new issue price (if any) in the Company's Initial Public Offering. In particular, any Options granted during the period commencing six months before the lodgment of Form A1 (or its equivalent) up to the date of the Company's Initial Public Offering are subject to this requirement. The Subscription Price of Options granted during such period shall be subject to adjustment to a price not lower than the new issue price in the Company's Initial Public Offering.

## 6. **EXERCISE OF OPTIONS**

- 6.01 An Option must be personal to the Grantee and must not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without any compensation.



- 6.02 An Option may be exercised in whole or in part in the manner as set out in Clauses 6.03 and 6.04 by the Grantee (or, as the case may be, his or her legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given. Within ten (10) Business Days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of an independent financial adviser or Auditors pursuant to Clause 9, the Company shall allot the relevant Shares to the Grantee (or his or her legal personal representative(s)) credited as fully paid and issue to the Grantee (or his or her legal personal representative(s)) a share certificate in respect of the Shares so allotted.
- 6.03 Subject as hereinafter provided in this Scheme, the Option may be exercised by the Grantee (or his or her legal personal representatives) in accordance with the Vesting Schedule applicable to that Option at the specific time or times as determined by the Board, at any time during the Option Period provided that:
- (a) in the event of the Grantee ceasing to be a Participant for any reason other than his or her death or the termination of his or her employment on one or more of the grounds specified in Clause 7(g), the Grantee shall be entitled to exercise the vested Option(s) in full (to the extent which has become exercisable and not already exercised) within a period of one (1) month from the date of such cessation, which will be taken to be the last day on which the Grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not;
  - (b) in the event of the Grantee ceasing to be a Participant by reason of death (provided that none of the events which would be a ground for termination of his or her employment under Clause 7(g) arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled to exercise the vested Option(s) in full (to the extent which has become exercisable and not already exercised) within a period of six (6) months from the date of death (or such longer period as the Board may determine);
  - (c) in the event of a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the vested Options (to the extent not already exercised) granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her vested Option(s) (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her vested Option(s) at any time within ten (10) Business Days after the date on which such offer becomes or is declared unconditional;

- (d) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each shareholder give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause) and thereupon, each Grantee (or where permitted under Clause 6.03(b) his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her vested Options (to the extent which has become exercisable and not already exercised) at any time not later than five (5) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation;
- (e) in the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its shareholders or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his or her vested Option(s) (to the extent which has become exercisable and not already exercised), but the exercise of the vested Option(s) shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her vested Option(s) so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and
- (f) notwithstanding anything to the contrary contained herein, in the event that (i) the Grantee has breached the confidentiality obligation, non-compete obligation, non-solicitation obligation that such Grantee owes to the Group or the Invested Entity under relevant employment agreements, confidentiality and intellectual property rights assignment agreements, non-compete and non-solicitation agreements or this Scheme or any exhibit hereof (as applicable) in any material respect, or (ii) the Grantee has ceased to be a Participant due to the termination of his or her employment on one or more of the grounds specified in Clause 7(g), all the unvested Options held by such Grantee shall automatically be cancelled and cease vesting, all the vested but unexercised Options held by such Grantee shall automatically lapse, and the Company shall have the right to, at any time and from time to time, repurchase from the Grantee all or any part of the Shares allotted to such Grantee upon the exercise of an Option at nil consideration. The Company may give notice in writing to such Grantee requesting the repurchase of his/her Shares, and the Grantee shall use his/her best efforts to cooperate with the Company and complete the Company's repurchase of such Shares as soon as practicable and in any event within ten (10) days after his/her receipt of such notice. The Company's right to repurchase Shares from the Grantee pursuant to this Section 6.03(f) shall automatically terminate upon the Company's Initial Public Offering.

- 6.04 There is no performance target that has to be achieved before the exercise of any Option except otherwise imposed by the Board and stated in the Offer.
- 6.05 The Shares to be allotted upon the exercise of an Option (i) shall not, prior to the Company's Initial Public Offering, be sold, assigned, transferred, pledged, hypothecated, mortgaged, encumbered or otherwise disposed through one or a series of transactions, directly or indirectly, by any Grantee (or his or her legal representative(s)) to any third party unless otherwise approved by the Board in writing; and (ii) will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.
- 6.06 The Grantee shall, unless otherwise approved by the Board in writing, irrevocably and unconditionally constitute and appoint Mr. ZHANG Hongjiang (张洪江) or any other director of the Company serving as an Eligible Employee as determined by the Board from time to time with full power of substitution as the Grantee's true and lawful attorney and irrevocable proxy, for and on behalf of the Grantee, to vote each of the Shares allotted to him/her upon the exercise of an Option as the Grantee's proxy, at every meeting of the shareholders of the Company or any adjournment thereof or in connection with any written consent of the Company's shareholders. The foregoing proxy shall be irrevocable and coupled with an interest prior to the Company's Initial Public Offering, and shall automatically terminate upon the Company's Initial Public Offering. The Grantee shall revoke any proxies previously granted by the Grantee with respect to the Shares on the Commencement Date.
- 6.07 In the events of the Grantee ceasing to be a Participant for any reason other than the termination of his or her employment on one or more of the grounds specified in Clause 7(g), the Company shall have the right (but not obligation) to, at any time and from time to time, repurchase from the Grantee:
- (a) all or any part of the Shares allotted to him/her upon the exercise of an Option at a price mutually agreed between the Company and the Grantee, which shall in no event exceed  $IP \times [1 + (0.01 \times N)]$  per Share (the "**Maximum Repurchase Price**"), where IP = the lowest of (a) US\$0.02 per Share, (b) the fair market value per Share appraised by a qualified and independent third party designated by the Board in good faith, and (c) the price per Share applied in the latest private financing during the past six (6) months; and N = (a) zero (0), if such Grantee ceases to be a Participant prior to the fourth (4<sup>th</sup>) anniversary of the Commencement Date, or (b) a fraction the numerator of which is the number of calendar days between the Commencement Date and the date of such Grantee ceasing to be a Participant, and the denominator of which is 365, if such Grantee ceases to be a Participant on or after the fourth (4<sup>th</sup>) anniversary of the Commencement Date); and

all or any part of the Shares allotted to him/her upon the exercise of an Option at a price mutually agreed between the Company and the Grantee, which, unless otherwise determined by the Board in its absolute discretion, shall in no event exceed  $IP \times [1 + (0.01 \times N)]$  per Share (the "Maximum Repurchase Price"), where IP = the lowest of (a) the Subscription Price applicable to the Option held by such Grantee, (b) the fair market value per Share appraised by a qualified and independent third party designated by the Board in good faith, and (c) the price per Share applied in the latest private financing during the past six (6) months; and N = (a) zero (0), if such Grantee ceases to be a Participant prior to the fourth (4th) anniversary of the Commencement Date, or (b) a fraction the numerator of which is the number of calendar days between the Commencement Date and the date of such Grantee ceasing to be a Participant, and the denominator of which is 365, if such Grantee ceases to be a Participant on or after the fourth (4th) anniversary of the Commencement Date); and

- (b) all vested but unexercised Options held by him at a price mutually agreed between the Company and the Grantee, which shall in no event exceed the difference between the Subscription Price of such Options and the Maximum Repurchase Price.

In the event the outstanding Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Shares, the applicable Maximum Repurchase Price then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Shares, the applicable Maximum Repurchase Price then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date of subdivision or combination becomes effective. The Company may give notice in writing to such Grantee requesting the repurchase of his/her Shares and/or Options, and the Grantee shall use his/her best efforts to cooperate with the Company and complete the Company's repurchase of such Shares and/or Options as soon as practicable and in any event within ten (10) days after his/her receipt of such notice. The Company's right to repurchase Shares from the Grantee pursuant to this Section 6.07(a) shall automatically terminate upon the Company's Initial Public Offering.

## 7. LAPSE OF OPTION

An Option, (i) if vested, shall automatically lapse (to the extent not already exercised), or (ii) if unvested, shall automatically be cancelled and cease vesting, in each case on the earliest of:

- (a) the expiry of the Option Period;
- (b) subject to Clause 6.03, the date on which the Grantee ceases to be a Participant;
- (c) the date on which the Grantee is found to be an Excluded Employee;

- (d) the expiry of any of the periods referred to in Clause 6.03(a) or (b);
- (e) the date on which the offer (or, as the case may be, the revised offer) referred to in Clause 6.03(c) closes;
- (f) subject to Clause 6.03(d), the date of the commencement of the winding-up of the Company;
- (g) the date on which the Grantee ceases to be a Participant by reason of (i) the termination of his or her employment on any one or more of the grounds that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity, or (ii) the Grantee's voluntary or unilaterally termination of his or her employment. A resolution of the Board or the board of directors of the relevant Subsidiary or the board of directors of the relevant Invested Entity to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 7(g) shall be conclusive and binding on the Grantee;
- (h) subject to Clause 6.03(e), the date when the proposed compromise or arrangement becomes effective;
- (i) the date on which the Grantee commits a breach of Clause 6.01;
- (j) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach of Clause 6.03(f).
- (k) if the Board at its absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her Associate has committed any breach of any contract entered into between the Grantee or his or her Associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Board shall determine that the Options granted to the Grantee under this Scheme be lapsed. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Board has so determined; or
- (l) on the date which the Grantee indicates in writing to the Company that he or she will not exercise the Option(s), notwithstanding that he or she has previously accepted the said grant pursuant to the provisions of Clause 4.

## **8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- 8.01 (a) The total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme shall not in aggregate exceed 49,550,000 Shares (representing 5.37% of the Shares in issue) which is lower than 10 percent of the total number of Shares in issue on the Adoption Date, unless otherwise approved by the shareholders of the Company and Kingsoft Corporation Limited in general meeting. Options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the total number of Shares under this Clause 8.01(a).

- (b) The Company may seek approval of the shareholders of the Company and Kingsoft Corporation Limited in general meeting for refreshing the 10 percent limit under the Scheme save that the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company under the limit as “refreshed” shall not exceed 10 percent of the total number of Shares in issue as at the date of approval of the limit as “refreshed”. Options previously granted under this Scheme or any other share option schemes of the Company (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of this Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as “refreshed”. For the purpose of seeking the approval of shareholders of the Company and Kingsoft Corporation Limited under this Clause 8.01(b), a circular containing the information as required under the Listing Rules must be sent to the shareholders of the Company and Kingsoft Corporation Limited.
- (c) The Company may seek separate approval by the shareholders of the Company and Kingsoft Corporation Limited in general meeting for granting Options beyond the 10 percent limit set out in Clause 8.01(a) provided that the Options in excess of the limit are granted only to Participants specifically identified by the Company before such approval is sought. A circular must be sent to the shareholders of the Company and Kingsoft Corporation Limited containing a generic description of the specified Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the specified Participants with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
- (d) Notwithstanding any to the contrary herein, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other share option schemes of the Company must not exceed 30 percent of the total number of Shares in issue from time to time. No Options may be granted under this Scheme if this will result in the limit set out in this Clause 8.01(d) being exceeded.
- 8.02 (a) Subject to Clause 8.02(b), the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1 percent of the total number of Shares in issue.
- (b) Where any further grant of Options to a Participant would result in the total number of Shares issued and to be issued upon exercise of all the Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 percent of the total number of Shares in issue, such further grant must be separately approved by the shareholders of the Company and Kingsoft Corporation Limited in general meeting with such Participant and his Associates abstaining from voting. A circular must be sent to the shareholders of the Company and Kingsoft Corporation Limited and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted and Options previously granted to such Participant and the information as required under the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before the approval of the shareholders of the Company and Kingsoft Corporation Limited and the date of the meeting of the Board for proposing such further grant of Option(s) should be taken as the date of Offer for the purpose of calculating the Subscription Price.

8.03 Subject to Clauses 8.01 and 8.02, the number of Shares subject to Options and to this Scheme may be adjusted, in such manner as an independent financial adviser or Auditors (acting as experts and not as arbitrators) must certify in writing to the Board to be in their opinion fair and reasonable, in the event of a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of capital of the Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction to which the Company is a party.

## **9. REORGANISATION OF CAPITAL STRUCTURE**

In the event of a capitalisation issue, rights issue, consolidation or subdivision of shares or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option(s); and/or
- (d) the maximum number of Shares referred to in Clauses 8.01 and 8.02,

as an independent financial adviser or Auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustments shall remain the same as that to which he was entitled before such adjustments and no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction.

In addition, in respect of any such adjustments as provided in this Clause 9, other than any made on a capitalisation issue, an independent financial adviser or the Auditors must confirm in writing to the Board that the adjustment satisfy the requirements of the relevant provision of the Listing Rules.

The capacity of the independent financial adviser or the Auditors in this Clause 9 is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees.

The costs of the independent financial advisers or the Auditors shall be borne by the Company.

#### **10. SHARE CAPITAL**

The exercise of any Option shall be subject to the shareholders of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

#### **11. DISPUTES**

Any dispute arising in connection with this Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price, or otherwise) shall be referred to the decision of an independent financial adviser or the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on all persons who may be affected thereby.

#### **12. ALTERATION OF THIS SCHEME**

12.01 This Scheme may be altered in any respect by resolution of the Board except that:

- (a) any changes to the definitions of Participant and Grantee and Option Period in Clause 1.01;
- (b) any alteration to the provisions of the Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees;
- (c) any changes to the provisions of Clauses 3, 4, 5, 6, 7, 8, 9, this Clause 12 and Clauses 13 and 14;
- (d) any alteration to the terms and conditions of this Scheme which are of a material nature;
- (e) any change to the terms of the Options granted;
- (f) any change to the authority of the Board in relation to any alteration to the terms of this Scheme,

must be approved by a resolution by the shareholders of the Company and Kingsoft Corporation Limited in general meeting, except where such alterations take effect automatically under the existing terms of this Scheme, provided that the amended terms of this Scheme or the Options shall still comply with the requirements of Chapter 17 of the Listing Rules and that no such alteration shall operate to affect adversely the terms of issue of any Option(s) granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the Scheme.

12.02 The Company must provide to all Grantees all details relating to changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.



### **13. TERMINATION**

- 13.01 The Company may by resolution in general meeting at any time terminate the operation of this Scheme and in such event no further Options will be offered but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

### **14. CANCELLATION OF OPTIONS**

- 14.01 Any cancellation of Options granted but not exercised shall require approval of the Board with the relevant Grantees and their Associates abstaining from voting.
- 14.02 Any vote taken at the meeting to approve such cancellation must be taken by poll. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of this Scheme.
- 14.03 Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the limit approved in Clause 8.01.
- 14.04 For the avoidance of doubt, Options which have been exercised shall not be included as cancelled Options.

### **15. MISCELLANEOUS**

- 15.01 The Company shall bear the costs of establishing and administering this Scheme.
- 15.02 The Company shall provide a summary of the terms of this Scheme to all Grantees on their joining this Scheme and a copy of the rules of this Scheme to any Grantee who requests such a copy.
- 15.03 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of Shares.
- 15.04 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in PRC or such other address as notified to the Grantees from time to time and, in the case of the Grantee, his or her residential address in PRC as notified to the Company from time to time.
- 15.05 Any notice or other communication served by post;
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
  - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

- 
- 15.06 The Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his or her participation in this Scheme.
- 15.07 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his or her office or employment shall not be affected by his or her participation in it and this Scheme shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 15.08 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 15.09 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.
- 15.10 This Scheme shall operate subject to the articles of association of the Company from time to time and any applicable law, regulations, rules and codes.

**SHARE OPTION SCHEME**

Amendment - I

**Adopted on June 27, 2013**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE OPTION SCHEME**  
Amendment - I

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE OPTION SCHEME adopted by the Company as of February 27, 2013 (the “**SHARE OPTION SCHEME**”). Unless otherwise indicated herein, section references are to the corresponding section of the SHARE OPTION SCHEME.

2. Amendments.

(a) The following definition of this Amendment—I Adoption Date shall be added to the **DEFINITIONS** section:

**“Amendment - I  
Adoption Date”**

*June 27, 2013, the date on which this Amendment - I is conditionally adopted by the shareholders of the Company and Kingsoft Corporation Limited in general meeting;*

(b) The definition of “Company” in the **DEFINITIONS** section shall be deleted and replaced by the following:

**“Company”**

Kingsoft Cloud Holdings Limited, a limited liability company organized under the laws of the Cayman Islands whose registered office is at *Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands, or at such other place as determined by the Board from time to time;*

(c) Clause 6.07(a) shall be deleted and replaced by the following:

(a) all or any part of the Shares allotted to him/her upon the exercise of an Option at a price mutually agreed between the Company and the Grantee, which, *unless otherwise determined by the Board in its absolute discretion*, shall in no event exceed  $IP \times [1 + (0.01 \times N)]$  per Share (the “**Maximum Repurchase Price**”), where IP = the lowest of (a) *the Subscription Price applicable to the Option held by such Grantee*, (b) the fair market value per Share appraised by a qualified and independent third party designated by the Board in good faith, and (c) the price per Share applied in the latest private financing during the past six (6) months; and N = (a) zero (0), if such Grantee ceases to be a Participant prior to the fourth (4<sup>th</sup>) anniversary of the Commencement Date, or (b) a fraction the numerator of which is the number of calendar days between the Commencement Date and the date of such Grantee ceasing to be a Participant, and the denominator of which is 365, if such Grantee ceases to be a Participant on or after the fourth (4<sup>th</sup>) anniversary of the Commencement Date); and

- (d) Clause 8.01(a) shall be deleted and replaced by the following:
- (a) (i) *Without prejudice to those as prescribed in subsection (ii) below, the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme on or after the Adoption Date shall not in aggregate exceed 49,550,000 Shares (representing 5.37% of the Shares in issue on the Adoption Date) which is lower than 10 percent of the total number of Shares in issue on the Adoption Date.*
- (ii) *Upon refreshment, the total number of additional Options to be granted under this Scheme on or after the Amendment-I Adoption Date shall not in aggregate exceed 10% of the Shares in issue on the Amendment-I Adoption Date (i.e. 94,750,000 Options and assuming that no Shares will be issued or repurchased by the Company from 7 June 2013 to the Amendment-I Adoption Date).*
- (iii) *The maximum number of Options available for exercise is 123,250,000 of which 28,500,000 Options were granted prior to the Amendment-I Adoption Date and 94,750,000 Options may be granted after the Amendment-I Adoption Date.*
- (iv) *Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the refreshed options limit as stated in 8.01(a)(ii).*
- (v) *Options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the total number of additional Shares under this Clause 8.01(a)(ii).*

**SHARE OPTION SCHEME**

Amendment - II

**Adopted on – May 20, 2015**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE OPTION SCHEME**  
Amendment- II

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE OPTION SCHEME adopted by the Company as of February 27, 2013 (the “**SHARE OPTION SCHEME**”) and the SHARE OPTION SCHEME AMENDMENT – I adopted by the Company as of June 27, 2013 (the “**AMENDMENT - I**”). Unless otherwise indicated herein, section references are to the corresponding section of the SHARE OPTION SCHEME and AMENDMENT - I.

2. Amendments.

(a) **The following definition shall be added to the DEFINITIONS section:**

- “Amendment - II Adoption Date”** May 20, 2015, the date on which this Amendment - II is conditionally adopted by the shareholders of the Company and Kingsoft Corporation Limited in general meeting;
- “Commitment Period”** in respect of any particular Option, unless otherwise determined by the Board in its absolute discretion and notify to the Grantee in writing,
- (a) in the event that the maximum number of shares that the Grantee is entitled to purchase upon exercise of all Options granted to him or her under this Scheme is equal to or more than 1,000,000 shares as of the date on which such Grantee ceases to be a Participant,
- (i) with respect to any Option that the maximum number of shares that the Grantee is entitled to purchase upon the exercise of such Option and all the Option(s) granted to him or her before the grant of such Option under the Scheme (if any) is less than 1,000,000 shares, 2 (two) years commencing from the Commencement Date specified in the Offer of such particular Option to him or her; and

(ii) with respect to all the other Option(s), 3 (three) years commencing from the Commencement Date specified in the Offer of such particular Option to him or her;

(b) in the event that the maximum number of shares that the Grantee is entitled to purchase upon exercise of all Options granted to him or her under this Scheme is less than 1,000,000 shares as of the date on which such Grantee ceases to be a Participant, 2 (two) years calculated from the Commencement Date specified in the Offer of such particular Option to him or her;

**“Maximum Repurchase Price”**

in the event that the Company has completed a private financing during the past twelve (12) months, the lower of (a) the fair market value per Share appraised by a qualified and independent third party designated by the Board in good faith, and (b) eighty percent (80%) of the price per Share applied in such latest private financing of the Company during the past twelve (12) months, otherwise, the fair market value per Share appraised by a qualified and independent third party designated by the Board in good faith, if such Participant’s applicable Commitment Period has been fully and duly conducted and completed.

the lowest of (a) the Subscription Price applicable to the Option held by such Grantee, (b) the fair market value per Share appraised by a qualified and independent third party designated by the Board in good faith, and (c) the price per Share applied in the latest private financing during the past six (6) months, if such Participant’s applicable Commitment Period has not been fully and duly conducted and completed for any reason.



**(b) Clause 6.05 shall be deleted and replaced by the following:**

6.05 The Shares to be allotted upon the exercise of an Option

(i) shall, prior to the Company's Initial Public Offering, unless otherwise determined by the Board in its absolute discretion, be held by an entity or individual as designated by the Board in its absolute discretion (the "Designated Person") for and on behalf of such Grantee and the Designated Person shall transfer any and all profits in connection with such Shares, including without limitation, dividends, to such Grantee as soon as practicable after receipt of the same, deducting any and all payable fees and taxes, and shall serve as such Grantee's proxy and exercise any and all voting rights in connection with such Shares in accordance with the instruction of the Board. For such purpose, each Participant shall deliver to the Company, upon acceptance of each grant of Option(s), duly executed but undated documents as requested by the Board in respect of the Shares he or she may subscribe pursuant to the Scheme;

(ii) unless the transfer pursuant to (i) above, shall not, prior to the Company's Initial Public Offering, be sold, assigned, transferred, pledged, hypothecated, mortgaged, encumbered or otherwise disposed through one or a series of transactions, directly or indirectly, by any Grantee (or his or her legal representative(s)) to any third party unless otherwise approved by the Board in writing; and

(iii) will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

- (c) **Clause 6.07(a) shall be deleted and replaced by the following:**
- (a) all or any part of the Shares allotted to him/her upon the exercise of an Option at a price mutually agreed between the Company and the Grantee, which, unless otherwise determined by the Board in its absolute discretion, shall in no event exceed the Maximum Repurchase Price, and
- (d) **Clause 7(g) shall be deleted and replaced by the following:**
- (g) the date on which the Grantee ceases to be a Participant by reason of the termination of his or her employment on any one or more of the grounds that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity. A resolution of the Board or the board of directors of the relevant Subsidiary or the board of directors of the relevant Invested Entity to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 7(g) shall be conclusive and binding on the Grantee;
- (e) **Clause 8.01(a) shall be deleted and replaced by the following:**
- (a) (i) Without prejudice to those as prescribed in subsections from (ii) to (v) below, the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme on or after the Adoption Date shall not in aggregate exceed 49,550,000 Shares (representing 5.37% of the Shares in issue on the Adoption Date) which is lower than 10 percent of the total number of Shares in issue on the Adoption Date.
- (ii) Without prejudice to those as prescribed in subsections from (iv) to (v) below, upon refreshment of 2013, the total number of additional Options to be granted under this Scheme on or after the Amendment-I Adoption Date shall not in aggregate exceed 10% of the Shares in issue on the Amendment-I Adoption Date (i.e. 94,750,000 Options).

(iii) Without prejudice to those as prescribed in subsections from (iv) to (v) below, the maximum number of Options available for exercise is 123,250,000 on or after the Amendment-I Adoption Date of which 28,500,000 Options were granted prior to the Amendment-I Adoption Date and 94,750,000 Options may be granted after the Amendment-I Adoption Date.

(iv) Upon refreshment of 2015, the total number of Shares which may be issued upon exercise of all additional Options to be granted under this Scheme on or after the Amendment-II Adoption Date shall not in aggregate exceed 86,500,000 Shares which is lower than 10 percent of the total number of Shares in issue on the Amendment-II Adoption Date

(v) The maximum number of Options available for exercise is 209,750,000 on or after the Amendment-II Adoption Date of which 123,250,000 Options were granted prior to the Amendment-II Adoption Date and 86,500,000 Options may be granted on or after the Amendment-II Adoption Date.

(vi) Options previously granted under the Share Option Scheme (as amended) (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the refreshed options limit as stated in 8.01(a) (iv).

(vii) Options lapsed in accordance with the terms of the Share Option Scheme (as amended) will not be counted for the purpose of calculating the total number of Shares under this Clause 8.01(a).

---

**SHARE OPTION SCHEME**  
Amendment - III  
**Adopted on – December 26, 2016**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE OPTION SCHEME**  
Amendment - III

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE OPTION SCHEME adopted by the Company as of February 27, 2013 (the “**SHARE OPTION SCHEME**”), the SHARE OPTION SCHEME AMENDMENT – I adopted by the Company as of June 27, 2013 (the “**AMENDMENT - I**”) and the SHARE OPTION SCHEME AMENDMENT – II as of May 20, 2015 (the “**AMENDMENT - II**”). Unless otherwise indicated herein, section references are to the corresponding section of the SHARE OPTION SCHEME, AMENDMENT - I and AMENDMENT - II.

2. Amendments.

(a) **The following definition shall be added to the DEFINITIONS section:**

**“Amendment - III Adoption Date”** December, 26, 2016, the date on which this Amendment - III is conditionally adopted by the shareholders of the Company and Kingsoft Corporation Limited in general meeting;

(b) **The definition of “Commitment Period” in the DEFINITIONS section shall be deleted and replaced by the following:**

**“Commitment Period”** shall mean the minimum time period that the Grantee shall commit and actually work for the Group or the Invested Entity as employee or other service provider as agreed between the Grantee as one party and the Group or the Invested Entity as the other party;

in respect of any particular Option, unless otherwise determined by the Board in its absolute discretion and notify to the Grantee in writing,

(a) in the event that the maximum number of shares that the Grantee is entitled to purchase upon exercise of all Options granted to him or her under this Scheme is equal to or more than 1,000,000 shares as of the date on which such Grantee ceases to be a Participant,

(i) with respect to any Option that the maximum number of shares that the Grantee is entitled to purchase upon the exercise of such Option and all the Option(s) granted to him or her before the grant of such Option under the Scheme (if any) is less than 1,000,000 shares, 2 (two) years commencing from the Commencement Date specified in the Offer of such particular Option to him or her; and

(ii) with respect to the part of all other Option(s) except for those described in item (i) above, 3 (three) years commencing from the Commencement Date specified in the Offer of such particular Option to him or her;

(b) in the event that the maximum number of shares that the Grantee is entitled to purchase upon exercise of all Options granted to him or her under this Scheme is less than 1,000,000 shares as of the date on which such Grantee ceases to be a Participant, 2 (two) years calculated from the Commencement Date specified in the Offer of such particular Option to him or her;

(c) **Clause 6.03(a) shall be deleted and replaced by the following:**

- (a) in the event of the Grantee ceasing to be a Participant for any reason other than his or her death or the termination of his or her employment on one or more of the grounds specified in Clause 7(g), the Grantee shall be entitled to exercise the vested Option(s) in full (to the extent which has become exercisable and not already exercised) within a period of one (1) month (unless a longer time period as the Board may otherwise determine in its sole discretion) from the date of such cessation which will be taken to be the last day on which the Grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not;

(d) **Clause 6.06 shall be deleted and replaced by the following:**

- 6.06 The Grantee shall, unless otherwise approved by the Board in writing, irrevocably and unconditionally constitute and appoint any one of the directors of the Company serving as an Eligible Employee as determined by the Board from time to time with full power of substitution as the Grantee's true and lawful attorney and irrevocable proxy, for and on behalf of the Grantee, to vote each of the Shares allotted to him/her upon the exercise of an Option as the Grantee's proxy, at every meeting of the shareholders of the Company or any adjournment thereof or in connection with any written consent of the Company's shareholders. The foregoing proxy shall be irrevocable and coupled with an interest prior to the Company's Initial Public Offering, and shall automatically terminate upon the Company's Initial Public Offering. The Grantee shall revoke any proxies previously granted by the Grantee with respect to the Shares on the Commencement Date.

**Kingsoft Cloud Holdings Limited**  
*(a Cayman Islands exempted company with limited liability)*

---

**RULES RELATING TO  
THE SHARE AWARD SCHEME**

---

**Adopted on February 22, 2013**



1 **DEFINITIONS AND INTERPRETATION**

1.1 In these rules of this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:-

|                       |   |
|-----------------------|---|
| “Adoption Date”       | February 22, 2013, the date on which this Scheme is adopted by resolution of the Board;   |
| “Award”               | an award of Shares, by the Board pursuant to Paragraph 4.1 to a Selected Employee pursuant to this Scheme;  |
| “Award Notice”        | shall have the meaning as set out in Paragraph 4.3;   |
| “Awarded Shares”      | in respect of a Selected Employee, such number of Shares determined by the Board and purchased by the Trustee out of cash paid by the Company by way of settlement to the Trustee pursuant to Paragraph 4.4, as proportionally adjusted for any subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time; |
| “Banks”               | banks licensed to operate as banks in Hong Kong under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong);   |
| “Board”               | the board of directors of the Company or such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer this Scheme;   |
| “Business Day”        | has the meaning ascribed thereto in the Listing Rules;  |
| “Company”             | Kingsoft Cloud Holdings Limited, a limited liability company organized under the laws of the Cayman Islands whose registered office is at Harneys Services (Cayman) Limited, 3rd Floor, Queensgate House, 113 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands;  |
| “connected person(s)” | has the meaning ascribed thereto in the Listing Rules;  |
| “Consideration”       | in relation to the purchase by the Trustee of the Awarded Shares, an amount equal to the par value per Awarded Share, multiplied by the relevant number of Awarded Shares granted;  |

|                                |   |
|--------------------------------|---|
| “Eligible Employee”            | employee(s) (whether full time or part time employee(s)) of the Company, its Subsidiaries or any Invested Entity;   |
| “Excluded Employee”            | any Eligible Employee who is resident in a place where (a) the award of the Awarded Shares or the vesting or transfer of Shares pursuant to the terms of this Scheme is not permitted under the laws and regulations of such place, or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Employee, in each case as determined by the Board in its absolute discretion; |
| “Grant Date”                   | in respect of an Award, the date upon which such Award is deemed to be granted and accepted in accordance with Paragraph 4.3;   |
| “Group”                        | the Company and its subsidiaries or any of them and the expression “member of the Group” shall be construed accordingly;  |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “Invested Entity”              | any entity in which the Group holds any equity interest;  |
| “Initial Public Offering”      | a firm commitment underwritten initial public offering which results in the ordinary shares of the Company trading publicly on a recognized regional or national securities exchange;   |
| “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;   |
| “Lapse”                        | shall have the meaning as set out in Paragraph 4.6;   |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);   |

|                        |   |
|------------------------|---|
| “Reference Date”       | the date of final approval by the Board of the total number of Shares to be awarded to the Selected Employees in a single occasion pursuant to this Scheme;   |
| “Residual Cash”        | being cash remaining in the trust fund (including but not limited to interest income derived from deposits maintained with Banks and cash income);  |
| “Scheme”               | the “Share Award Scheme” constituted by the rules hereof, in its present form or as amended from time to time in accordance with the provisions hereof;   |
| “Selected Employee(s)” | Eligible Employee(s) selected by the Board pursuant to Paragraph 4.1 hereof for participation in this Scheme;   |
| “Share(s)”             | ordinary share(s) of the Company, par value US\$0.001 or such other nominal amount as shall result from a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company;                           |
| “Stock Exchange”       | the Stock Exchange of Hong Kong Limited;  |
| “subsidiary”           | a company which is for the time being a subsidiary (within the meaning of Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as modified from time to time) of the Company, whether incorporated in Hong Kong or elsewhere; |
| “Trust”                | the trust constituted by the Trust Deed and known as the “Share Award Scheme Trust” or such other name as the Board may determine from time to time;  |
| “Trust Deed”           | a trust deed dated [February 22, 2013] entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);  |
| “Trust Period”         | shall have the meaning as set out in Clause 1.1 of the Trust Deed;  |
| “Trustee”              | Core Pacific-Yamaichi International (H.K.) Nominees Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed; and   |
| “Vesting Date”         | shall have the meaning as set out in Paragraph 4.5.   |

1.2 In these rules of this Scheme, save where the context otherwise requires:

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of these rules of this Scheme;
- (b) references to Paragraphs are references to paragraphs of these rules of this Scheme;
- (c) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (d) expressions in the singular shall include the plural and vice versa;
- (e) expressions in any gender shall include other genders; and
- (f) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2 **PURPOSE**

2.1 The purpose of this Scheme is to provide incentives or rewards to Selected Employees thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

3 **DURATION AND ADMINISTRATION**

- 3.1 Subject to any early termination as may be determined by the Board pursuant to Paragraph 8, this Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date.
- 3.2 This Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to this Scheme or its interpretation or effect (save as otherwise provided herein) shall be final, conclusive and binding on all parties.
- 3.3 The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed.

4 **OPERATION OF SCHEME**

- 4.1 Subject to Paragraph 5, the Board may, from time to time, in its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each Eligible Employee determined by the Board from time to time), select an Eligible Employee (excluding any Excluded Employee) for participation in this Scheme as a Selected Employee and determine the number of Awarded Shares; provided that where any Award is proposed to be made to any Selected Employee who is a director of the Company or a connected person of Kingsoft Corporation Limited and its subsidiaries, such Award must first be approved by the board of directors of Kingsoft Corporation Limited as long as the Company remains a subsidiary of Kingsoft Corporation Limited. However, until so selected, no Eligible Employee shall be entitled to participate in this Scheme. Subject to the provisions of this Scheme, the Board may impose any conditions, restrictions or limitations or waive any such conditions, restrictions or limitations from time to time in relation to the Award as it may at its absolute discretion think fit. Where a Selected Employee or his associate is a member of the board of directors of Kingsoft Corporation Limited, such person will abstain from voting on any approval by the board of directors of Kingsoft Corporation Limited with respect to the Award to be made to such Selected Employee.
- 4.2 Where any Award is proposed to be made to any Selected Employee who is a director of the Company or where the Board proposes to waive any conditions, restrictions or limitations imposed on any Award made to any Selected Employee who is a director of the Company, or a connected person of Kingsoft Corporation Limited and its subsidiaries, such Award or waiver (as the case may be) must first be approved by the board of directors of Kingsoft Corporation Limited as long as the Company remains a subsidiary of Kingsoft Corporation Limited.
- 4.3 After the selection of the Selected Employee(s) and the determination of the number of Awarded Shares, the Company shall inform the Trustee accordingly. The Company shall also inform the Selected Employee(s) by written notice in such form as the Company may from time to time determine (the “**Award Notice**”) requiring the Selected Employee(s) to undertake to hold the Award on the terms on which it is to be granted and to be bound by the rules of this Scheme. The Company shall, after having regard to the requirement under Paragraph 4.12, cause the Consideration to be paid to the Trustee as soon as practicable.
- 4.4 Within twenty (20) Business Days (or such other period as the Trustee and the Company may agree from time to time having regard to the circumstances of the purchase concerned) after receipt of the Consideration, the Trustee shall apply the same towards the purchase of the Awarded Shares. The Shares so purchased shall form part of the trust fund of the Trust.

- 4.5 Unless otherwise determined by the Board at its discretion, the Awarded Shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall vest in that Selected Employee in accordance with the Award Notice; provided that the Selected Employee remains at all times after the Reference Date and on the relevant vesting dates (if applicable) an Eligible Employee. Notwithstanding any other provision of these rules of this Scheme and the terms and conditions of any Award, the Board (or where the relevant Selected Employee is a director of the Company, or a connected person of Kingsoft Corporation Limited and its subsidiaries, the board of directors of Kingsoft Corporation Limited as long as the Company remains a subsidiary of Kingsoft Corporation Limited) in its sole and absolute discretion may determine from time to time on a general or case by case basis that an Award may be vested at such time determined by the Board (or the board of directors of Kingsoft Corporation Limited, as the case may be) subsequent to and notwithstanding a termination of employment of a Selected Employee (including but not limited to as a result of the Selected Employee's retirement or death). The date or each such date on which the Awarded Shares are to vest is hereinafter referred to as a "**Vesting Date**".
- 4.6 Notwithstanding anything to the contrary contained herein, save as provided in Paragraph 4.5, at any time, in the event that (i) a Selected Employee ceases to be an Eligible Employee, or (ii) a Selected Employee is found to be an Excluded Employee, or (iii) a Selected Employee has breached this Scheme or any exhibit hereof in any material respect, or (iv) the company by which a Selected Employee is employed ceases to be a member of the Group or an Invested Entity, or (v) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement) (each of these, an event of "**Lapse**") (except those as prescribed in paragraph 4.10(h)),
- (a) an Award made to the relevant Selected Employee shall automatically lapse forthwith;
  - (b) all the unvested Awarded Shares awarded to the relevant Selected Employee shall cease to vest on any Vesting Date; and
  - (c) all the declared but unpaid dividends or other distributions to be paid by the Company (if any) to such Selected Employee shall be automatically and unconditionally revoked; and
  - (d) the vesting of all vested Awarded Shares (if any) shall be automatically and unconditionally revoked; provided that if such Selected Employee ceases to be an Eligible Employee on or after the fourth (4th) anniversary of the Grant Date, the vesting of his/her vested Awarded Shares will not be revoked unless the Company has determined at its sole discretion and paid compensation for such vested Awarded Shares, at any time and from time to time, amounting to  $IP \times [1 + (0.01 \times N)]$  per Share, where IP = the lowest of (a) US\$0.02 per Share, (b) the fair market value per Share appraised by a qualified and independent third party designated by the Board in good faith, (c) the price per Share applied in the latest private financing during the past six (6) months; and N = a fraction the numerator of which is the number of calendar days between the Grant Date and the date of such Selected Employee ceases to be an Eligible Employee, and the denominator of which is 365). In the event the outstanding Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Shares, the applicable compensation per Share pursuant to this Paragraph 4.6(d) then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Shares, the applicable compensation per Share pursuant to this Paragraph 4.6(d) then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased. Any adjustment under this Paragraph 4.6(d) shall become effective at the close of business on the date of subdivision or combination becomes effective. For the avoidance of doubt, upon the occurrence of a Lapse, the Trustee shall hold all of the Awarded Shares that have lapsed and/or been revoked as provided above exclusively for and on behalf of the Company. The Selected Employees shall have no claims against the Company or the Trustee.

The Sections 4.6(c) and 4.6(d) above shall automatically terminate upon the Company's Initial Public Offering.

- 4.7 Save for a Lapse, barring any unforeseen circumstances and subject to the receipt by the Trustee of a confirmation from the Company that all vesting conditions having been fulfilled, effective as of the Vesting Date:
- (a) the relevant Selected Employees shall be entitled to any and all of the beneficial rights attached to the vested Awarded Shares (including the right to receive the Company's profit distribution or other forms of distributions but excluding the pre-emptive right, right of first refusal and right of co-sale) and, subject to Paragraph 4.7(c) below, the right to vote at the meetings of the shareholders of the Company and any other rights except for the beneficial rights and the voting right attached to the vested Awarded Shares (if any);
  - (b) the Trustee shall continue to hold the legal title of the vested Awarded Shares in name of the Trustee itself for and on behalf of the relevant Selected Employees;
  - (c) notwithstanding Paragraph 4.7(a) above, unless otherwise approved by the Board in writing, the relevant Selected Employees entitled to the beneficial rights attached to the vested Award Shares shall be deemed to have irrevocably, exclusively and unconditionally constituted and appointed Mr. ZHANG Hongjiang (张洪江) or any other director of the Company serving as an Eligible Employee as determined by the Board from time to time as such Selected Employees' true and lawful attorney and irrevocable and exclusive proxy, for such Selected Employees and in the name of the Trustee, to (i) vote each of the vested Awarded Shares awarded to them as such Selected Employees' proxy, at every meeting of the shareholders of the Company or any adjournment thereof or in connection with any written consent of the Company's shareholders and (ii) exercise any other rights except for the beneficial rights attached to the vested Awarded Shares (if any) as such Selected Employees' proxy. The foregoing proxy shall be irrevocable, exclusively and coupled with an interest and the Trustee shall vote all of the vested Awarded Shares and exercise any other rights except for the beneficial rights attached to the vested Awarded Shares (if any) solely as instructed or directed by Mr. ZHANG Hongjiang (张洪江) or any other director of the Company serving as an Eligible Employee as determined by the Board from time to time;
  - (d) the Company may, as determined by the Board from time to time, distribute any profit distribution or other forms of distributions to certain Selected Employee based on their beneficial rights attached to the vested Awarded Shares directly, rather than distributing the same through the Trustee.

- 4.8 Save for a Lapse, barring any unforeseen circumstances and subject to the receipt by the Trustee of a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall effect the transfer of the legal title of the vested Awarded Shares to the relevant Selected Employee, free of consideration or charge, as soon as possible after the date of the Company's Initial Public Offering, and the proxy granted pursuant to Paragraph 4.7 above with respect to the vested Awarded Shares prior to such transfer shall automatically terminate.
- 4.9 Any Award made hereunder shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interests in favour of any other third party over or in relation to either the Awarded Share referable to him pursuant to such Award (regardless of whether it has been vested) or any beneficial interest therein. For the avoidance of doubt, all vested Awarded Shares shall not be subject to the aforementioned restrictions on or after the Company's Initial Public Offering. In the event of divorce, any Selected Employee shall use his/her best efforts, including without limitation, by way of payment of compensation, to ensure that any Awarded Shares or any beneficial interest therein would not be assigned or transferred to his/her spouse in any way, and shall be responsible for any deduction to any Awarded Shares or any beneficial interest therein which may occur due to their assignment or transfer during the process of divorce.
- 4.10 For the avoidance of doubt, notwithstanding anything to the contrary contained herein:
- (a) a Selected Employee shall only have a contingent interest in the Awarded Shares which are referable to him subject to the vesting of such Shares in accordance with Paragraph 4.5 and the Award Notice, subject only to Paragraph 4.8;
  - (b) a Selected Employee shall have no rights in Residual Cash;
  - (c) no instructions may be given by a Selected Employee to the Trustee in respect of the Awarded Shares or other properties of the Trust;
  - (d) the Trustee shall at all times during the Trust Period retain the legal title of the Awarded Shares regardless of whether such Award Shares have been vested, subject only to Paragraph 4.8;
  - (e) no Award Share shall be entitled to any rights (economic, voting or otherwise) that may otherwise be available to it under the articles of association of the Company or any applicable law unless and until such Award Share has vested in accordance with the Award Notice or as otherwise approved by the Board, subject only to Paragraphs 4.7 and 4.8;



- (f) the Trustee shall hold the Shares under the Trust (including but not limited to the Awarded Shares) for and on behalf of the Company and shall neither enjoy or exercise nor purport to enjoy or exercise any of the rights attached to any Shares held under the Trust (including but not limited to the Awarded Shares) including but not limited to voting rights and the right to the Company's profit distribution or any forms of distributions; provided that in the event that any Shares shall have become vested Awarded Shares, subject to Paragraph 4.8, the Trustee shall hold the vested Awarded Shares for and on behalf of the relevant Selected Employees and the relevant Selected Employees shall be able to enjoy the benefits and rights attached to the vested Awarded Shares subject to this Scheme Rules (including but not limited to the provisions contained in Paragraphs 4.10 and 4.11); and
- (g) subject to Paragraph 9.2, any cash generated from a Share held upon the Trust shall form part of the trust fund of the Trust and the Trustee may (a) subject to the written consent of the Board in advance, apply such cash to defray such fees, costs and expenses as referred to in Paragraph 9.2, (b) declare and distribute certain cash to the Selected Employees solely as determined by the Board in writing in its absolute discretion, or (c) return such cash to the Company, as the Trustee in its absolute discretion shall at any time determine, after obtaining the written consent of the Board in advance.
- (h) in the event that any Selected Employee has breached the confidentiality obligation, non-compete obligation, non-solicitation obligation that such Selected Employee owes to the Group or the Invested Entity under relevant employment agreements, confidentiality and intellectual property rights assignment agreements, non-compete and non-solicitation agreements or this Scheme or any exhibit hereof (as applicable) in any material respect,
  - (i) the Award made to the relevant Selected Employee shall automatically lapse forthwith;
  - (ii) all the unvested Awarded Shares awarded to the relevant Selected Employee shall cease to vest on any Vesting Date;
  - (iii) all the declared but unpaid dividends or other distributions to be paid by the Company (if any) to such Selected Employee shall be automatically and unconditionally revoked; and
  - (iv) the vesting of all vested Awarded Shares (if any) shall be automatically and unconditionally revoked;

The subsections 4.10(h)(iii) and 4.10(h)(iv) above shall automatically terminate upon the Company's Initial Public Offering.

4.11 No new instructions to acquire Shares shall be given to the Trustee under this Scheme where dealings by directors are prohibited under any and all applicable laws and regulations from time to time.

4.12 In respect of the administration of this Scheme, the Company shall comply with all applicable disclosure regulations.

4.13 The Trustee shall not be required to withhold any withholding or other tax in relation to the grant of the Award or the transfer of Awarded Shares. It shall be the duty of the Company to establish appropriate procedures to provide for any such payment.

5 **SCHEME LIMIT**

5.1 The Board shall not grant any Award which would result in the total number of Shares which are the subject of Awards granted by the Board under this Scheme (but not counting any Shares which have lapsed or have been revoked or forfeited) being greater than 48,000,000 Shares, as at the date of such grant. .

6 **DISPUTES**

Any dispute arising in connection with this Scheme shall be referred to the decision of the Board who shall act as experts and not as arbitrators and whose decision shall be final and binding.

7 **ALTERATION OF THIS SCHEME**

This Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely in any material respect any subsisting rights of any Selected Employee hereunder except with the prior written consent of the Selected Employees holding a majority of all vested Awarded Shares. Written notice of any amendment to this Scheme shall be given to all Selected Employees with subsisting Awards.

8 **TERMINATION**

8.1 This Scheme shall terminate on the earliest of:

- (a) the end of [February 21, 2023], being the day before the 10<sup>th</sup> anniversary of the Adoption Date;
- (b) the date when an order for the winding up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement); and
- (c) such date of early termination as determined by the Board.

8.2 Upon termination, no further Award shall be made and the Trustee shall act upon the decision of the Board upon such termination.

8.3 For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of this Scheme.

9 **MISCELLANEOUS**

- 9.1 This Scheme shall not form part of any contract of employment, service contract or engagement contract between the relevant member of the Group and any Selected Employee, and the rights and obligations of any Selected Employee under the terms of his office, employment, appointment or engagement shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such Selected Employee no additional rights to compensation or damages in consequence of the termination of such office, employment, appointment or engagement for any reason.
- 9.2 Subject to the written consent of the Board in advance, the Trustee may at any time apply any Residual Cash to defray the costs of establishing and administering this Scheme, including, for the avoidance of doubt, remuneration of the Trustee for work done by it in connection with the Trust, costs arising from communication as referred to in Paragraph 9.4, expenses incurred in the purchase of Shares by the Trustee and stamp duty and normal registration fee (i.e. not being fee chargeable by the share registrar of an express service of registration) in respect of, and other costs, liabilities or expense which may arise as a result of, the transfer of or agreement to transfer Shares to a Selected Employee, or which may otherwise arise out of the administration of the trust fund of the Trust. To the extent such application of Residual Cash is not sufficient to fund all such fees, costs and expenses, the Company will provide the Trustee with the shortfall amount to settle such fees, costs and expenses upon demand by the Trustee and the written consent of the Board in advance. For the avoidance of doubt, the Company shall not be liable for any tax, costs or expenses of any other nature payable on the part of any Selected Employee in respect of any award, sale, purchase, vesting or transfer of Shares, and the Selected Employee shall be liable therefor.
- 9.3 Save as specifically provided herein, this Scheme shall not confer on any person any legal or equitable rights (other than those constituting and attaching to the Shares themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 9.4 Any notice or other communication between the Company and any Selected Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Cayman Islands or such other address as notified to the Selected Employee from time to time and in the case of a Selected Employee, his address as notified to the Company from time to time. Any notice or other communication served by post shall be deemed to have been served 24 hours after the same was put in the post.
- 9.5 The Company shall not be responsible for any failure by any Eligible Employee to obtain any consent or approval required for such Eligible Employee to participate in this Scheme as a Selected Employee or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in this Scheme.
- 9.6 Each and every provision hereof shall be treated as a separate provision and shall be severally enforceable as such and in the event of any provision or provisions being or becoming unenforceable, they shall be deemed to be deleted from these rules of this Scheme, and any such deletion shall not affect the enforceability of the rules of this Scheme as remain not so deleted.

---

10 **GOVERNING LAW, ETC.**

10.1 This Scheme shall operate subject to the articles of association of the Company from time to time and any applicable law, regulations, rules and codes.

10.2 This Scheme shall be governed by and construed in accordance with the laws of Hong Kong in force from time to time.

**RULES RELATING TO  
THE SHARE AWARD SCHEME**  
Amendment - I

**Adopted on January 9, 2015**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE AWARD SCHEME**

Amendment - I

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE AWARD SCHEME adopted by the Company as of February 22, 2013 (the "**SHARE AWARD SCHEME**"). Unless otherwise indicated herein, section references are to the corresponding section of the SHARE AWARD SCHEME.

2. Amendments.

(a) The following definition of this Amendment - I Adoption Date shall be added to the **DEFINITIONS AND INTERPRETATION** section:

**"Amendment - I Adoption Date"**                      *January 9, 2015, the date on which this Amendment - I is adopted by resolution of the Board;*

(b) The definition of "Company" in the **DEFINITIONS AND INTERPRETATION** section shall be deleted and replaced by the following:

**"Company"**                                      *Kingsoft Cloud Holdings Limited, a limited liability company organized under the laws of the Cayman Islands whose registered office is at Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands, or at such other place as determined by the Board from time to time;*

(c) Clause 5.1 shall be deleted and replaced by the following:

The Board shall not grant any Award which would result in the total number of Shares which are the subject of Awards granted by the Board under this Scheme (but not counting any Shares which have lapsed or have been revoked or forfeited) being greater than 50,000,000 Shares, as at the date of such grant.

**RULES RELATING TO  
THE SHARE AWARD SCHEME**  
Amendment - II

**Adopted on March 3 , 2016**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE AWARD SCHEME**  
Amendment - II

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE AWARD SCHEME adopted by the Company as of February 22, 2013 (the “**SHARE AWARD SCHEME**”) and the SHARE AWARD SCHEME AMENDMENT – I adopted by the Company as of January 9, 2015 (the “**AMENDMENT - I**”). Unless otherwise indicated herein, section references are to the corresponding section of the SHARE AWARD SCHEME and the AMENDMENT - I .

2. Amendments.

(a) The following definition of this Amendment - II Adoption Date shall be added to the **DEFINITIONS AND INTERPRETATION** section:

**“Amendment - II  
Adoption Date”**                      *March 3, 2016, the date on which this Amendment - II is adopted by resolution of the Board;*

(b) Clause 5.1 shall be deleted and replaced by the following:

The Board shall not grant any Award which would result in the total number of Shares which are the subject of Awards granted by the Board under this Scheme (but not counting any Shares which have lapsed or have been revoked or forfeited) being greater than 68,364,500 Shares, as at the date of such grant.



**RULES RELATING TO  
THE SHARE AWARD SCHEME**  
Amendment - III

**Adopted on June 8 , 2016**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE AWARD SCHEME**  
Amendment - III

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE AWARD SCHEME adopted by the Company as of February 22, 2013 (the “**SHARE AWARD SCHEME**”), the SHARE AWARD SCHEME AMENDMENT – I adopted by the Company as of January 9, 2015 (the “**AMENDMENT - I**”) and the SHARE AWARD SCHEME AMENDMENT – II as of March 3, 2016 (the “**AMENDMENT - II**”) . Unless otherwise indicated herein, section references are to the corresponding section of the SHARE AWARD SCHEME, the AMENDMENT-I and the AMENDMENT - II .

2. Amendments.

(a) The following definition of this Amendment - III Adoption Date shall be added to the **DEFINITIONS AND INTERPRETATION** section:

**“Amendment - III  
Adoption Date”**                      *June 8, 2016, the date on which this Amendment - III is adopted by resolution of the Board;*

(b) Clause 5.1 shall be deleted and replaced by the following:

The Board shall not grant any Award which would result in the total number of Shares which are the subject of Awards granted by the Board under this Scheme (but not counting any Shares which have lapsed or have been revoked or forfeited) being greater than 69,925,476 Shares, as at the date of such grant.

**RULES RELATING TO  
THE SHARE AWARD SCHEME**  
Amendment - IV

**Adopted on December 7, 2018**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE AWARD SCHEME**  
Amendment - IV

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE AWARD SCHEME adopted by the Company as of February 22, 2013 (the “**SHARE AWARD SCHEME**”), the SHARE AWARD SCHEME AMENDMENT – I adopted by the Company as of January 9, 2015 (the “**AMENDMENT - I**”), the SHARE AWARD SCHEME AMENDMENT – II as of March 3, 2016 (the “**AMENDMENT - II**”) and the SHARE AWARD SCHEME AMENDMENT – III as of June 8, 2016 (the “**AMENDMENT - III**”). Unless otherwise indicated herein, section references are to the corresponding section of the SHARE AWARD SCHEME, the AMENDMENT - I, the AMENDMENT - II and the AMENDMENT - III.

2. Amendments.

(a) The following definition of this Amendment - IV Adoption Date shall be added to the **DEFINITIONS AND INTERPRETATION** section:

**“Amendment - IV Adoption Date”**                      *December 7, 2018, the date on which this Amendment - IV is adopted by resolution of the Board;*

(b) The definition of “Trust Deed” in the **DEFINITIONS AND INTERPRETATION** section shall be deleted and replaced by the following:

**“Trust Deed”**                                      *a deed of settlement constituting The Kingsoft Cloud Trust dated December 7, 2018 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) or any other trust deed entered into between the Company and the Trustee for the purpose of the Share Award Scheme (as restated, supplemented and amended from time to time);*

(c) The definition of “Trust Period” in the **DEFINITIONS AND INTERPRETATION** section shall be deleted and replaced by the following:

**“Trust Period”**                                      *shall have the meaning as set out in the Trust Deed;*

(d) The definition of “Trustee” in the **DEFINITIONS AND INTERPRETATION** section shall be deleted and replaced by the following:

**“Trustee”**

*TMF Trust (HK) Limited (“TMF”), and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed;*

**RULES RELATING TO  
THE SHARE AWARD SCHEME**  
Amendment - V

**Adopted on November 6, 2019**

---

**Kingsoft Cloud Holdings Limited**  
**SHARE AWARD SCHEME**  
Amendment - V

1. Definitions and References. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the SHARE AWARD SCHEME adopted by the Company as of February 22, 2013 (the “**SHARE AWARD SCHEME**”), the SHARE AWARD SCHEME AMENDMENT – I adopted by the Company as of January 9, 2015 (the “**AMENDMENT - I**”), the SHARE AWARD SCHEME AMENDMENT – II as of March 3, 2016 (the “**AMENDMENT - II**”), the SHARE AWARD SCHEME AMENDMENT – III as of June 8, 2016 (the “**AMENDMENT - III**”) and the SHARE AWARD SCHEME AMENDMENT – IV as of December 7, 2018 (the “**AMENDMENT - IV**”). Unless otherwise indicated herein, section references are to the corresponding section of the SHARE AWARD SCHEME, the AMENDMENT - I, the AMENDMENT - II, the AMENDMENT - III and the AMENDMENT - IV.

2. Amendments.

(a) The following definition of this Amendment - V Adoption Date shall be added to the **DEFINITIONS AND INTERPRETATION** section:

**“Amendment - V Adoption Date”** *November 6, 2019, the date on which this Amendment - V is adopted by resolution of the Board;*

(b) Section 3.3 shall be deleted and replaced by the following:

**3.3 Unless otherwise determined by the Board, the Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed.**

(c) Section 5.1 shall be deleted and replaced by the following

**5.1 The Board shall not grant any Award which would result in the total number of Shares which are the subject of Awards granted by the Board under this Scheme (but not counting any Shares which have lapsed or have been revoked or forfeited) being greater than 215,376,304 Shares, as at the date of such grant.**

**FORM OF INDEMNIFICATION AGREEMENT  
KINGSOFT CLOUD HOLDINGS LIMITED**

This Indemnification Agreement (this “**Agreement**”), made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between Kingsoft Cloud Holdings Limited, an exempted company with limited liability under the laws of Cayman Islands (the “**Company**”) and \_\_\_\_\_ (“**Indemnitee**”).

W I T N E S S E T H:

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or executive officers unless they are provided with adequate protection through insurance or adequate indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

WHEREAS, the Company and Indemnitee recognize the continued difficulty in obtaining liability insurance for its directors and officers, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance.

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons.

WHEREAS, the Board of Directors of the Company (the “**Board**”) has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company’s stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, the seventeenth amended and restated memorandum and articles of association of the Company (as may from time to time be supplemented and amended) (the “**Memorandum and Articles**”) require the Company to indemnify its directors and officers to the extent permitted under Companies Law of the Cayman Islands, and the Indemnitee has been serving and continues to serve as a director and/or officer of the Company in part in reliance on the Memorandum and Articles.

WHEREAS, Indemnitee does not regard the protection available under the Amended and Restated Memorandum and Articles and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director of the



Company without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and take on additional service for or on behalf of the Company on the condition that he be so indemnified.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

ARTICLE 1  
CERTAIN DEFINITIONS

(a) As used in this Agreement:

**“Change of Control”** means any one of the following circumstances occurring after the date hereof: (i) there shall have occurred an event required to be reported with respect to the Company in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) under the Exchange Act, regardless of whether the Company is then subject to such reporting requirement; (ii) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall have become, without prior approval of the Company’s Board by approval of at least two-thirds of the Continuing Directors, the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company’s then outstanding voting securities (provided that, for purposes of this clause (ii), the term “person” shall exclude (x) the Company, (y) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (z) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company); (iii) there occurs a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; (iv) all or substantially all the assets of the Company are sold or disposed of in a transaction or series of related transactions; (v) the approval by the stockholders of the Company of a complete liquidation of the Company; or (vi) the Continuing Directors cease for any reason to constitute at least a majority of the members of the Board.

**“Continuing Director”** means each director on the Board on the date hereof.

**“Corporate Status”** means the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, board of directors’ committee member, employee or agent of the Company or of any other Enterprise.

**“Disinterested Director”** means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

**“Enterprise”** means (i) the Company, (ii) any of the Company’s subsidiaries and affiliates, and (iii) any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, board of directors’ committee member, employee or agent.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

**“Expenses”** means all direct and indirect costs (including attorneys’ fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses) reasonably incurred in connection with (i) prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or (ii) establishing or enforcing a right to indemnification under this Agreement, the Memorandum and Articles, applicable law or otherwise. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. For the avoidance of doubt, Expenses, however, shall not include any Liabilities.

**“Independent Counsel”** means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the five years previous to its selection or appointment has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

**“Liabilities”** means any losses or liabilities, including any judgments, fines, penalties and amounts paid in settlement, arising out of or in connection with any Proceeding (including all interest, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, penalties or amounts paid in settlement).

**“Proceeding”** means any threatened, pending or completed action, derivative action, suit, claim, counterclaim, cross claim, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened

or completed proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative or investigative, including any appeal therefrom, and whether instituted by or on behalf of the Company or any other party, or any inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit or other proceeding hereinabove listed in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of any Corporate Status of Indemnitee, or by reason of any action taken (or failure to act) by him or her or of any action (or failure to act) on his or her part while serving in any Corporate Status.

(b) For the purposes of this Agreement:

References to “Company” shall include, in addition to the resulting or surviving corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee, or agent of such constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, then Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

Reference to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to any of the Company’s subsidiaries, affiliates, an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

Reference to “including” shall mean “including, without limitation,” regardless of whether the words “without limitation” actually appear, references to the words “herein,” “hereof” and “hereunder” and other words of similar import shall refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection or other subdivision.

## ARTICLE 2 SERVICES BY INDEMNITEE

Section 2.01. *Services By Indemnitee.* Indemnitee hereby agrees to serve or continue to serve as *[for directors]* a director of the Company, for so long as Indemnitee

is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed. *[for officers]* an officer of the Company until such time as Indemnitee's employment is terminated for any reason.

### ARTICLE 3 INDEMNIFICATION

Section 3.01. *General.* (a) The Company hereby agrees to and shall indemnify Indemnitee and hold Indemnitee harmless from and against any and all Expenses and Liabilities, in either case, actually and reasonably incurred by Indemnitee or on Indemnitee's behalf by reason of Indemnitee's Corporate Status, to the fullest extent permitted by applicable law. The Company's indemnification obligations set forth in this Section 3.01 shall apply (i) in respect of Indemnitee's past, present and future service in any Corporate Status and (ii) regardless of whether Indemnitee is serving in any Corporate Status at the time any such Expense or Liability is incurred.

For purposes of this Agreement, the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

(i) to the fullest extent permitted by any provision of the Companies Law (2020 Revision) of the Cayman Islands (the "**Companies Law**") or the corresponding provision of any successor statute, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the Companies Law adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(b) *Witness Expenses.* Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection therewith.

(c) *Expenses as a Party Where Wholly or Partly Successful.* Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by applicable law, indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with each successfully resolved claim, issue or matter. All such indemnification against Expenses shall be offset by the amount of cash, if any, received

by the Indemnitee resulting from his/her success therein. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 3.02. *Exclusions.* Notwithstanding any provision of this Agreement and unless Indemnitee ultimately is successful on the merits with respect to any such claim, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, regardless of whether the securities are subject to the requirements of such provisions; or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act);

(b) except as otherwise provided in Sections 6.01(e), prior to a Change of Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law;

(c) to the extent that Indemnitee is indemnified and actually received such payment other than pursuant to this Agreement;

(d) in connection with a judicial action by or in the right of the Company, in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudicated by final judgment in a court of law to be liable for fraud or willful default in the performance of his duty to the Company unless and only to the extent that any court in which such action was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnification for such Expenses as such court shall deem proper;

(e) for any judgment, fine or penalty which the Company is prohibited by applicable law from paying as indemnity;

(f) on account of Indemnitee's conduct which is finally adjudged to have been intentional misconduct, a knowing violation of applicable law or a transaction from which Indemnitee derived an improper personal benefit; or

(g) arising out of Indemnitee's breach of an employment agreement or any other agreement with the Company (if any) or, if applicable, any subsidiary or affiliate of the Company.

ARTICLE 4  
ADVANCEMENT OF EXPENSES; DEFENSE OF CLAIMS

Section 4.01. *Advances.* Notwithstanding any provision of this Agreement to the contrary, the Company shall advance any Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding within 30 business days after the receipt by the Company of each statement in writing requesting such advance from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay such amounts and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements in writing to the Company to support the advances claimed. Any excess of the advanced Expenses over the actual Expenses will be promptly repaid to the Company. To the extent Indemnitee has not requested any advanced payment of Expenses from the Company, Indemnitee shall be entitled to receive reimbursement for the Expenses incurred in connection with a Proceeding from the Company as soon as practicable after Indemnitee makes a written request to the Company for reimbursement.

Section 4.02. *Repayment of Advances or Other Expenses.* Indemnitee agrees that Indemnitee shall reimburse the Company for all Expenses advanced by the Company pursuant to Section 4.01, in the event and only to the extent that it shall be determined by final judgment or other final adjudication under the provisions of any applicable law (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee is not entitled to be indemnified by the Company for such Expenses.

Section 4.03. *Defense of Claims.* The Company will be entitled to participate in the Proceeding at its own expense. Upon the delivery of written notice by the Company to Indemnitee, the Company shall be entitled to assume the defense of any Proceeding with counsel consented to by Indemnitee (such consent not to be unreasonably withheld), except for such Proceeding brought by the Company or as to which the Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee. After delivery of such notice, consent to such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of counsel subsequently incurred by Indemnitee with respect to such Proceeding; provided that (i) Indemnitee

shall have the right to employ separate counsel in respect of any Proceeding at Indemnitee's expense and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized in writing by the Company or (B) Indemnitee shall have reasonably concluded upon the advice of counsel that there is a conflict of interest between the Company and Indemnitee in the conduct of the defense of such Proceeding, then in each such case the fees and expenses of Indemnitee's counsel shall be borne by the Company. Neither party to this Agreement shall settle any Proceeding in any manner that would impose any Expense, judgment, fine, damages, penalty or limitation on Indemnitee without the other party's written consent. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement. The Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any Proceeding if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense and/or settlement of such Proceeding.

#### ARTICLE 5 PROCEDURES FOR NOTIFICATION OF AND DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION

Section 5.01. *Notification; Request For Indemnification.* (a) As a condition precedent to Indemnitee's right to obtain indemnification under this Agreement, as soon as reasonably practicable after receipt by Indemnitee of a written notice that he is a party to or a participant (as a witness or otherwise) in any Proceeding or of any other matter in respect of which Indemnitee intends to seek indemnification or advancement of Expenses hereunder, Indemnitee shall provide to the Company written notice thereof, including the nature of and the facts underlying the Proceeding.

(b) As a condition precedent to Indemnitee's right to obtain indemnification under this Agreement, Indemnitee shall deliver to the Company a written request for indemnification, including therewith such information as is reasonably available to Indemnitee and reasonably necessary to determine Indemnitee's entitlement to indemnification hereunder and such information as reasonably requested by the Company. Such request(s) may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Indemnitee's entitlement to indemnification shall be determined according to Section 5.02 of this Agreement and applicable law.

Section 5.02. *Determination of Entitlement.* (a) Where there has been a written request by Indemnitee for indemnification pursuant to Section 5.01(b), then as soon as is reasonably practicable (but in any event not later than 60 days) after final disposition of the relevant Proceeding, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change of Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, or (B) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change of Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee. If it is so determined that

Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) business days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification).

(b) If entitlement to indemnification is to be determined by Independent Counsel pursuant to Section 5.02(a)(ii), such Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. If entitlement to indemnification is to be determined by Independent Counsel pursuant to Section 5.02(a)(i)(B) (or if Indemnitee requests that such selection be made by the Board), such Independent Counsel shall be selected by the Company in which case the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 business days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within 20 business days after the submission by Indemnitee of a written request for indemnification pursuant to Section 5.01(b) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 5.02(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 6.01(a) of this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) The Company agrees to pay the reasonable fees and expenses of any Independent Counsel serving under this Agreement.



Section 5.03. *Presumptions and Burdens of Proof; Effect of Certain Proceedings.* (a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnatee is entitled to indemnification under this Agreement if Indemnatee has submitted a request for indemnification in accordance with Section 5.01(b) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any person, persons or entity to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnatee has met the applicable standard of conduct, nor an actual determination by any person, persons or entity that Indemnatee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnatee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 5.02 of this Agreement to determine whether Indemnatee is entitled to indemnification shall not have made a determination within the sixty (60) day period referred to in Section 5.02(a), the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnatee shall be entitled to such indemnification, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; *provided*, however, that such 60- day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnatee had reasonable cause to believe that his or her conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is in good faith reliance on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnatee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or

records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 5.03(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of any Enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

## ARTICLE 6 REMEDIES OF INDEMNITEE

Section 6.01. *Adjudication or Arbitration.* (a) In the event of any dispute between Indemnitee and the Company hereunder as to entitlement to indemnification or advancement of Expenses (including where (i) a determination is made pursuant to Section 5.02 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 4.01 of this Agreement, (iii) payment of indemnification pursuant to Section 3.01 of this Agreement is not made within ten (10) business days after a determination has been made that Indemnitee is entitled to indemnification, (iv) no determination as to entitlement to indemnification is timely made pursuant to Section 5.02 of this Agreement and no payment of indemnification is made within ten (10) business days after entitlement is deemed to have been determined pursuant to Section 5.03(b)) or (v) a contribution payment is not made in a timely manner pursuant to Section 8.04 of this Agreement, then Indemnitee shall be entitled to an adjudication by a court of his or her entitlement to such indemnification, contribution or advancement. Alternatively, in such case, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by the Hong Kong International Arbitration Centre. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 5.02(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 6.01 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 6.01 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 5.02(a) of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 6.01, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 4.02 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 5.02(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 6.01, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 6.01 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee in writing, shall (within ten (10) business days after the Company's receipt of such written request) advance such Expenses to Indemnitee, which are reasonably incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee for (i) indemnification or advances of Expenses by the Company (or otherwise for the enforcement, interpretation or defense of his or her rights) under this Agreement or any other agreement, including any other indemnification, contribution or advancement agreement, or any provision of the Memorandum and Articles now or hereafter in effect or (ii) recovery or advances under any directors' and officers' liability insurance policy maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, contribution, advancement or insurance recovery, as the case may be.

#### ARTICLE 7 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Section 7.01. *D&O Liability Insurance.* To the extent that the Company maintains a policy or policies of insurance ("**D&O Liability Insurance**") providing liability insurance for directors and officers of the Company in their capacities as such (and for any capacity in which any director or officer of the Company serves any other Enterprise at the request of the Company), in respect of acts or omissions occurring while serving in such capacity, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any other director or officer under such policy or policies. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided) hereunder if and to the extent that Indemnitee has actually received such payment under valid and enforceable D&O Liability Insurance.

Section 7.02. *Evidence of Coverage.* Upon request by Indemnitee, the Company shall provide copies of all policies of D&O Liability Insurance providing liability insurance for Indemnitee obtained and maintained in accordance with Section 7.01 of this

Agreement. The Company shall have promptly notify Indemnitee of any material changes in such insurance coverage that affect Indemnitee's interests.

ARTICLE 8  
MISCELLANEOUS

Section 8.01. *Non-exclusivity of Rights.* The rights of indemnification, contribution and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled to under applicable law, the Memorandum and Articles, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Section 8.02. *Insurance and Subrogation.* (a) If, at the time the Company receives notice of a claim hereunder, the Company has D&O Liability Insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The failure or refusal of any such insurer to pay any such amount shall not affect or impair the obligations of the Company under this Agreement.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided) hereunder if and to the extent that Indemnitee has actually received such payment under any insurance policy (including without limitation to policies of the D&O Liability Insurance) or other indemnity provision.

Section 8.03 The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary or board of directors' committee member of any other Enterprise shall be reduced by any amount Indemnitee

has actually received as indemnification or advancement of Expenses from such Enterprise.

Section 8.04. *Contribution.* To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s). The relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses. The Company agrees that it would not be just and equitable if contribution pursuant to this Section 8.04 were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

Section 8.05. *Amendment.* This Agreement may not be modified or amended except by a written instrument executed by or on behalf of each of the parties hereto. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit, restrict or reduce any right of Indemnitee under this Agreement in respect of any act or omission, or any event occurring, prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision limits rights with respect to indemnification, contribution or advancement of Expenses, it is the intent of the parties hereto that the rights with respect to indemnification, contribution or advancement of Expenses in effect prior to such change shall remain in full force and effect to the extent permitted by applicable law.

Section 8.06. *Waivers.* The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term only by a writing signed by the party against which such waiver is to be asserted. Unless otherwise expressly provided herein, no delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

Section 8.07. *Entire Agreement.* This Agreement and the documents referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are superseded by this Agreement, provided that this Agreement is a supplement to and in furtherance of the Memorandum and Articles and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 8.08. *Severability.* If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 8.09. *Notices.* All notices, requests, demands and other communications under this Agreement shall be in writing (which may be by facsimile transmission). All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt. The address for notice to a party is as shown on the signature page of this Agreement, or such other address as any party shall have given by written notice to the other party as provided above.

Section 8.10. *Binding Effect.* (a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and executors, administrators, personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all, or a substantial part of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the manner and to the same

extent that the Company would be required to perform if no such succession had taken place.

(c) The indemnification, contribution and advancement of Expenses provided by, or granted pursuant to this Agreement shall continue during the period Indemnitee is an officer and/or a director of the Company or is or was serving at the request of the Company and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding by reason of his former or current capacity at the Company or any other enterprise at the Company's request, whether or not he is acting or serving in any such capacity at the time any Expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall inure to the benefit of the heirs, executors, administrators, legatees and assigns of such Indemnitee.

Section 8.11. *Governing Law.* This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, Cayman laws, without regard to its conflict of laws rules.

Section 8.12. *Consent to Jurisdiction.* Except with respect to any arbitration commenced by Indemnitee pursuant to Section 6.01(a) of this Agreement, each of the parties to this Agreement irrevocably agrees that the courts of the Cayman Islands shall have nonexclusive jurisdiction to hear and determine any claim, suit, action or proceeding, and to settle any disputes, which may arise out of or are in any way related to or in connection with this Agreement, and, for such purposes, irrevocably submits to the nonexclusive jurisdiction of such courts.

Section 8.13. *Headings.* The Article and Section headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 8.14. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 8.15. *U.S. Federal Preemption.* Notwithstanding the foregoing, both the Company and Indemnitee acknowledge that in certain instances, U.S. federal law or public policy may override applicable law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Such instances include, but are not limited to, the U.S. Securities and Exchange Commission's (the "SEC") prohibition on indemnification for liabilities arising under certain U.S. federal securities laws. Indemnitee also understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

---

Section 8.16. *No Employment Rights.* Nothing in this Agreement is intended to create in Indemnitee any right to continued employment with the Company.

Section 8.17. *Use of Certain Terms.* As used in this Agreement, the words “herein,” “hereof,” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection, or other subdivision. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.



IN WITNESS WHEREOF, this Agreement has been duly executed and delivered to be effective as of the date first above written.

KINGSOFT CLOUD HOLDINGS LIMITED

By: \_\_\_\_\_  
Name:  
Title:

INDEMNITEE

\_\_\_\_\_

**FORM OF EMPLOYMENT AGREEMENT**

This Employment Agreement (the “**Agreement**”), dated as of [MONTH DATE], 2020, is entered between Kingsoft Cloud Holdings Limited, a company incorporated in the Cayman Islands (the “**Company**” and, together with its subsidiaries and consolidated affiliated entities, the “**Kingsoft Cloud Group**”) and [NAME] (the “**Executive**”).

WHEREAS, the Company and the Executive wish to enter into an employment agreement whereby the Executive will be employed by the Company in accordance with the terms and conditions stated below;

NOW, THEREFORE, the parties hereby agree as follows:

**ARTICLE 1****EMPLOYMENT, DUTIES AND RESPONSIBILITIES**

Section 1.01. *Employment.* The Executive shall serve as the [TITLE] of the Company. The Executive hereby accepts such employment and agrees to devote substantially all of the Executive’s time and efforts to promote the interests of the Kingsoft Cloud Group.

Section 1.02. *Duties and Responsibilities.* Subject to the supervision of and direction by the Board of Directors of the Company, the Executive shall perform such duties as are similar in nature to those duties and services customarily associated with the positions set forth above.

Section 1.03. *Base of Operation.* The Executive’s principal base of operation for the performance of his duties and responsibilities under this Agreement shall be the offices of the Kingsoft Cloud Group in Beijing, the People’s Republic of China (the “**PRC**”), and at such other places as shall from time to time be reasonably necessary to fulfill the Executive’s obligations hereunder.

**ARTICLE 2****TERM**

Section 2.01. *Term.* (a) Subject to paragraph (c) of this Section 2.01 and other terms and conditions of this Agreement, the employment pursuant to this Agreement (the “**Employment**”) shall commence on [DATE] and shall have an indefinite duration, unless it is terminated pursuant to this Agreement or as mutually agreed by the parties hereto.

(b) The Executive represents and warrants to the Company that neither the execution and delivery of this Agreement nor the performance of the Executive’s duties hereunder violates or will violate the provisions of any other agreement to which the Executive is a party or by which the Executive is bound.

(c) It is understood that an employment agreement or similar agreement has been entered into by and between a member of the Kingsoft Cloud Group on one hand and the

Executive on the other hand (the “**Operative Employment Agreement**”), and both parties hereto agree that if the Operative Employment Agreement is terminated for any reasons pursuant to the terms therein, the Employment shall also be terminated unless mutually agreed by both parties.

### ARTICLE 3 COMPENSATION AND EXPENSES

Section 3.01. *Salary, Remuneration and Benefits.* The Executive’s salary, remuneration and benefits shall be determined by the Company and shall be specified in the Operative Employment Agreement or any other agreement between the Company or another member of the Kingsoft Cloud Group on one hand and the Executive on the other hand. Unless otherwise provided in such Operative Employment Agreement, the Executive’s salary, remuneration and benefits are subject to annual review and adjustment by the Company. The Executive’s salary, remuneration and benefits shall be reviewed by the Board of Directors (or its designated compensation committee) and/or the management of the Company in accordance with the relevant policies adopted by the Company from time to time.

Section 3.02 *Expenses.* The Company will reimburse the Executive for reasonable documented business-related expenses incurred by the Executive in connection with the performance of the Executive’s duties hereunder during the term of the Employment, subject, however, to the Company’s policies and guidelines relating to business-related expenses as in effect from time to time during the term of the Employment, *provided that*, the Executive shall provide the Company with all appropriate receipts and vouchers.

Section 3.03. *Employee Benefit Plans.* The Executive shall be entitled to participate during the term of the Employment in employee benefit plans, programs and arrangements of the Company as may be in effect from time to time, including, without limitation, any share incentive plan, comprehensive health insurance and retirement scheme, subject to the terms and provisions of such plan and the execution of the award agreement and other related agreements between the Company and the Executive, as well as the terms and conditions as set forth in the Operative Employment Agreement.

Section 3.04 *Payer of Compensation.* Subject to the terms and conditions as set forth in the Operative Employment Agreement, all compensation, salary, benefits and remuneration pursuant to this Agreement may be paid by the Company or any of its subsidiaries or affiliated entities, as decided by the Company in its sole discretion.

### ARTICLE 4 EXCLUSIVITY, NON-COMPETE, NON-SOLICITATION, CONFIDENTIALITY, AND INTELLECTUAL PROPERTY

Section 4.01. *Exclusivity.* The Executive agrees to perform his duties, responsibilities and obligations hereunder efficiently and to the best of his ability. The Executive agrees that the Executive will devote substantially all of the Executive’s working time, care and

attention and best efforts to such duties, responsibilities and obligations throughout the term of the Employment. The Executive agrees that all of his activities as an employee of the Company shall be in conformity with all present and future policies, rules and regulations and directions of the Company not inconsistent with this Agreement and the Operative Employment Agreement.

Section 4.02. *Non-compete, Non-solicitation and Confidentiality.*

(a) *Non-compete.* The Executive agrees that during the term of the Employment and for the twelve (12) months following the termination for any reason of the Employment, unless otherwise agreed by the Company, [he/she] will not, and will cause its affiliates not to, directly or indirectly (whether as a controller, agent, director, employee, partner, shareholder, management or otherwise): (i) be employed or self-employed in, engage in or own or hold any interest in, or provide any consulting, technical and other services or any assistance to any Competing Businesses; (ii) invest in any Competing Businesses; (iii) establish an entity that engages in any Competing Businesses; or (iv) provide any services that competes with those provided by the Kingsoft Cloud Group to any former, current or prospective customers of the Kingsoft Cloud Group. As used herein, a "Competing Business" means any business that is substantially similar to, or is in direct or indirect competition or would potentially compete with, any businesses conducted by the Company or any member of the Kingsoft Cloud Group, including but are not limited to those conducted by the entities as specified in the Operative Employment Agreement or any other agreement between the Company or any other member of the Kingsoft Cloud Group on one hand and the Executive on the other hand. The Executive also agrees that, throughout the term of the Employment and at all times thereafter, he will not and will cause his affiliates not to engage in any conduct that would damage the reputation of the Kingsoft Cloud Group.

(b) *Non-solicitation.* The Executive agrees that [he/she] will not and will cause [his/her] affiliates not to, directly or indirectly, (i) employ or otherwise use the services provided by a current employee of a member of the Kingsoft Cloud Group, a person that has unilaterally terminated his employment with a member of the Kingsoft Cloud Group without undergoing proper departure procedures, or any former employee of a member of the Kingsoft Cloud Group who is subject to non-compete restrictions; (ii) during the term of the Employment and for the twelve (12) months following the termination for any reason of the Employment, solicit or attempt to solicit (a) any officer or employee of any member of the Kingsoft Cloud Group to terminate his employment with such member of the Kingsoft Cloud Group; or (b) a person who is a customer, supplier, agent, licensee, licensor of any member of the Kingsoft Cloud Group or any other person that has an actual or prospective business relation with any member of the Kingsoft Cloud Group to terminate its relationship with the Kingsoft Cloud Group or to alter such relationship in a manner adverse to the Kingsoft Cloud Group.

(c) *Confidentiality.* Throughout the term of the Employment and at all times thereafter, the Executive shall keep in strict confidence and not to use all non-public information relating to the technology, business, financial condition and other aspects of the Company, including but not limited to know-how, trade secrets, business methods,

products, processes, procedures, development or experimental projects, plans, service providers, students, customers and users and such non-public information relating to the students, customers, users and suppliers of the Kingsoft Cloud Group, and, except as authorized by the Company or required under the applicable laws and regulations or pursuant to an order of court or other government entities, may not disclose or provide to any person, firm, corporation or entity such non-public information, and may not use such non-public information for any purpose other than to fulfill his responsibilities in the best interest of the Company. The Executive shall also comply with the Company's corporate policies and any other agreements on confidentiality that the Executive may enter into with the Company or any other member of the Kingsoft Cloud Group. This provision and such other confidentiality policies and agreements are hereinafter collectively referred to as the "**Confidentiality Terms.**" The Executive shall comply with the Confidentiality Terms throughout the term of the Employment and at all times thereafter.

*(d) Operative Employment Agreement.* Both parties hereto acknowledge that the Executive shall continue to comply with the provisions relating to non-compete, non-solicitation and confidentiality in the Operative Employment Agreement or another agreement entered into between the Company or any other member of the Kingsoft Cloud Group on one hand and the Executive on the other hand.

Section 4.03. *Transfer of Intellectual Property.* The Executive hereby agrees to transfer to the Company or another member of the Kingsoft Cloud Group as designated by the Company all intellectual property rights in the works created during the Employment or other intellectual property rights deemed to be occupational works in accordance with applicable laws and regulations (the "**Occupational Works**"). The "intellectual property rights" as referred to in this section means all current and future intellectual property rights, including but not limited to patent rights, trademarks or copyrights in any country, whether registered or not. The Executive agrees that, throughout the course of the Employment and at all times thereafter, he shall execute necessary documents and take necessary action to implement the foregoing transfer of the Occupational Works. The Executive acknowledged that the Company shall, where permitted by applicable laws and regulations, hold all rights and interests in the Occupational Works, including any patent or copyrights. The Executive further agrees that, throughout the course of the Employment and at all times thereafter, the Executive and his heirs, assignees and representatives will, upon the Company's requests, assign exclusively to the Company or another member of the Kingsoft Cloud Group as designated by the Company any right, title and interest in the Occupational Work and assist in the preparation and execution of all applications and instruments and carry out other tasks or procedures necessary in accordance with applicable laws and regulations for the Company or another member of the Kingsoft Cloud Group as designated by the Company to obtain and maintain the patent and other intellectual property right in any applicable jurisdictions and/or protecting the rights and interests of the Company or another member of the Kingsoft Cloud Group as designated by the Company in the Occupational Works.

ARTICLE 5  
TERMINATION OF THE EMPLOYMENT

Section 5.01. *Termination by Company.* The Company shall have the right to terminate the Employment pursuant to the terms and conditions under the Operative Employment Agreement.

Section 5.02. *Termination by the Executive.* The Executive shall have the right to terminate the Employment at any time by giving a 30 days' advance notice in writing pursuant to the terms and conditions under the Operative Employment Agreement.

ARTICLE 6  
MISCELLANEOUS

Section 6.01. *Benefit Assignment; Assignment; Beneficiary.* This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns, including, without limitation, any corporation or person which may acquire all or substantially all of the Company's assets or business, or with or into which the Company may be consolidated or merged. This Agreement shall also inure to the benefit of, and be enforceable by, the Executive and the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's beneficiary, devisee, legatee or other designee, or if there is no such designee, to the Executive's estate.

Section 6.02. *Notices.* Any notice required or permitted hereunder shall be in writing and shall be sufficiently given if personally delivered or if sent by registered or certified mail, national overnight courier, or email. In the case of the Company, to the office or email account of the Head of Human Resources; and in the case of the Executive, to the address or email account appearing on the employment records of the Company, from time to time. Any notice given hereunder shall be deemed to have been given at the time of receipt thereof by the person to whom such notice is given.

Section 6.03. *Entire Agreement; Amendment.* This Agreement contains the entire agreement of the parties hereto with respect to the terms and conditions of the Executive's employment with the Company and, subject to Section 4.02(d) of this Agreement, supersedes any and all prior agreements and understandings, whether written or oral, between the parties hereto with respect to the employment of the Executive with the Company. For the avoidance of doubt, in case of any conflict between this Agreement and the Operative Employment Agreement as to the Executive's compensation, the term of the Employment, and the Executive's non-compete, confidentiality and non-solicitation obligations, the Operative Employment Agreement shall prevail. This Agreement may not be changed or modified except by an amendment in writing signed by both of the parties hereto.

Section 6.04. *Waiver*. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

Section 6.05. *Headings*. The article and section headings herein are for convenience of reference only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 6.06. *Governing Law*. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of Hong Kong Special Administration Region of the People's Republic of China ("**Hong Kong**").

Section 6.07. *Agreement To Take Actions*. Each party hereto shall execute and deliver such documents, certificates, agreements and other instruments, and shall take such other actions, as may be reasonably necessary or desirable in order to perform his or its obligations under this Agreement or to effectuate the purposes hereof.

Section 6.08. *Arbitration*. Any dispute between the parties hereto respecting the meaning and intent of this Agreement or any of its terms and provisions shall be submitted to the Hong Kong International Arbitration Centre ("**HKIAC**") for arbitration in accordance with HKIAC's arbitration rules in effect at the time. The arbitral award is final and binding upon the parties thereto. The arbitration tribunal will consist of three arbitrators (one appointed by claimant, the second appointed by respondent and the third appointed by the first two arbitrators or the Chairman of HKIAC). The arbitration seat shall be in Hong Kong. The language of arbitration shall be English and Chinese.

Section 6.09. *Survivorship*. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

Section 6.10. *Severability*. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect.

Section 6.11. *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

Section 6.13. *Withholding*. All payments to the Executive hereunder shall be subject to withholding to the extent required by applicable law.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date first above written.

KINGSOFT CLOUD HOLDINGS LIMITED.

By: \_\_\_\_\_  
Name:  
Title:

EXECUTIVE

\_\_\_\_\_  
Name:  
Title:



---

**Exclusive Consultation and Technical Service Agreement**

---

between

Beijing Kingsoft Cloud Network Technology Co., Ltd.

and

Beijing Kingsoft Cloud Technology Co., Ltd.

**9 November 2012**

This Exclusive Consultation and Technical Service Agreement (hereinafter referred to as “**this Agreement**”) was executed by and between the following two parties on 9 November 2012:

1. Party A: Beijing Kingsoft Cloud Network Technology Co., Ltd. (hereinafter referred to as the “**Company**”)  
Registered address: Room 3F02, No. 33 Xiaoying West Road, Haidian District, Beijing  
  
Legal representative: Lei Jun
2. Party B: Beijing Kingsoft Cloud Technology Co., Ltd. (hereinafter referred to as the “**WFOE**”)  
Registered address: Room 3F02, No. 33 Xiaoying West Road, Haidian District, Beijing  
  
Legal representative: Zhang Hongjiang

(Party A and Party B are jointly referred to as “**two (both) parties**” or severally as “**either party**” herein.)

#### Introduction

Whereas, Party A is a company with limited liability duly incorporated and legally subsisting in Zhuhai, the PRC, which is mainly engaged in technological development, technical services and technological consultation; computer system services; sale of self-developed products, computers, software & auxiliary equipment and communication products (excluding projects without administrative permissions);

Whereas, Party B is a wholly foreign-owned enterprise duly incorporated and legally subsisting in Beijing, the PRC, whose business scope is technological development, technological services and technological consultation for computer software and hardware, cloud storage software; computer system integration; sale of self-developed software products; wholesale of computer software and hardware & auxiliary equipment and communication products (not involving commodities under state trade administration; for commodities subject to quota license administration, relevant application procedures shall be gone through in accordance with the relevant provisions of the state);

Whereas, Party A needs Party B to provide it with consultation and technical services relating to Party A's business (as defined below), and Party B also agrees to provide such services to Party A.

Upon amicable negotiation, the two parties hereby arrive at the following agreement:

#### Article 1 Definitions

1.1 Unless otherwise specified herein or indicated by the context, the following terms shall have the following meanings in this Agreement:

|                                 |   |
|---------------------------------|---|
| “Party A’s business”            | all business activities that Party A is operating and developing and will operate and develop at any time during the validity period of this Agreement, including but not limited to technological development, technical services and technological consultation; computer system services; sale of self-developed products, computers, software and auxiliary equipment, communication products and other related businesses operated by Party A.   |
| “Services”                      | services relating to Party A’s business, as exclusively provided by Party B to Party A within its business cope, including but not limited to:<br><ol style="list-style-type: none"><li>(1) Permitting Party A’s use of relevant software, copyright and proprietary technology necessary for Party A’s business, to which Party B is legally entitled;</li><li>(2) Providing Party A with the overall solutions for business operation and management technology necessary for Party A’s business;</li><li>(3) Daily management, maintenance and update of hardware equipment and database;</li><li>(4) Development, maintenance and update of relevant application software necessary for Party A’s business;</li><li>(5) Technological training for relevant staff of Party A;</li><li>(6) Assisting Party A in collecting and studying technological information;</li><li>(7) Other related services provided from time to time at Party A’s request.</li></ol> |
| “Annual business plan”          | Party A’s business development plan and budget report for the following calendar year formulated by Party A under the assistance of Party B before 30 November every year according to this Agreement.  |
| “Service fees”                  | all fees payable by Party A to Party B for the services provided by Party B according to Article 3 hereof.  |
| “Equipment”                     | any and all equipment that Party B owns or purchases from time to time, and uses for the purpose of providing the services.   |
| “Business-related technologies” | any and all software and technologies relating to Party A’s business, as developed by Party A based on the services provided by Party B hereunder.  |

“Customer information” has the meaning conferred in Article 6.1 hereof.

“Confidential information” has the meaning conferred in Article 6.2 hereof.

“Defaulting party” has the meaning conferred in Article 11.1 hereof.

“Default” has the meaning conferred in Article 11.1 hereof.

“The Rights” has the meaning conferred in Article 13.5 hereof.

1.2 Citations of any laws and regulations (hereinafter referred to as “**laws**”) herein shall be deemed to:

- (1) Simultaneously include citations of amendments, changes, supplements and re-enactions in respect of these laws, regardless of whether they enter into force before or after conclusion of this Agreement; and
- (2) Simultaneously include citations of other decisions, notifications and rules which are formulated according to these laws or become effective due to these laws.

1.3 Save as otherwise specified in this Agreement, article, clause, item and paragraph herein shall refer to the corresponding contents herein.

## Article 2 Services

2.1 In the validity period of this Agreement, Party B shall diligently provide services for Party A according to Party A’s business needs.

2.2 To provide excellent services, Party B shall provide Party A with the right to use the computer and network hardware equipment needed for Party A’s business.

2.3 Party B shall provide various equipment and personnel reasonably needed for providing services and purchase and add new equipment and new personnel according to Party A’s annual business plans and as reasonably required by Party A, so as to provide excellent services for Party A according to this Agreement.

2.4 For the purpose of providing services according to this Agreement, Party B shall communicate with Party A on various information relating to Party A’s business.

2.5 Albeit other provisions in this Agreement, Party B shall have the right to designate any third party to provide any or all of the services under this Agreement, or fulfil Party B’s obligations under this Agreement on Party B’s behalf. Party A hereby agrees that Party B has the right to transfer its rights and obligations under this Agreement to any third party.

## Article 3 Expenses

- 3.1 Regarding the services provided by Party B according to this Agreement, Party A shall pay service fees to Party B as per the following methods:
  - 3.1.1 performance-related service fee equivalent to 100% of the balance of Party A's business revenue in the then year less Party A's business cost recognized by the two parties; and
  - 3.1.2 service fee for specific consultation services and technical services provided by Party B according to Party A's requirements from time to time, as otherwise agreed upon by the two parties.
- 3.2 In the validity period of this Agreement, Party B shall have the right to adjust the aforesaid service fees at its own discretion without needing to seek the consent of Party A.
- 3.3 Regarding depreciation of the equipment actually provided by Party B for Party A's use, Party B may require Party A to make compensation according to actual conditions.
- 3.4 The two parties agree to pay the service fees as per the following provisions:
  - 3.4.1 Party A shall pay the performance-related service fee on a yearly basis. After the end of each fiscal year of Party A, Party A and Party B shall calculate the actual performance-related service fee payable by Party A based on the total amount of pre-tax income of Party A in the previous year as confirmed in the audit report issued by the Chinese CPA firm recognized by the two parties. Party A shall pay Party B relevant performance-related service fee within fifteen (15) workdays after the issue of audit report. Party A undertakes to Party B that it will provide all necessary data and assistance for the aforesaid CPA firm and urge the CPA firm to complete and issue to the two parties the audit report of the previous year within thirty (30) workdays after the end of each Gregorian calendar year.
  - 3.4.2 The methods of payment of the service fees specified in Article 3.1.2 of this Agreement shall be otherwise specified by the two parties.
- 3.5 Party A shall, according to this article, pay all the service fees to the bank account designated by Party B in due time. If Party B changes its bank account, it shall send a written notice to Party A seven (7) workdays in advance.
- 3.6 The two parties agree that in principle, the payment of the aforesaid service fees shall not put either party in operation difficulty in the then year. For the aforesaid purpose and based on the aforesaid principle, Party B agrees that Party A may defer payment of the service fees, or upon negotiation between the two parties, may adjust in writing the percentage and/or specific amount of the service fees payable by Party A to Party B under Article 3.1.
- 3.7 The service fees payable by Party A to Party B according to Article 3.1.2 shall be otherwise determined by the two parties in writing according to the nature of service and workload.
- 3.8 Tax burdens incurred to the two parties due to performance of this Agreement shall be borne by the two parties respectively.

#### Article 4 Party A's Obligations

- 4.1 Party B's services in this Agreement shall be exclusive. In the validity period of this Agreement, without the prior written consent of Party B, Party A shall not conclude any agreement with any third party to or otherwise accept other services provided by the said third party, which are the same as or similar to Party B's services.
- 4.2 Before 30 November every year, Party A shall provide Party B with its annual business plan determined for the next year so that Party B can arrange relevant service plans and add necessary software, equipment, personnel and Consultation and technical service forces. If Party A temporarily needs extra equipment or personnel to be provided by Party B, it shall consult with Party B fifteen (15) days in advance in order to reach a consensus with Party B.
- 4.3 To facilitate Party B's provision of services, Party A shall, as required by Party B, responsibly provide Party B with relevant materials it requires.
- 4.4 Party A shall timely and fully pay Party B service fees according to Article 3 herein.
- 4.5 Party A shall maintain its good reputation and actively expand its business to maximize its benefits.
- 4.6 During the validity period of this Agreement, Party A agrees to help Party B and its parent company (whether directly or indirectly) with audit of connected transactions and other various audits and provide Party B, its parent company or auditors entrusted thereby with relevant information and materials in relation to Party A's operations, businesses, customers, finance and staff, and permit Party B's parent company to disclose such information and materials to meet the regulatory requirements in the place where its securities are listed.
- 4.7 Party A shall compensate Party B for and protect Party B from any damage arising from any lawsuits or claims against Party B caused or incurred by the consultations and services provided by Party B upon request by Party A or any losses, damages, liabilities or expenses incurred by other requirements, unless such losses, damages, liabilities or expenses are caused by Party B's serious negligence or wilful misconduct.

#### Article 5 Intellectual Property Rights

- 5.1 The intellectual property rights already in Party B's possession before conclusion of this Agreement shall belong to Party B; and those obtained by Party B during the term of this Agreement, including intellectual property rights of work achievements made during provision of services, shall, severally or jointly, belong to Party B and/or third parties designated thereby.
- 5.2 As Party A relies on Party B's services provided under this Agreement in developing its business, both parties shall agree that the ownership and other related rights of the business-related technologies (regardless of whether they are obtained through further development of Party A upon entrustment by Party B, or through joint development of Party A and Party B, or through Party A's further independent development) developed by Party A based on such services shall be otherwise determined upon negotiation at that time.

- 5.3 Where both parties agree, upon negotiation, according to Article 5.2 that the ownership of the business-related technologies developed by Party A based on the services provided by Party B belong to Party A, then
- (1) Party A shall timely inform Party B of the details of such business-related technologies, and provide relevant data as required by Party B;
  - (2) if Party A intends to transfer or license others to use such business-related technologies, Party A shall pre-emptively transfer such business-related technologies to Party B or pre-emptively grant Party B the exclusive license without violating compulsory provisions of the PRC laws, and Party B may use such business-related technologies within the specific scope of transfer or license of Party A (but Party B shall be entitled to decide whether to accept such transfer or license); Party A may transfer to third parties the ownership of such business-related technologies or grant the license to third parties based on the conditions not more favourable than those it proposes to Party B (including but not limited to transfer price or license fee) only when Party B waives the right of first refusal to purchase the ownership of such business-related technologies or waives the exclusive right of use, and shall warrant that such third parties will fully observe and fulfil Party A's obligations under this Agreement;
  - (3) except for the right of first refusal mentioned in the Paragraph (2) above, within the term of this Agreement, Party B shall have the right to request purchase of such business-related technologies, in which case Party A shall accept such purchase request of Party B without violating compulsory provisions of the PRC laws, and the purchase price shall be the minimum price permitted by the PRC laws at that time.

- 5.4 Where Party B is licensed to exclusively use business-related technologies according to Paragraph (2) of Article 5.3 herein, such license shall be granted according to the following requirements:
- (1) The license shall be valid for at least five (5) years (starting from the date of entry into force of relevant license agreement);
  - (2) The scope of rights licensed shall be defined in a scope to the greatest extent possible;
  - (3) Within the licensing period and scope, no parties (including Party A) other than Party B shall, in any form, use or license others to use the said business-related technologies;
  - (4) Without violating the conditions under Paragraph (3) of Article 5.4, Party A has the right to decide at its discretion whether to permit another third party to use such related technologies;
  - (5) Upon expiration of the license term, Party B has the right to require renewal of the license agreement and Party A shall agree, in which case the terms of the license agreement shall remain unchanged unless otherwise approved by Party B.
- 5.5 Notwithstanding the provisions under Paragraph (2) of Article 5.3 above, patent application for any business-related technologies described in the said paragraph shall be carried out in accordance with the following provisions:
- (1) If Party A wishes to apply for a patent for any business-related technologies described in the said paragraph, it shall obtain the written consent of Party B in advance.
  - (2) Party A may only apply, at its discretion, for a patent or transfer such right to apply to a third party when Party B waives its right to purchase the patent application right for such business-related technologies. If Party A transfers the aforementioned patent application right to a third party, Party A shall ensure that such third party will fully comply with and perform the obligations of Party A under this Agreement; meanwhile, the conditions (including but not limited to the transfer price) for Party A to transfer the patent application right to the third party shall not be better than the conditions it has provided to Party B in accordance with the provisions under Paragraph (3) of Article 5.5.
  - (3) During the term of this Agreement, Party B may, at any time, require Party A to file a patent application for such business-related technologies and decide at its discretion whether to purchase such patent application right. Upon the request of Party B, Party A shall transfer such patent application right to Party B without violating the compulsory provisions of the PRC laws, and the transfer price shall be the minimum price permitted by the PRC laws at that time; after Party B obtains the patent application right for such business-related technologies, files a patent application and is granted the patent, it shall become the legal owner of the patent.



- 5.6 The two parties assure each other that they will compensate the other party for any and all economic losses caused by their infringement of the intellectual property rights of others (including copyright, trademark, patent and proprietary technology).

#### Article 6 Confidentiality Obligation

- 6.1 During the validity period of this Agreement, all customer information and other relevant data (hereinafter referred to as the “customer information”) in relation to Party A’s business and the services provided by Party B shall be jointly owned by the two parties.
- 6.2 Regardless of whether this Agreement has been terminated or not, both parties shall strictly keep confidential the trade secrets, proprietary information, customer information and all other information of confidential nature (hereinafter collectively referred to as the “confidential information”) which are acquired by them during the conclusion and performance of this Agreement. Either party receiving the confidential information shall not disclose any confidential information to any other third parties unless with the prior written consent of the party providing the confidential information or in accordance with relevant laws, regulations or requirements of the place where the related company of either party is listed. Except for the purpose of performing this Agreement, the receiving party shall not use or indirectly use any confidential information.
- 6.3 The following information shall not be deemed as confidential information:
- (1) any information provided by written evidence to have been previously obtained by the receiving party through legal means;
  - (2) any information that is made public for a reason not ascribable to the receiving party; or
  - (3) any information obtained by the receiving party through other legal means after receiving such information.
- 6.4 The receiving party may disclose the confidential information to its relevant employee, agent or a professional hired by it on the condition that it shall ensure that the said persons comply with the relevant terms and conditions in this Agreement and that it shall assume any liability arising from the said persons’ violation of relevant terms and conditions in this Agreement.
- 6.5 Notwithstanding the other provisions of this Agreement, the validity of this Article shall not be affected by the termination of this Agreement.

7.1 Party A hereby makes the following statements and undertakings to Party B:

- (1) It is a limited liability company duly registered and validly existing under the PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- (2) It has full power and authority within the company to enter into and deliver this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein. This Agreement is legally and properly signed and delivered by it. This Agreement is legally binding on it and is enforceable against it according to the articles hereof.
- (3) It has a complete business license required for its operation when this Agreement comes into effect, and has the full right and qualification to operate Party A's business it is engaging in within the territory of China.

7.2 Party A further undertakes to Party B as follows:

- (1) It shall provide Party B with the financial statements for the related quarter and the budget for the next quarter within fifteen (15) workdays after the end of each quarter, and provide Party B with the financial statements for the related year and the budget for the next year within thirty (30) workdays after the end of each year.
- (2) It shall promptly inform Party B of the circumstances that have or may have a material adverse effect on Party A's business and its operation and shall make every effort to prevent the occurrence of such circumstances and/or further losses.
- (3) Without the written consent of Party B, Party A shall not dispose of its important assets in any form, nor shall it change its existing equity structure.
- (4) Upon request by Party B in writing, it shall have all accounts receivable and/or all of its other assets legally owned and disposable at that time, in the manner permitted by laws at that time, as the guarantee to fulfil its payment obligations specified in Article 3 of this Agreement.
- (5) It shall compensate Party B for all losses suffered or likely to suffered by Party B and protect Party B from any damage due to provision of the services, including but not limited to any loss arising from litigation, recovery, arbitration and claim for compensation lodged by any third party against it or administrative investigation and penalty by the government authorities. However, losses arising from Party B's wilful or gross negligence shall not be included in the compensation.

## Article 8 Party B's Statements and Undertakings

8.1 Party B hereby makes the following statements and undertakings to Party A:

- (1) It is a limited liability company duly registered and validly subsisting under the PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- (2) It has full power and authority within the company to enter into and deliver this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein. This Agreement is legally and properly signed and delivered by it. This Agreement is legally binding on it and is enforceable against it according to the articles hereof.

## Article 9 Validity Period of this Agreement

- 9.1 This Agreement shall take effect from the date of the official signing by both parties, and this agreement is valid for twenty (20) years, unless otherwise specified in this Agreement or the two parties agree to terminate this Agreement in writing.
- 9.2 Prior to the expiration of this Agreement, the validity of this agreement may be extended upon Party B's written confirmation. The extended validity period shall be determined by Party B, and Party A shall accept such extended validity periods unconditionally.
- 9.3 Both parties to the Agreement shall complete the approval and registration formalities for the extension of the business term within three months before expiry of their respective business terms, so as to extend the validity period of this Agreement.
- 9.4 After termination of this Agreement, the two parties shall still abide by their obligations under Article 6 of this Agreement.

## Article 10 Notice

- 10.1 Any notice, request, demand and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.

- 10.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; or (iii) five (5) days after being posted, when sent by post.

#### Article 11 Default Liabilities

- 11.1 The two parties agree and confirm that if any party (hereinafter referred to as the “Defaulting Party”) substantially breaches any agreement hereunder or substantially fails to fulfil or delays fulfilling any obligation hereunder, thus constituting a default hereunder (hereinafter referred to as “Default”), the Observant Party shall have the right to require the Defaulting Party to make corrections or take remedial measures within a reasonable period. If the Defaulting Party fails to make corrections or take remedial measures within a reasonable period or within ten (10) days after the Observant Party notifies the Defaulting Party in writing and makes a request for correction, the Observant Party shall have the right to decide on its own (1) to terminate this Agreement, and require the Defaulting Party to give full compensation for damages; or (2) to require the Defaulting Party to fulfil its obligations hereunder in a compulsory manner and give full compensation for damages.
- 11.2 Notwithstanding Article 11.1 above, the two parties agree and confirm that under no circumstances shall Party A request the termination of this Agreement for any reason unless otherwise provided by laws or this Agreement.
- 11.3 Notwithstanding the other provisions of this Agreement, the validity of Article 11 shall not be affected by the termination of this Agreement.

#### Article 12 Force Majeure

- 12.1 Where Either Party is directly affected in performing this Agreement or cannot perform this Agreement on the agreed conditions because of earthquake, typhoon, flood, fire, war, computer virus, design flaws of instrumental software, Internet hacking attacks, changes in policies or laws, and any other force majeure event which cannot be foreseen or the consequence of which cannot be prevented or avoided, the affected party shall immediately notify the other party by fax and shall provide, within thirty (30) days, details of the force majeure and documentary proof of reasons for failure or delay in performance of this Agreement. Such documentary proof shall be issued by the notary authority of the place where the force majeure occurred. The two parties negotiate whether the performance of this Agreement shall be partially exempted or postponed according to the degree to which such performance is affected by the force majeure event. The two parties shall not be liable for any economic losses caused to them by the force majeure event.

- 13.1 This Agreement is executed in Chinese in two (2) original copies, with one (1) held by either party thereto.
- 13.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 13.3 Any dispute arising out of or in connection with this Agreement shall be settled through negotiation by the parties. If the two parties fail to reach an agreement within thirty (30) days after the occurrence of the dispute, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof in effect at the time of submission. The arbitration award shall be final and binding on the parties.
- 13.4 Any rights, powers and remedies conferred on two parties by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and either party's exercise of its rights, powers and remedies shall not preclude it from exercising other rights, powers and remedies enjoyed by it.
- 13.5 Either party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as the "Rights") conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude it from exercising the Rights in other ways and exercising the other Rights.
- 13.6 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
- 13.7 Each term of this Agreement is severable and independent from every other terms. If any one or more terms of this Agreement become invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
- 13.8 Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by both parties thereto.
- 13.9 Except as otherwise agreed herein, neither party shall assign any of its rights and/or obligations hereunder to any third party without the prior written consent of the other party.

---

13.10 This Agreement shall be binding on the legal successors of both parties.

In witness whereof, this Exclusive Consultation and Technical Services Agreement has been signed by both parties on the date first above written.

Party A:  
Beijing Kingsoft Cloud Network Technology Co., Ltd.  
/s/ Seal of Beijing Kingsoft Cloud Network Technology Co., Ltd.

Signature: /s/ Jun Lei  
Name: Jun Lei  
Position: Legal representative

Party B:  
Beijing Kingsoft Cloud Technology Co., Ltd.  
/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

Signature: /s/ Hongjiang Zhang  
Name: Hongjiang Zhang  
Position: Legal representative

## Supplemental Exclusive Consultation and Technical Service Agreement

The *Supplemental Exclusive Consultation and Technical Service Agreement* (hereinafter referred to as “**this Agreement**”) was executed by and among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on November 29, 2019:

Party A: Beijing Kingsoft Cloud Network Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Cloud Network**”);

Party B: Beijing Kingsoft Cloud Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Cloud Technology**” or “**WFOE**”);

Party C: Zhuhai Kingsoft Cloud Technology Co., Ltd., a limited liability company established under PRC laws (“**Zhuhai Kingsoft Cloud**”);

Party A, Party B and Party C are individually referred to as “one party” and collectively referred to as “the parties” herein.

Whereas: Kingsoft Cloud Network and Kingsoft Cloud Technology signed on 9 November 2012 an *Exclusive Consultation and Technical Service Agreement* (“**Exclusive Consultation and Technical Service Agreement**”), which specified that Kingsoft Cloud Technology shall provide services to Kingsoft Cloud Network, including permitting Kingsoft Cloud Network to use the software, copyright and proprietary technology of Kingsoft Cloud Technology and Kingsoft Cloud Technology providing Kingsoft Cloud Network with comprehensive operation and management technological solutions. Kingsoft Cloud Network shall pay Kingsoft Cloud Technology a business service fee equivalent to 100% of the balance net of the business cost of Kingsoft Cloud Network.

The parties hereby arrive at the following supplemental agreement upon negotiation. The terms used but not defined in this Agreement shall have the same meanings as those in the *Exclusive Consultation and Technical Service Agreement*:

### 1. General Transfer

- 1.1 Kingsoft Cloud Network agrees to transfer both its rights and obligations under the *Exclusive Consultation and Technical Service Agreement* to Zhuhai Kingsoft Cloud from the effective date of this Agreement, and Zhuhai Kingsoft Cloud agrees to generally receive the rights and obligations of Kingsoft Cloud Network under the *Exclusive Consultation and Technical Service Agreement*.



- 1.2 Kingsoft Cloud Technology agrees and confirms that since the effective date of this Agreement, the rights and obligations of Kingsoft Cloud Network under the *Exclusive Consultation and Technical Service Agreement* are generally enjoyed or assumed by Zhuhai Kingsoft Cloud.
- 1.3 Kingsoft Cloud Network and Kingsoft Cloud Technology confirm that there is no dispute between them regarding the performance of the *Exclusive Consultation and Technical Service Agreement*, and both parties hereby irrevocably and unconditionally waive any type or nature of possible dispute, claim, request, right, obligation, responsibility, action, contract or cause of action against the other party in the past, present or future in direct or indirect relation with or arising from the rights and obligations of the two parties under the *Exclusive Consultation and Technical Service Agreement*.
2. **Amendment to Article 9.1 of the *Exclusive Consultation and Technical Service Agreement***
  - 2.1 The parties agree and confirm that Article 9.1 of the *Exclusive Consultation and Technical Service Agreement* shall be amended as follows: “This Agreement shall take effect as from the date of signing by both parties, and shall be valid for twenty (20) years, unless otherwise specified in this Agreement or the WFOE unilaterally decides to terminate this Agreement.”
3. **Amendment to Article 11.2 of the *Exclusive Consultation and Technical Service Agreement***
  - 3.1 The parties agree and confirm that Article 11.2 of the *Exclusive Consultation and Technical Service Agreement* is amended as:  
“Notwithstanding Article 11.1 above, both parties agree and confirm that under no circumstances shall Zhuhai Kingsoft Cloud request the termination of this Agreement for any reason unless otherwise provided by laws or this Agreement. However, the WFOE, under any circumstance, shall be entitled to unilaterally terminate this Agreement. The WFOE shall be entitled to request any amendment and supplement to this Agreement, and when the WFOE proposes such request, Zhuhai Kingsoft Cloud shall assist it in signing relevant agreements. Any amendment and supplement to this Agreement signed by both parties shall constitute an integral part of this Agreement and shall have the same legal force as this Agreement.”

#### **4. Governing Laws and Settlement of Disputes**

##### **4.1 Governing laws**

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes thereunder shall be governed by the PRC laws.

##### **4.2 Settlement of disputes**

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the parties thereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other parties a written request of resolving the dispute through negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the parties.

#### **5. Confidentiality Obligations**

5.1 The parties acknowledge and determine that any oral or written information related to this Agreement or the contents thereof or exchanged among one another for the preparation or performance of this Agreement is deemed to be confidential. The parties shall keep all such confidential information confidential and shall not disclose any confidential information to any third party without the written consent of the other parties, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party's unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules, or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees or legal or financial advisers in connection with the transaction described in this Agreement (the said shareholder, director, employee or legal or financial advisor is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by any shareholder, director, employee or hired agency of any party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

#### **6. Others**

##### **6.1 Language**

This Agreement shall be executed in Chinese and in three counterparts, with one held by each party. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal effect as the original signature.

##### **6.2 Title**

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

##### **6.3 Entry into Force**

---

This Agreement shall take effect from the date of signing by the parties.

#### 6.4 Entire Agreement

This Agreement constitutes an amendment and supplement to the *Exclusive Consultation and Technical Service Agreement*. In case of any inconsistency or conflict between this Agreement and the *Exclusive Consultation and Technical Service Agreement*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Exclusive Consultation and Technical Service Agreement*. Matters not covered herein shall be as specified in the *Exclusive Consultation and Technical Service Agreement*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

**Beijing Kingsoft Cloud Network Technology Co., Ltd.**

/s/ Seal of Beijing Kingsoft Cloud Network Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Beijing Kingsoft Cloud Technology Co., Ltd.**

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Zhuhai Kingsoft Cloud Technology Co., Ltd.**

/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

### Supplemental Loan Agreement

This Supplemental Loan Agreement (hereinafter referred to as “**this Agreement**”) was executed by and between the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on November 29, 2019:

Party A: Beijing Kingsoft Cloud Technology Co., Ltd., a limited liability company established under PRC laws (hereinafter referred to as “**Kingsoft Cloud Technology**”);

Party B: Weiqin Qiu, a PRC citizen, whose ID card number is \*.

Party A and Party B are hereinafter individually referred to as “one party” and collectively referred to as “two parties” or “both parties” herein.

Whereas:

1. On 9 November 2012, Weiqin Qiu, Jin Wang and Kingsoft Cloud Technology signed the *Loan Agreement* (“**Loan Agreement I**”), specifying that from 9 November 2012 onwards, Weiqin Qiu borrows RMB99,000 from Kingsoft Cloud Technology and Jin Wang borrows RMB1,000 from Kingsoft Cloud Technology;
2. On 13 June 2014, Weiqin Qiu and Jin Wang signed the *Equity Transfer Agreement*, specifying that Jin Wang transfers to Weiqin Qiu the registered capital of Zhuhai Kingsoft Cloud Technology Co., Ltd. (“**Zhuhai Kingsoft Cloud**”) of RMB1,000 held by him/her at a consideration of RMB1,000; on 20 June 2014, Weiqin Qiu, Jin Wang and Kingsoft Cloud Technology signed the *Liability Assumption Agreement* (“**Liability Assumption Agreement I**”), specifying that from 9 November 2012 onwards, Weiqin Qiu assumes the debt against Kingsoft Cloud Technology amounting to RMB1,000 for Jin Wang as a way of his/her paying Jin Wang the equity transfer price under the aforesaid *Equity Transfer Agreement*;
3. On 23 May 2012, Gang Yang and Beijing Kingsoft Digital Entertainment Technology Co., Ltd. (“**Kingsoft Entertainment**”) signed the *Loan Agreement*, specifying that Gang Yang borrows RMB179,180 from Kingsoft Entertainment as increased investment in Zhuhai Kingsoft Cloud; on 13 June 2014, Weiqin Qiu and Gang Yang signed the *Equity Transfer Agreement*, under which Gang Yang transfers the registered capital of Zhuhai Kingsoft Cloud of RMB2.16 million to Weiqin Qiu at a consideration of RMB179,180; on 20 June 2014, Weiqin Qiu, Gang Yang and Kingsoft Entertainment signed the *Liability Assumption Agreement*, specifying that from 9 November 2012 onwards, Weiqin Qiu assumes the debt against Kingsoft Entertainment amounting to RMB179,180 for Gang Yang as a way of his/her paying Gang Yang the equity transfer price under the aforesaid *Equity Transfer Agreement*;

4. On 20 June 2014, Weiqin Qiu and Kingsoft Cloud Technology signed the *Loan Agreement* (“**Loan Agreement II**”), specifying that Weiqin Qiu borrows RMB179,180 from Kingsoft Cloud Technology as the repayment of debt to Kingsoft Entertainment;

The two parties arrive at the following supplemental agreement upon negotiation. Terms used but not defined in this Agreement shall have the same meanings as those in the *Loan Agreement I* and *Loan Agreement II*:

### **1. The Purpose of the Loan**

- 1.1 Weiqin Qiu is informed and confirms that the loans involved under the *Loan Agreement I*, *Liability Assumption Agreement I* and *Loan Agreement II*, totalling RMB279,180, are initially contributions made by the relevant parties for subscribing the registered capital of Zhuhai Kingsoft Cloud.

### **2. Repayment**

- 2.1 Weiqin Qiu and Kingsoft Cloud Technology confirm the addition of the second paragraph in Article 4.1 of the *Loan Agreement I* and *Loan Agreement II*, as detailed below: During the loan period or extended loan period, once the relevant borrower (i.e. Weiqin Qiu) under the *Loan Agreement I* and *Loan Agreement II* is no longer the shareholder of Zhuhai Kingsoft Cloud, the borrower shall make repayment immediately at the request of the lenders, unless the lenders require the borrower to transfer without any consideration all his/her equity in Zhuhai Kingsoft Cloud to the lenders or any third party designated thereby according to the relevant agreements with the borrower and the borrower is thus no longer the shareholder of Zhuhai Kingsoft Cloud.

### **3. Governing Laws and Settlement of Disputes**

#### 3.1 Governing laws

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes thereunder shall be governed by the PRC laws.

#### 3.2 Settlement of disputes

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the two parties hereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other party a written notice request of resolving the dispute through negotiation, either party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the two parties.



#### 4. Confidentiality Obligations

4.1 The two parties acknowledge and determine that any oral or written information related to this Agreement or the contents thereof or exchanged between each other for the preparation or performance of this Agreement is deemed to be confidential. The two parties shall keep all such confidential information confidential, and shall not disclose any confidential information to any third party without the written consent of the other party, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party's unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules, or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees, or **legal** or financial advisers in connection with the transaction described in this Agreement (the said shareholder, director, employee or legal or financial advisor is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by any shareholder, director, employee or hired agency of either party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

#### 5. Others

##### 5.1 Language

This Agreement shall be executed in Chinese and in four counterparts, with one held by either party. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal effect as the original signature.

##### 5.2 Title

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

##### 5.3 Entry into Force

This Agreement shall take effect from the date of signing by both parties.

##### 5.4 Entire Agreement

The two parties confirm that this Agreement separately constitutes an amendment and supplement to the *Loan Agreement I* and *Loan Agreement II*. In case of any inconsistency or conflict among this Agreement, the *Loan Agreement I* and *Loan Agreement II*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Loan Agreement I* and *Loan Agreement II*. Matters not covered herein shall be as specified in the *Loan Agreement I* and *Loan Agreement II*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

**Beijing Kingsoft Cloud Technology Co., Ltd.**

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Wei Qin Qiu**

/s/ Wei Qin Qiu

9 November 2012

**Loan Agreement**

between

Wei Qin Qiu

Jin Wang

and

Beijing Kingsoft Cloud Technology Co., Ltd.

## Loan Agreement

This Loan Agreement (hereinafter referred to as the “**Agreement**”) was entered into by and between the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 9 November 2012:

- (1) Weiqin Qiu  
Address: \*  
ID number: \*
- (2) Jin Wang (collectively referred to as the “**Borrowers**” together with Weiqin Qiu)  
Address: \*  
ID number: \*
- (3) Beijing Kingsoft Cloud Technology Co., Ltd. (hereinafter referred to as the “**Lender**”)  
Registered address: Room 5F02, 5/F, No.33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Hongjiang Zhang

(In this agreement, the above parties are severally referred to as “**either party**” and jointly as “**the parties**”.)

Whereas:

Beijing Kingsoft Digital Entertainment Technology Co., Ltd. (hereinafter referred to as “Kingsoft Entertainment”) and the Lender signed a Creditor’s Right Transfer Agreement on 9 November 2012, according to which Kingsoft Entertainment transferred its creditor’s rights of a total of RMB100,000 against the Borrowers to the Lender, thereby making the Borrowers bear a total of RMB100,000 in debt to the Lender;

Now therefore, in order to clarify the rights and obligations of the Borrowers and the Lender under the above loan arrangement, the parties hereby agree as follows:

### Article 1 Definitions

1.1 Unless the context otherwise requires, the following terms in this Agreement shall have the following meanings:

“**Loan**” means the debt totaling RMB100,000 owed by the Borrowers to the Lender, of which the Lender’s amount of loan to Weiqin Qiu is RMB99,000, and the amount of loan to Jin Wang is RMB1,000;

“**Amount**” means the respective unpaid amount of the Borrowers under the loan;

“**Repayment notice**” has the meaning specified in Article 4.1 hereof;

“**Repayment application**” has the meaning specified in Article 4.2 hereof;

“**PRC**” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, Macao and Taiwan.

1.2 The relevant terms mentioned in this Agreement shall have the following meanings:

“**Article**” shall be construed as a clause in this Agreement, unless otherwise specified in the context hereof;

“**Taxes and fees**” shall be construed as including any taxes, fees, duties or other charges of the same nature (including but not limited to any fines or interests related to failure to pay or delayed payment of such taxes and fees);

The “**Borrowers**” and the “**Lender**” shall be interpreted to include the successors and assignees licensed by the parties in accordance with their respective interests.

1.3 Unless otherwise stated, reference to this Agreement or any other agreements or documents in this Agreement shall be construed, as the case may be, as the reference to the modification, change, substitution or supplement that have been made or may be made from time to time to this Agreement or such other agreements or documents.

1.4 Titles are for convenience of reference only.

1.5 Unless the context otherwise requires, the plural form shall be deemed to include the singular form and vice versa.

## **Article 2 Confirmation of the Loan Amount**

2.1 The parties confirm that on the date of signing this Agreement, Weiqin Qiu borrowed RMB99,000 from the Lender and Jin Wang borrowed RMB1,000 from the Lender.

2.2 The parties confirm that the Borrowers shall perform the repayment obligations and other obligations under this Agreement to the Lender in accordance with this Agreement.

## **Article 3 Interest**

3.1 The Lender confirms that it will not collect any interest on the loan.

## **Article 4 Repayment**

4.1 The Lender may, at any time and at its absolute discretion, serve a repayment notice (hereinafter referred to as the “**Repayment Notice**”) to the Borrowers fifteen (15) days in advance, requesting either or both of the Borrowers to repay part or all of the amount. To the extent permitted by PRC laws, the Borrowers shall repay the loan to the Lender or its designated third party by transferring the corporate equity held by it; and the proportion of the transferred equity in the corporate equity held by such Borrowers at the time of signing this Agreement shall be the same as the proportion of the amount required to be repaid in the amount borrowed by such Borrowers at the date of signing this Agreement.

- 4.2 Any Borrowers may, at any time, serve a repayment application (hereinafter referred to as the “**Repayment Application**”) to the Lender fifteen (15) days in advance to apply for repayment of part or all of the amount. To the extent permitted by PRC laws, the Borrowers shall repay the loan to the Lender or its designated third party by transferring the equity of the company held by it; and the proportion of the transferred corporate equity in the equity of the company held by the Borrowers at the time of signing this Agreement shall be the same as the proportion of the amount required for repayment in the amount borrowed by the Borrowers at the date of signing this Agreement.
- 4.3 If the Borrowers make repayment according to the above provisions of Article 4, the parties shall simultaneously complete the equity transfer as stipulated in Article 4.1 or Article 4.2 above; while ensuring the repayment of the loan, the corresponding equity of the company has been legally and completely transferred to the Lender or its designated third party according to Article 4.1 or Article 4.2, and no pledge or any other form of encumbrance is set for such equity except for the Equity Pledge Agreement and the Exclusive Conversion Option Agreement signed with the Lender.

#### **Article 5 Taxes and Fees**

- 5.1 All taxes and fees related to the loan shall be borne by the Lender.

#### **Article 6 Confidentiality**

- 6.1 Regardless of whether this Agreement has been terminated or not, the Borrowers shall have the obligation to keep confidential (i) the conclusion, performance and contents of this Agreement, and (ii) the trade secrets, proprietary information, customer information and other information of confidential nature (hereinafter collectively referred to as “**Confidential Information**”) relating to the Lender that are known or received as a result of conclusion and performance of this Agreement. The Borrowers may use such Confidential Information only for the purpose of fulfilling its obligations under this Agreement. The Borrowers shall not disclose the above Confidential Information to any third party without the written consent of the Lender; otherwise, the Borrowers shall bear the default liabilities and compensate for the losses.
- 6.2 After termination of this Agreement, the Borrowers shall return, destroy or otherwise dispose of all documents, materials or software containing Confidential Information at the request of the Lender and cease to use such Confidential Information.
- 6.3 Notwithstanding the other provisions of this Agreement, the validity of Article 6 shall not be affected by suspension or termination of this Agreement.

#### **Article 7 Notices**

- 7.1 Any notice, request, demand and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 7.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

## Article 8 Default Liabilities

- 8.1 The Borrowers undertake that they will bear corresponding compensation liability for any act, claim, cost, damage, expense, liability, loss and procedure suffered by or incurred to the Lender due to their breach of any of their obligations under this Agreement.
- 8.2 Notwithstanding the other provisions of this Agreement, the validity of this article shall not be affected by suspension or termination of this Agreement.

## Article 9 Other Matters

- 9.1 This Agreement is executed in Chinese in three (3) counterparts.
- 9.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 9.3 Any dispute arising under and related to this Agreement shall be settled by the parties to the dispute upon negotiation. If the parties to the dispute fail to reach any agreement within thirty (30) days after the dispute arises, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof. The arbitration result shall be final and binding on the parties to the dispute.
- 9.4 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party's exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.
- 9.5 Any party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as "**the Rights**") conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.
- 9.6 The headings of the articles of this Agreement are for index purpose only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
- 9.7 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
- 9.8 Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties thereto.
- 9.9 The Borrowers shall not transfer any of their rights and/or obligations under this Agreement to any third party without the prior written consent of the Lender, and the Lender shall have the right to transfer any of its rights and/or obligations under this Agreement to any third party designated by it after informing the other party.



---

9.10 This Agreement shall be binding on the legal successors of the parties. The appendixes hereto shall have the same legal force as the text hereof.

[The remainder is intentionally left blank]

[The remainder is intentionally left blank, only for signatures]

In witness thereof, this Loan Agreement has been executed by the following parties on the date and in the place first above written.

Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

Signature: /s/ Hongjiang Zhang

Name: Hongjiang Zhang

Position:

Wei Qin Qiu

Jin Wang

/s/ Wei Qin Qiu

/s/ Jin Wang

20 June 2014

---

**Loan Agreement**

---

between

Weiqin Qiu

and

Beijing Kingsoft Cloud Technology Co., Ltd. (北京金山云科技股份有限公司)

## Loan Agreement

This Loan Agreement (hereinafter referred to as the “**Agreement**”) was signed by and between the following two parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 20 June 2014:

(1) **Wei Qin Qiu** (hereinafter referred to as the “**Borrower**”)

Address: \*

ID card number: \*

(2) **Beijing Kingsoft Cloud Technology Co., Ltd.** (hereinafter referred to as the “**Lender**”)

Registered address: Room 5F02, 5/F, No. 33, Xiaoying West Road, Haidian District, Beijing

Legal representative: Hongjiang Zhang

(The above two parties are severally referred to as “**either party**” and jointly as “**two (both) parties**”.)

### Whereas:

1. On 13 June 2014, the Borrower and the third person Gang Yang, signed the Equity Transfer Agreement (hereinafter referred to as the “**Equity Transfer Agreement**”), specifying that Gang Yang transfers its 19.4946% of the equity (i.e. the transferor’s contribution of RMB2.16 million in the company’s registered capital of RMB11.08 million) held in Zhuhai Kingsoft Cloud Technology Co., Ltd. (珠海金山云科技股份有限公司) (hereinafter referred to as “**Zhuhai Kingsoft Cloud**”) to the Borrower, at a consideration of RMB179,180 (RMB one hundred and seventy-nine thousand, one hundred and eighty). That means, the Borrower is required to make a payment of RMB179,180 to Gang Yang (RMB one hundred and seventy-nine thousand, one hundred and eighty) under the Equity Transfer Agreement.
2. On 20 June 2014, the Borrower, the third person Gang Yang, and the Lender signed the Liability Assumption Agreement (hereinafter referred to as the “**Liability Assumption Agreement**”), specifying that the Borrower assumes Gang Yang’s debt against Beijing Kingsoft Digital Entertainment Technology Co., Ltd. (北京金山数字娱乐科技有限公司) (hereinafter referred to as “**Kingsoft Digital Entertainment**”) amounting to RMB179,180 (RMB one hundred and seventy-nine thousand, one hundred and eighty) on behalf of Gang Yang, which is regarded as that the Borrower has paid the consideration under the Equity Transfer Agreement to Gang Yang in full, and it was cleared that, after the liability assumption, the Borrower could repay the Borrower’s debt of RMB179,180 (RMB one hundred and seventy-nine thousand, one hundred and eighty) against Kingsoft Digital Entertainment incurred thereby by cash or by consensus with Kingsoft Digital Entertainment.

Therefore, the Borrower hereby borrowed RMB179,180 (RMB one hundred and seventy-nine thousand, one hundred and eighty) from the Lender for the repayment of the debt of RMB179,180 against Kingsoft Digital Entertainment under the Liability Assumption Agreement. In order to clarify the rights and obligations of the Borrower and the Lender, the two parties hereby agree as follows:

#### **Article 1 Definitions**

1.1 Unless the context otherwise requires, the following terms in the Agreement shall have the following meanings:

“**Loan**” means the Borrower’s debt to the Lender in an amount of RMB179,180;

“**Amount**” means the unpaid amount of the Borrower under the loan;

“**Repayment notice**” has the meaning specified in Article 4.1 hereof;

“**Repayment application**” has the meaning specified in Article 4.2 hereof;

“**PRC**” means the People’s Republic of China, for the purpose of the Agreement, excluding Hong Kong, Macao and Taiwan.

1.2 The relevant terms mentioned in the Agreement shall have the following meanings:

“**Article**” shall be construed as a clause in the Agreement, unless otherwise specified in the context hereof;

“**Taxes and fees**” shall be construed as including any taxes, fees, duties or other charges of the same nature (including but not limited to any fines or interests related to failure to pay or delayed payment of such taxes and fees);

The “**Borrower**” and the “**Lender**” shall be interpreted to include the successors and assignees licensed by the two parties in accordance with their respective interests.

1.3 Unless otherwise stated, reference to the Agreement or any other agreements or documents in the Agreement shall be construed, as the case may be, as the reference to the modification, change, substitution or supplement that have been made or may be made from time to time to the Agreement or such other agreements or documents.

1.4 Titles are for convenience of reference only.

1.5 Unless the context otherwise requires, the plural form shall be deemed to include the singular form and vice versa.

#### **Article 2 Confirmation of the Loan Amount**

2.1 The Borrower hereby confirms that the Borrower’s debt to the Lender is RMB179,180 at the date of signing the Agreement;

2.2 The two parties confirm that the Borrower shall perform the repayment obligations and other obligations under the Agreement to the Lender in accordance with the Agreement.

#### **Article 3 Interest**

3.1 The Lender confirms that it will not collect any interest on the loan.

#### Article 4 Repayment

- 4.1 The Lender may, at any time and at its absolute discretion, serve a repayment notice (hereinafter referred to as the **“Repayment Notice”**) to the Borrower fifteen (15) days in advance, requesting the Borrower to repay part or all of the amount. To the extent permitted by PRC laws, the Borrower shall repay the loan to the Lender or its designated third party by transferring the 19.4946% equity of Zhuhai Kingsoft Cloud (i.e. the registered capital of RMB2.16 million of the company, hereinafter referred to as the **“Equity of Zhuhai Kingsoft Cloud”**) held by it; and the proportion of the transferred equity in the Equity of Zhuhai Kingsoft Cloud held by the Borrower at the date of signing the Agreement shall be the same as the proportion of the amount required to be repaid in the amount borrowed by the Borrower at the date of signing the Agreement.
- 4.2 The Borrower may, at any time, serve a repayment application (hereinafter referred to as the **“Repayment Application”**) to the Lender fifteen (15) days in advance to apply for repayment of part or all of the amount. To the extent permitted by PRC laws, the Borrower shall repay the loan to the Lender or its designated third party by transferring the Equity of Zhuhai Kingsoft Cloud held by it; and the proportion of the transferred equity in the Equity of Zhuhai Kingsoft Cloud held by the Borrower at the date of signing the Agreement shall be the same as the proportion of the amount required for repayment in the amount borrowed by the Borrower at the date of signing the Agreement.
- 4.3 If the Borrower makes repayment according to the above provisions of Article 4, the two parties shall simultaneously complete the equity transfer as stipulated in Article 4.1 or Article 4.2 above; while ensuring the repayment of the loan, the corresponding Equity of Zhuhai Kingsoft Cloud has been legally and completely transferred to the Lender or its designated third party according to Article 4.1 or Article 4.2, and no pledge or any other form of encumbrance is set for such equity except for the *Equity Pledge Agreement* and the *Exclusive Purchase Option Agreement* signed with the Lender.

#### Article 5 Taxes and Fees

- 5.1 All taxes and fees related to the loan shall be borne by the Lender.

#### Article 6 Confidentiality

- 6.1 Regardless of whether the Agreement has been terminated or not, the Borrower shall have the obligation to keep confidential (i) the conclusion, performance and contents of the Agreement, and (ii) the trade secrets, proprietary information, customer information and other information of confidential nature (hereinafter collectively referred to as **“Confidential Information”**) relating to the Lender that are known or received as a result of conclusion and performance of the Agreement. The Borrower may use such Confidential Information only for the purpose of fulfilling its obligations under the Agreement. The Borrower shall not disclose the above Confidential Information to any third party without the prior written consent of the Lender; otherwise, the Borrower shall bear the default liabilities and compensate for the losses.
- 6.2 After the termination of the Agreement, the Borrower shall return, destroy or otherwise dispose of all documents, materials or software containing Confidential Information at the request of the Lender and cease to use such Confidential Information.
- 6.3 Notwithstanding the other provisions of the Agreement, the validity of Article 6 shall not be affected by the suspension or termination of the Agreement.

## Article 7 Notices

- 7.1 Any notice, request, demand and other correspondences required by the Agreement or made according to the Agreement shall be served in writing to the parties concerned.
- 7.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

## Article 8 Default Liabilities

- 8.1 The Borrower undertakes that she will bear corresponding compensation liability for any act, claim, cost, damage, expense, liability, loss and procedure suffered by or incurred to the Lender due to their breach of any of their obligations under the Agreement.
- 8.2 Notwithstanding the other provisions of the Agreement, the validity of this article shall not be affected by the suspension or termination of the Agreement.

## Article 9 Other Matters

- 9.1 The Agreement is executed in Chinese in five (5) original copies.
- 9.2 The conclusion, validity, performance, modification, interpretation and termination of the Agreement shall be governed by the PRC laws.
- 9.3 Any dispute arising under and related to the Agreement shall be settled by the parties to the dispute upon negotiation. If the parties to the dispute fail to reach any agreement within thirty (30) days after the dispute arises, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof. The arbitration result shall be final and binding on the parties to the dispute.
- 9.4 Any rights, powers and remedies conferred on both parties by any articles of the Agreement shall not preclude the parties from any other rights, powers or remedies conferred on them under the laws and other articles of the Agreement, and either party's exercise of its rights, powers and remedies shall not preclude it from exercising other rights, powers and remedies enjoyed by it.
- 9.5 Either party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as the "**Rights**") conferred on it under the Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.
- 9.6 The titles of the articles of the Agreement are for index purpose only and shall not be used for or affect the interpretation of the provisions of the Agreement under any circumstances.
- 9.7 Each article of the Agreement is severable and independent of other articles. If any article or articles of the Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other articles of the Agreement shall not in any way be affected thereby.

- 9.8 Upon being signed, the Agreement shall replace any other legal documents previously signed by the parties for the same theme. Any amendment and supplement to the Agreement shall be executed in writing and shall take effect upon being duly signed by the parties thereto.
- 9.9 The Borrower shall not transfer any of its rights and/or obligations under the Agreement to any third party without the prior written consent of the Lender, and the Lender shall have the right to transfer any of its rights and/or obligations under the Agreement to any third party designated by it after informing the other party.
- 9.10 The Agreement shall be binding on the legal successors of both parties. The appendixes hereto shall have the same legal force as the text hereof.

**[The remainder is intentionally left blank]**



In witness thereof, this Loan Agreement has been signed by the following parties on the date and in the place first above written.

Borrower:

Wei Qin Qiu

/s/ Wei Qin Qiu

---

Lender:

Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Hongjiang Zhang

---

Name: Hongjiang Zhang

Position: Legal representative

9 November 2012

---

**Creditor's Right Transfer Agreement**

---

Among

Wei Qin Qiu

Jin Wang

Beijing Kingsoft Digital Entertainment Technology Co., Ltd. (北京金山数字娱乐科技有限公司)

and

Beijing Kingsoft Cloud Technology Co., Ltd. (北京金山云科技有限公司)

## Creditor's Right Transfer Agreement

The Creditor's Right Transfer Agreement (hereinafter referred to as "this Agreement") was executed by and the among the following parties in the People's Republic of China (hereinafter referred to as the "PRC") on 9 November 2012:

- (1) Beijing Kingsoft Digital Entertainment Technology Co., Ltd. (hereinafter referred to as the "Original Creditor")  
Registered address: West District, 2/F, Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing  
Legal representative: Lei Jun
- (2) Beijing Kingsoft Cloud Technology Co., Ltd. (hereinafter referred to as the "New Creditor")  
Registered address: Room 5F02, 5/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Zhang Hongjiang
- (3) Weiqin Qiu  
Address: \*  
ID Number: \*
- (4) Jin Wang (together with Weiqin Qiu as the "Debtors")  
Address: \*  
ID Number: \*

(In this Agreement, the aforesaid parties are individually referred to as "either party" and collectively as "the parties".)

Whereas:

1. The Original Creditor and the Debtors entered into a loan agreement (the "Loan Agreement") on 2 May 2012, pursuant to which the Debtors had a total debt of RMB100,000 to the Original Creditor;
2. The Original Creditor agrees to transfer the debt to the New Creditor and the New Creditor agrees to accept the transfer of creditor's right;

Therefore, in order to clarify matters related to the transfer of creditor's right, the parties hereby agree as follows:

### Article 1 Transfer of Creditor's Right

The parties agree that from the date of signing this Agreement, the Original Creditor will transfer to the New Creditor its creditor's rights in the amount of RMB100,000 receivable from the Debtors under the Loan Agreement; the New Creditor agrees to accept the creditor's right in the amount of RMB100,000; and the Debtors agree to assume a debt of RMB100,000 to the New Creditor. The Loan Agreement entered into between the Original Creditor and the Debtors is terminated, and their respective rights and obligations therein are terminated accordingly.

## Article 2 Creditor's Right Transfer Consideration

The parties agree that the New Creditor shall pay RMB100,000 in cash to the Original Creditor as the consideration for the above-mentioned transfer of creditor's right in the amount of RMB100,000 (hereinafter referred to as the "Creditor's Right Transfer Consideration"). The payment of the Creditor's Right Transfer Consideration shall be before the expiration of twelve (12) months from the date of signing this Agreement.

## Article 3 Recognition of Creditor's Right and Debt Amount

The parties hereby confirm that since the date of signing this Agreement, Weiqin Qiu has a debt of RMB99,000 to the New Creditor, and Jin Wang has a debt of RMB1,000 to the New Creditor. The parties to this Agreement will enter into a new loan agreement to clarify their specific rights and obligations under the above creditor's rights and debts.

## Article 4 Notice

- 4.1 Any notice, request, demand and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 4.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

## Article 5 Other Matters

- 5.1 This Agreement is executed in Chinese in three (3) original copies.
- 5.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 5.3 Any dispute arising under and related to this Agreement shall be settled by the parties to the dispute upon negotiation. If the parties to the dispute fail to reach any agreement within thirty (30) days after the dispute arises, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof. The arbitration result shall be final and binding on the parties to the dispute.
- 5.4 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party's exercise of its rights, powers and remedies shall not preclude it exercising other rights, powers and remedies enjoyed by it.
- 5.5 Any party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as "the Rights") conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.
- 5.6 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.

- 
- 5.7 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
  - 5.8 Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties thereto.
  - 5.9 This Agreement shall be binding on the legal successors of the parties. The appendixes hereto shall have the same legal force as the text hereof.

In witness thereof, this Creditor's Right Transfer Agreement has been executed by the following parties on the date and in the place first above written.

Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Digital  
Entertainment Technology Co., Ltd.

Weiqin Qiu

/s/ Weiqin Qiu

Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Hongjiang Zhang

Name: Hongjiang Zhang

Position:

Jin Wang

/s/ Jin Wang

20 June 2014

Natural Person as Shown in Appendix I (A)

Corporate Entity as Shown in Appendix I (B)

Beijing Kingsoft Cloud Technology Co., Ltd.(北京金山云科技股份有限公司)

and

Zhuhai Kingsoft Cloud Technology Co., Ltd.(珠海金山云科技股份有限公司)

---

Regarding

**Equity Pledge Agreement**

of

Zhuhai Kingsoft Cloud Technology Co., Ltd.

---

## Equity Pledge Agreement

This Equity Pledge Agreement (“**this Agreement**”) was entered into by and among the following parties in the People’s Republic of China (“**PRC**”) on 20 June 2014:

- (1) The specific information (including domicile and ID card number) about the natural person shareholder, i.e. the **natural person as shown in Appendix I (A) hereto** (hereinafter referred to as the “**Natural Person Shareholder**”), is set out in Appendix I (A) “List of Natural Person Shareholder and Specific Information Thereof”.
- (2) The specific information (including legal representative and registered address) about the corporate shareholder, i.e. the **corporate entity as shown in Appendix I (B) hereto** (hereinafter referred to as the “**Corporate Shareholder**”, and referred to as the “**Pledgors**” together with the Natural Person Shareholder), is set out in Appendix I (B) “List of Corporate Shareholder and Specific Information Thereof”.
- (3) **Beijing Kingsoft Cloud Technology Co., Ltd.** (hereinafter referred to as the “**Pledgee**”)  
Registered address: Room 5F02, 5/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Hongjiang Zhang
- (4) **Zhuhai Kingsoft Cloud Technology Co., Ltd.** (hereinafter referred to as the “**Company**”)  
Registered address: Room 2, District B, 10/F, No. 8, Lianhua Alley, Jingshan Road, Jida, Zhuhai  
Legal representative: Hongjiang Zhang

(In the following text, any single party is referred to as “**one party**” and all parties are jointly referred to as “**the parties**”.) Whereas:

- (1) The Pledgors are registered shareholders of the Company and jointly hold 100% of the equity in the Company, and their respective shareholding percentages in the Company and capital contributions are set out in Appendix I (A) and Appendix I (B) hereto;
- (2) The Company holds 100% of the equity in Beijing Kingsoft Cloud Network Technology Co., Ltd. (hereinafter referred to as “**Kingsoft Cloud Network**”);
- (3) Pursuant to a *Loan Agreement* (hereinafter referred to as the “**Loan Agreement-1**”) entered into by and among the Pledgee and Natural Person Shareholders Jin Wang and Weiqin Qiu on 9 November 2012, the Pledgee has severally provided Natural Person Shareholders Weiqin Qiu and Jin Wang with a loan amounting to RMB99,000 and RMB1,000. Pursuant to the *Liability Assumption Agreement* executed by and among the Pledgee and Natural Person Shareholders Jin Wang and Weiqin Qiu on 20 June 2014, Natural Person Shareholder Weiqin Qiu has assumed the liability involving a loan of RMB1,000 under the Loan Agreement-1 for Natural Person Shareholder Jin Wang; therefore, the Pledgee has provided the Natural Person Shareholder Weiqin Qiu with a loan amounting to RMB100,000;



- (4) Pursuant to a *Loan Agreement* (hereinafter referred to as the “**Loan Agreement-2**”, and referred to as the “**Loan Agreements**” together with the Loan Agreement-1) entered into by and between the Pledgee and Weiqin Qiu on 20 June 2014, the Pledgee has provided Weiqin Qiu with a loan amounting to RMB179,180 (in English: RMB one hundred and seventy-nine thousand one hundred and eighty) under the Loan Agreement-2;
- (5) Pursuant to an *Exclusive Equity Transfer Option Agreement of Zhuhai Kingsoft Cloud Technology Co., Ltd.* (hereinafter referred to as the “**Purchase Option Agreement**”) entered into by and among the Pledgee, the Pledgors and the Company on 20 June 2014, the Pledgors shall, to the extent permitted by the PRC laws, assign their equity in the Company in whole or in part to the Pledgee and/or any other entity or individual designated thereby, at the request of the Pledgee;
- (6) Pursuant to a *Shareholder Voting Right Trust Agreement of Zhuhai Kingsoft Cloud Technology Co., Ltd.* (hereinafter referred to as the “**Voting Right Trust Agreement**”) entered into by and among the Pledgee, the Pledgors and the Company on 20 June 2014, the Pledgors have irrevocably entrusted the person then designated by the Pledgee to exercise on their behalf all of their shareholders’ voting rights in the Company;
- (7) Pursuant to an *Exclusive Consultation and Technical Service Agreement* (hereinafter referred to as the “**Services Agreement**”) entered into by and between the Pledgee and Kingsoft Cloud Network on 9 November 2012, Kingsoft Cloud Network exclusively engages the Pledgee to provide it with relevant consultation and technical services and agrees to pay the Pledgee the fees corresponding to such services;
- (8) As security for performance of the Contract Obligations (as defined below) and discharge of the Secured Debts (as defined below) by the Pledgors, the Company and Kingsoft Cloud Network, the Pledgors agree to pledge all of their equity in the Company to the Pledgee and grant the Pledgee the right to repayment in first priority, and the Company agrees to such equity pledge arrangement;

Therefore, the parties arrive at the following agreement upon negotiation:

### Article 1 Definitions

1.1 Unless the context otherwise requires, the following terms in this Agreement shall have the following meanings:

- “Contract Obligations”:** All contract obligations of the Pledgors, the Company and Kingsoft Cloud Network under the Transaction Agreements and under this Agreement.
- “Secured Debts”:** All direct, indirect and consequential losses and losses of foreseeable profits suffered by the Pledgee due to any Breaching Event (as defined below) of the Pledgors, the Company or Kingsoft Cloud Network, and all fees incurred to the Pledgee for enforcement of the Contract Obligations of the Pledgors or the Company.
- “Transaction Agreements”:** The Loan Agreements, Purchase Option Agreement, Voting Right Trust Agreement and Services Agreement.
- “Breaching Event”:** Breach of any Contract Obligations of the Pledgors, the Company or Kingsoft Network under the Transaction Agreements and/or this Agreement.
- “Pledged Equity”:** 100% of the equity in the Company which is legally owned by the Pledgors when this Agreement takes effect and is to be pledged to the Pledgee pursuant to this Agreement as security for the performance of Contract Obligations and discharge of the Secured Debts by them, Kingsoft Cloud Network and the Company, and the increased amount of contribution described in Article 2.6 of this Agreement.
- “PRC laws”:** The then valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the PRC (for the purpose of this Agreement, excluding Hong Kong, Macao and Taiwan).

1.2 The references to any PRC law herein shall be deemed: (1) to include references to the amendments, changes, supplements and reenactments of such law, irrespective of whether they take effect before or after the formation of this Agreement; and (2) to include references to other decisions, notices or regulations enacted in accordance therewith or effective as a result thereof.

1.3 Unless otherwise stated in the context herein, all references to an article, clause, item or paragraph shall refer to the relevant article, clause, item or paragraph of this Agreement.

## Article 2 Equity Pledge

- 2.1 The Pledgors hereby agree to pledge the Pledged Equity that they legally own and have the right of disposal to the Pledgee in accordance with the provisions of this Agreement as security for discharge of the Secured Debts. The Company hereby agrees that the Pledgors pledge the Pledged Equity to the Pledgee in accordance with the provisions of this Agreement.
- 2.2 The Pledgors undertake that they will record the equity pledge arrangement ("**Equity Pledge**") under this Agreement in the shareholders' register of the Company on the date of signing of this Agreement and will responsively register with the Company's industrial and commercial registration authority. The Company undertakes that it will make the greatest efforts to help the Pledgors complete the industrial and commercial registration specified in this article.
- 2.3 During the validity period of this Agreement, the Pledgee does not bear any liability for any depreciation of the Pledged Equity unless the depreciation is caused by the Pledgee's intentional serious negligence or serious negligence directly associated with relevant consequences, and the Pledgors shall have no right to make any claim against the Pledgee in any form or raise any requirement.
- 2.4 Subject to the aforesaid Article 2.3, where any potential obvious depreciation of the Pledged Equity is sufficient to endanger the Pledgee's rights, the Pledgee may at any time auction or sell the Pledged Equity on behalf of the Pledgors, and may, upon agreement with the Pledgors, prepay the Secured Debts with the monies from auction or sale of the Pledged Equity or deposit the said monies in the notary organ at the location of the Pledgee (with all expenses arising therefrom borne by the Pledgee).
- 2.5 In the event of any Breaching Event of the Company or the Pledgors, the Pledgee shall have the right to dispose of the Pledged Equity in the manner set forth in Article 4 hereof.
- 2.6 The Pledgors may increase investment in the Company with the written prior consent of the Pledgee. The increased amount of contribution to the Company from the Pledgors' increased investment in the Company shall also belong to the Pledged Equity.
- 2.7 The Pledgors undertake to waive the right to the dividends on the Pledged Equity during the validity period of the Equity Pledge.
- 2.8 The Pledgee shall have the right to dispose of any Pledged Equity of the Pledgors according to this Agreement after occurrence of the Breaching Event of Kingsoft Cloud Network, the Company or the Pledgors.

### **Article 3 Termination of the Pledge**

After the Pledgors, the Company and Kingsoft Cloud Network fully and completely fulfil all their Contract Obligations, the Pledgee shall terminate the Equity Pledge as required by the Pledgors, help the Pledgors with deregistration of the Equity Pledge in the Company's shareholders' register and that with the Company's industrial and commercial registration authority, and bear the reasonable costs arising from termination of the Equity Pledge.

### **Article 4 Disposal of the Pledged Equity**

- 4.1 The Pledgors, the Company and the Pledgee hereby agree that in the event of any Breaching Event, the Pledgee shall, after issuing a written notice to the Pledgors, have the right to exercise all the rights and powers to the remedies for breach of this Agreement which it is entitled to according to PRC laws, the Transaction Agreements and terms under this Agreement, including (but not limited to) priority of compensation from auction or sale of the Pledged Equity. The Pledgee will not bear any liability for any losses arising from its reasonable exercise of such rights and powers.
- 4.2 The Pledgee shall have the right to designate in writing its lawyers or other agents to exercise any and all of its aforesaid rights and powers, to which the Pledgors or the Company shall have no objection.
- 4.3 The Pledgee shall have the right to deduct the reasonable costs actually incurred when the Pledgee exercises any or all of the above rights and powers from the monies from the exercise of its rights and powers.
- 4.4 The monies which the Pledgee acquires from the exercise of its rights and powers shall be used in the following order:
  - 1) to pay all costs incurred for disposal of the Pledged Equity and the exercise of rights and powers by the Pledgee (including remuneration paid to its lawyers and agents);
  - 2) to pay taxes payable for disposal of the Pledged Equity; and
  - 3) to repay the Secured Debts to the Pledgee;

The Pledgee shall return the balance (if any) after deduction of the above payments to the Pledgors or others entitled thereto according to relevant laws and regulations, or deposit the balance in the notary organ at the location of the Pledgee (with all expenses arising therefrom borne by the Pledgee).

- 4.5 The Pledgee shall have the right to choose to simultaneously or successively exercise any remedies for breach of this Agreement, and need not exercise other remedies for breach of this Agreement before exercising the right to auction or sell the Pledged Equity under this Agreement.

## **Article 5 Costs and Expenses**

- 5.1 All the actual expenses related to the setting of the Equity Pledge under this Agreement, including (but not limited to) stamp duty, any other taxes and all legal fees, shall be borne by the Pledgee.

## **Article 6 Continuity and No Waiver**

- 6.1 The Equity Pledge set under this Agreement shall be a continuous guarantee and shall be valid until the full performance of the Contract Obligations or the full repayment of the Secured Debts. Neither exemption or grace period granted by the Pledgee to the Pledgors in respect of any breach, nor delay by the Pledgee in exercising any of its rights under the Transaction Agreements and this Agreement, shall affect the right of the Pledgee under this Agreement, relevant PRC laws and the Transaction Agreements to require at any time thereafter the Pledgors to strictly perform the Transaction Agreements and this Agreement, or the rights the Pledgee may be entitled to due to the Pledgors' subsequent breach of the Transaction Agreements and/or this Agreement.

## **Article 7 Statements and Undertakings of the Pledgors**

- 7.1 The Natural Person Shareholder states and undertakes to the Pledgee that he/she is a PRC citizen and has the legal right and capacity to execute this Agreement and undertake legal obligations according to this Agreement.
- 7.2 The Corporate Shareholder states and undertakes to the Pledgee that it is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 7.3 The Pledgors make the following statements and undertakings to the Pledgee:
- 7.3.1 All the reports, documents and information provided by the Pledgors to the Pledgee before this Agreement enters into force in relation to the Pledgors and all the matters required by this Agreement are true and correct in all material aspects at the time when this Agreement enters into force.
- 7.3.2 All the reports, documents and information provided by the Pledgors to the Pledgee after this Agreement enters into force in relation to the Pledgors and all the matters required by this Agreement are true and valid in all material aspects at the time of provision.
- 7.3.3 At the time when this Agreement enters into force, the Pledgors are the sole legal owner of the Pledged Equity and are not involved in any existing dispute over the ownership of the Pledged Equity. The Pledgors have the right to dispose of the Pledged Equity and any part thereof.

7.3.4 Except for the security interests set on the Pledged Equity due to this Agreement and the rights set under the Transaction Agreements, no other security interests or third-party interests have been set on the Pledged Equity.

7.3.5 The Pledged Equity may be pledged and transferred according to laws and the Pledgors have full right and power to pledge the Pledged Equity to the Pledgee according to this Agreement.

7.3.6 This Agreement is duly signed by the Pledgors and constitutes a legal, effective and binding obligation on the Pledgors.

7.3.7 Any consent, permission, waiver or authorization by any third person, or any approval, permission or exemption by any government authority, or any registration or filing formalities with any government authority to be obtained or effected in respect of the execution and performance of this Agreement and the Equity Pledge under this Agreement have been obtained or effected (registration with the Company's industrial and commercial registration authority regarding the Equity Pledge shall be completed immediately after execution of this Agreement), and will be fully effective during the validity period of this Agreement.

7.3.8 The execution and performance of this Agreement by the Pledgors do not violate or contradict any law applicable thereto, any agreement to which they are parties or which is binding on their assets, any court judgment, any arbitration award of any arbitration agency and any decision of any administration authority.

7.3.9 The pledge hereunder constitutes the first secured interest on the Pledged Equity.

7.3.10 All the taxes and expenses payable for obtaining the Pledged Equity shall be paid by the Pledgors.

7.3.11 There is no pending or, to the knowledge of the Pledgors, threatened litigation, legal process or demand by any court or any arbitration tribunal or by any government authority or any administration authority against the Pledgors, or their property, or the Pledged Equity, which will have a material or adverse effect on the economic status of the Pledgors or their capability to perform the obligations and the warranty liabilities under this Agreement.

7.3.12 The Pledgors hereby undertake to the Pledgee that the aforesaid statements and undertakings are true and correct and will be fully observed at any time in any circumstance before the full performance of the Contract Obligations or the full repayment of the Secured Debts.

#### **Article 8 Statements and Undertakings of the Company**

The Company makes the following statements and undertakings to the Pledgee:

- 8.1 The Company is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.

- 8.2 All the reports, documents and information provided by the Company to the Pledgee before this Agreement enters into force in relation to the Pledged Equity and all the matters required by this Agreement are true and correct in all material aspects at the time when this Agreement enters into force.
- 8.3 All the reports, documents and information provided by the Company to the Pledgee after this Agreement enters into force in relation to the Pledged Equity and all the matters required by this Agreement are true and valid in all material aspects at the time of provision.
- 8.4 This Agreement is duly signed by the Company and constitutes a legal, effective and binding obligation on the Company.
- 8.5 It has full power and authority within the company to enter into and deliver this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein.
- 8.6 There is no pending or, to the knowledge of the Company, threatened litigation, legal process or demand by any court or any arbitration tribunal or by any government authority or any administration authority against the Company or its property (including but not limited to the Pledged Equity), which will have a material or adverse effect on the economic status of the Company or its capability to perform the obligations and the warranty liabilities under this Agreement.
- 8.7 The Company hereby agrees to bear joint liability to the Pledgee regarding the Pledgors' statements and undertakings under Articles 7.3.3, 7.3.4, 7.3.5, 7.3.7 and 7.3.9 of this Agreement.
- 8.8 The Company hereby undertakes to the Pledgee that the aforesaid statements and undertakings shall be true and correct and be fully observed in any circumstance at any time before the Contract Obligations are fully performed or the Secured Debts are fully paid off.

#### **Article 9 Undertakings by the Pledgors**

The Pledgors undertake to the Pledgee as follows:

- 9.1 Without the prior written consent of the Pledgee, the Pledgors shall not reset or allow setting any new pledge or any other security interest on the Pledged Equity. It is invalid to set any pledge or any other security interest on all or part of the Pledged Equity without the prior written consent.

- 9.2 The Pledgors shall not transfer the Pledged Equity without prior written notice to and prior written consent of the Pledgee. All of the Pledgors' proposed acts to transfer the Pledged Equity shall be invalid. The monies obtained from the Pledgors' transfer of the Pledged Equity shall be first used by the Pledgee to liquidate the Secured Debts in advance or be deposited at a third party upon agreement with the Pledgee.
- 9.3 When there is any legal action, arbitration or other request that may adversely affect the interests or Pledged Equity of the Pledgors or the Pledgee under the Transaction Agreements and this Agreement, the Pledgors undertake to notify the Pledgee in writing as soon as possible and in a timely manner, and, in accordance with the reasonable requirements of the Pledgee, take all necessary measures to protect the pledge rights of the Pledgee on the Pledged Equity.
- 9.4 The Pledgors shall not engage in or allow any act or action that may adversely affect the interests or Pledged Equity of the Pledgee under the Transaction Agreements and this Agreement. The Pledgors waive the right of first refusal to the pledge rights realized by the Pledgee.
- 9.5 The Pledgors undertake to, in accordance with the reasonable requirements of the Pledgee, take all necessary measures and sign all necessary documents (including but not limited to supplementary agreements hereof) to protect the pledge rights of the Pledgee on the Pledged Equity and ensure the exercise and realization of such rights.
- 9.6 The Pledgors undertake to take all measures to achieve the transfer of any Pledged Equity arising from the exercise of the pledge under this Agreement.

#### **Article 10 Undertakings by the Company**

- 10.1 If any consent, permission, waiver or authorization by any third person, or any approval, permission or exemption by any government authority, or any registration or filing formalities with any government authority need to be obtained in respect of the execution and performance of this Agreement and the Equity Pledge hereunder, the Company shall endeavour to assist in the obtainment of the above and keep them fully effective during the validity period of this Agreement.
- 10.2 Without the prior written consent of the Pledgee, the Company will not help or allow the Pledgors to set any new pledge or any other security interest on the Pledged Equity.
- 10.3 Without the prior written consent of the Pledgee, the Company will not help or allow the Pledgors to transfer the Pledged Equity.
- 10.4 When there is any legal action, arbitration or other request that may adversely affect the interests of the Company, the Pledged Equity or the Pledgee under the Transaction Agreements and this Agreement, the Company undertakes to notify the Pledgee in writing as soon as possible and in a timely manner, and, in accordance with the reasonable requirements of the Pledgee, take all necessary measures to protect the pledge rights of the Pledgee on the Pledged Equity.



- 10.5 The Company shall not engage in or allow any act or action that may adversely affect the interests or Pledged Equity of the Pledgee under the Transaction Agreements and this Agreement.
- 10.6 The Pledgors will, in the first month of each Gregorian calendar quarter, provide the Pledgee with the financial statements of the Company for the previous Gregorian calendar quarter, including (but not limited to) the balance sheet, income statement and cash flow statement.
- 10.7 The Company undertakes to, in accordance with the reasonable requirements of the Pledgee, take all necessary measures and sign all necessary documents (including but not limited to supplementary agreements hereof) to protect the pledge rights of the Pledgee on the Pledged Equity and ensure the exercise and realization of such rights.
- 10.8 The Company undertakes to take all measures to achieve the transfer of any Pledged Equity arising from the exercise of the pledge under this Agreement.

#### **Article 11 Change of Circumstances**

- 11.1 As a supplement and without prejudice to other terms of the Transaction Agreements and this Agreement, if, at any time the promulgation or change of any PRC laws, regulations or rules, or change in interpretation or application of such laws, regulations and rules, or change of the relevant registration procedures causes the Pledgee to believe that it will be illegal or counter to such laws, regulations or rules to further maintain the effectiveness of this Agreement and/or dispose of the Pledged Equity in the manner provided herein, Shareholders of the Company and the Company shall, at the written direction of the Pledgee and in accordance with the reasonable request of the Pledgee, promptly take all actions and/or execute any agreement or other document, in order to:
  - (1) keep this Agreement valid and effective;
  - (2) facilitate the disposal of the Pledged Equity in the manner provided herein; and/or
  - (3) maintain or effectuate the security established or intended to be established hereunder.

#### **Article 12 Entry into Force and Validity Period of this Agreement**

- 12.1 This Agreement shall enter into force upon being duly executed by the parties. Shareholders of the Company shall record the pledge hereunder in the aforesaid capital contribution certificate and shareholders' register in a timely manner.

12.2 This Agreement shall remain valid until the full performance of the Contract Obligations or the full repayment of the Secured Debts.

### Article 13 Notice

13.1 Any notices, requests, demands and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.

13.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

### Article 14 Other Matters

14.1 Shareholders of the Company and the Company agree that, to the extent permitted by the PRC laws, the Pledgee may assign its rights and/or obligations hereunder to any third party after notifying Shareholders of the Company and the Company; however, without the prior written consent of the Pledgee, other parties hereto shall not assign to any third party their rights, obligations or liabilities hereunder. Successors or permitted assignees (if any) of the Pledgors and the Company shall continue to perform the respective obligations of the Pledgors and the Company under this Agreement.

14.2 This Agreement is executed in Chinese in five (5) counterparts.

14.3 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.

14.4 Any dispute between the parties for the interpretation and performance of terms hereunder shall be settled by the parties through good faith negotiation. If no agreement on solving the dispute is reached within thirty (30) days after one party requests to solve the dispute upon negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof then in effect. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the parties.

14.5 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party's exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.

14.6 Any party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as "**the Rights**") conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.

- 14.7 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
- 14.8 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
- 14.9 Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties hereto, unless the Pledgee or the Company assigns its rights hereunder according to Article 14.1.
- 14.10 This Agreement shall be binding on the legal successors of the parties. The appendixes hereto shall have the same legal force as the text hereof.
- 14.11 Upon the execution of this Agreement, the Pledgors shall enter into a power of attorney (hereinafter referred to as the “**Power of Attorney**”) as shown in Appendix II to authorize any person designated by the Pledgee to sign, on behalf of the Pledgors and according to this Agreement, any and all legal documents necessary for the exercise of the Pledgee’s rights hereunder. Such Power of Attorney shall be kept by the Pledgee, and the Pledgee may, at any time where necessary, submit the same to the relevant government departments.
- 14.12 Upon execution of this Agreement, the Pledgors shall issue to the solely-invested Pledgee a letter of commitment (hereinafter referred to as “**Letter of Commitment**”) as shown in Appendix III.

[The remainder is intentionally left blank]

[This is the signing page]

In witness whereof, this Equity Pledge Agreement has been signed by the following parties on the date and in the place first above written.

Company:

Zhuhai Kingsoft Cloud Technology Co., Ltd.

/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.

Pledgee:

Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

Corporate Shareholder:

Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

[This is the signing page]

In witness whereof, this Equity Pledge Agreement has been signed by the following parties on the date and in the place first above written.

Natural Person Shareholder:

Wei Qin Qiu

/s/ Wei Qin Qiu \_\_\_\_\_

**Appendix I (A): List of Natural Person Shareholder and Specific Information Thereof**

| <u>No.</u>   | <u>Name</u> | <u>ID card No.</u> | <u>Address</u> | <u>Shareholding percentage</u> | <u>Amount of contribution (RMB)</u> |
|--------------|-------------|--------------------|----------------|--------------------------------|-------------------------------------|
| 1            | Wei qin Qiu | *                  | *              | 20.3971%                       | 2,260,000                           |
| <b>Total</b> |             |                    |                | <b>20.3971%</b>                | <b>2,260,000</b>                    |

**Appendix I (B): List of Corporate Shareholder and Specific Information Thereof**

| <u>Name</u>  | <u>Legal representative</u> | <u>Address</u>  | <u>Shareholding percentage</u> | <u>Amount of contribution (RMB)</u> |
|--|-----------------------------|---|--------------------------------|-------------------------------------|
| <b>Beijing Kingsoft Digital Entertainment Technology Co., Ltd.</b> | Jun Lei                     | West District, 2/F, Kingsoft Tower, No. 33<br>Xiaoying West Road, Haidian District, Beijing | <b>79.6029%</b>                | <b>8,820,000</b>                    |

**Power of Attorney.**

Commitment Letter



### Supplemental Exclusive Purchase Option Agreement

The *Supplemental Exclusive Purchase Option Agreement* (hereinafter referred to as “**this Agreement**”) was executed by and among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on November 29, 2019:

Party A: Beijing Kingsoft Cloud Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Cloud Technology**” or “**WFOE**”);

Party B: Weiqin Qiu, a PRC citizen, with ID card No.: \*;

Party C: Beijing Kingsoft Digital Entertainment Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Digital Entertainment**”, referred to as “**Existing Shareholders**” together with Weiqin Qiu);

Party D: Zhuhai Kingsoft Cloud Technology Co., Ltd., a limited liability company established under PRC laws (“**Zhuhai Kingsoft Cloud**” or “**the Company**”)

Party A, Party B, Party C and Party D are individually referred to as “one party” and collectively referred to as “the parties” herein.

Whereas: Kingsoft Cloud Technology, Weiqin Qiu, Kingsoft Digital Entertainment and Zhuhai Kingsoft Cloud signed on 20 June 2014 the *Exclusive Equity Transfer Option Agreement Regarding Zhuhai Kingsoft Cloud Technology Co., Ltd.* (“**Exclusive Equity Transfer Option Agreement**”), which specified that the Existing Shareholders shall grant an Purchase Option to Kingsoft Cloud Technology. According to the Purchase Option, Kingsoft Cloud Technology, to the extent permitted by the PRC laws, has the right to require the Existing Shareholders to assign the option equity to Kingsoft Cloud Technology or any entity or individual designated thereby.

The parties hereby arrive at the following supplemental agreement upon negotiation. The terms used but not defined in this Agreement shall have the same meanings as those in the *Exclusive Equity Transfer Option Agreement*:

**1. Modification of the name of the *Exclusive Equity Transfer Option Agreement***

- 1.1 The parties agree to modify the name of the *Exclusive Equity Transfer Option Agreement* to *Exclusive Purchase Option Agreement Regarding Zhuhai Kingsoft Cloud Technology Co., Ltd.*

**2. Grant of asset purchase option**

- 2.1 Apart from the Purchase Option granted by the *Exclusive Equity Transfer Option Agreement* to Kingsoft Cloud Technology, Zhuhai Kingsoft Cloud agrees to grant an irrevocable and exclusive purchase option to Kingsoft Cloud Technology. According to the purchase option and to the extent permitted by the PRC laws and regulations, Kingsoft Cloud Technology may, at its own discretion and as per the time and method determined by itself, purchase or designate a third party to purchase all or part of the assets ("**Asset Purchase Option**") of the Company from Zhuhai Kingsoft Cloud at the minimum price permitted by the PRC laws. Kingsoft Cloud Technology or any third party designated thereby and Zhuhai Kingsoft Cloud shall otherwise sign an asset assignment contract to specify the terms and conditions for the aforesaid asset assignment.
- 2.2 The Existing Shareholders confirm and agree that Zhuhai Kingsoft Cloud will grant Kingsoft Cloud Technology the Asset Purchase Option referred to in Article 2.1 herein.
- 2.3 The Existing Shareholders and the Company undertake to provide cooperation and assistance in obtaining any necessary consent, permission, waiver or authorization from any third person, or any approval, permission or exemption from any government authority, or effecting any registration or filing formalities with any government authority for the grant or exercise of the Asset Purchase Option.

**3. Provision of financial support**

To ensure continuous operation of Zhuhai Kingsoft Cloud, Kingsoft Cloud Technology shall provide financial support (to the extent permitted by the PRC laws and in the way permitted by the PRC laws) for Zhuhai Kingsoft Cloud according to actual conditions to meet any cash flow requirements of Zhuhai Kingsoft Cloud during daily business operations and/or offset any losses arising during business operations. When Zhuhai Kingsoft Cloud is unable to repay the aforesaid financial support funds, Kingsoft Cloud Technology shall agree to exempt it from repayment to the extent permitted by the PRC laws. If necessary, Kingsoft Cloud Technology and Zhuhai Kingsoft Cloud shall sign a separate agreement regarding the specific measures and exemption matters concerning the aforesaid financial support.

**4. Amendment to Article 6 of the *Exclusive Equity Transfer Option Agreement***

- 4.1 The parties agree and confirm that the title of Article 6 of the *Exclusive Equity Transfer Option Agreement* shall be amended as "Undertakings of the Existing Shareholders and the Company", and the beginning of Article 6 shall be amended as "The Existing Shareholders and the Company severally and jointly undertake as follows".

4.2 The parties agree and confirm that Article 6.1 of the *Exclusive Equity Transfer Option Agreement* shall be amended as follows:

“6.1 During the validity period of this Agreement, without the prior written consent of the WFOE:

6.1.1 Existing Shareholders shall not assign or otherwise dispose of, or create any security interest or other third party right on, any option equity;

6.1.2 The Company shall not increase or decrease the registered capital, or merge or integrate with any other entity, or acquire or invest in any party;

6.1.3 Except in the ordinary course of business operations, the Existing Shareholders shall not sell, assign, mortgage or otherwise dispose of any legal or beneficial interests in any material assets, businesses or revenues of the Company, or allow creation of any other encumbrance thereon;

6.1.4 Except for the contracts signed in the ordinary course of business operations, the Existing Shareholders shall not procure the Company to enter into any material contract, or terminate any material agreement signed by the Company, or enter into any other agreement that conflicts with existing material agreements;

6.1.5 The Company shall not appoint or remove any executive director, supervisor or other management personnel of the Company that shall be appointed or removed by Existing Shareholders;

6.1.6 The Company shall not declare the distribution of or actually pay any distributable profits, bonuses or dividends;

6.1.7 The Existing Shareholders shall ensure that the Company is validly subsisting, and is not terminated, liquidated or dissolved;

6.1.8 The Existing Shareholders shall not amend the Company’s articles of association;

6.1.9 The Existing Shareholders shall ensure that the Company will not lend or borrow monies, provide guarantees or make other forms of warranty, or assume any substantive obligations outside of ordinary course of business operations; and

6.1.10 If the Existing Shareholders obtain any profits, dividends, bonuses, or liquidation income from the Company, they shall, according to the PRC laws, timely give them to the WFOE or any person designated by the WFOE.”

## **5. Amendment to Article 11.2 of the Exclusive Equity Transfer Option Agreement**

5.1 The parties agree and confirm that Article 11.2 of the *Exclusive Equity Transfer Option Agreement* is amended as follows:

“The parties agree and confirm that, the Existing Shareholders and the Company shall not require to terminate this Agreement under any circumstances, unless subject to the mandatory provisions of law. The WFOE has the right to unilaterally require to amend, supplement and terminate this Agreement, in which case the other parties shall cooperate and sign relevant agreements and complete corresponding registration and filing procedures (if any) in accordance with relevant legal requirements.”

## **6. Governing Laws and Settlement of Disputes**

### **6.1 Governing laws**

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes thereunder shall be governed by the PRC laws.

### **6.2 Settlement of disputes**

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the parties thereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other parties a written request of resolving the dispute through negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the parties.

## **7. Confidentiality Obligations**

7.1 The parties acknowledge and determine that any oral or written information related to this Agreement or the contents thereof or exchanged among one another for the preparation or performance of this Agreement is deemed to be confidential. The parties shall keep all such confidential information confidential and shall not disclose any confidential information to any third party without the written consent of the other parties, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party's unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules, or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees or legal or financial advisers in connection with the transaction described in this Agreement (the said shareholder, director, employee or **legal** or financial advisor is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by a/an shareholder, director, employee or hired agency of any party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

## 8. Others

### 8.1 Language

This Agreement shall be executed in Chinese and in four counterparts, with one held by each party. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal effect as the original signature.

### 8.2 Title

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

### 8.3 Entry into Force

This Agreement shall take effect from the date of signing by the parties.

### 8.4 Entire Agreement

This Agreement constitutes an amendment and supplement to the *Exclusive Equity Transfer Option Agreement*. In case of any inconsistency or conflict between this Agreement and the *Exclusive Equity Transfer Option Agreement*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Exclusive Equity Transfer Option Agreement*. Matters not covered herein shall be as specified in the *Exclusive Equity Transfer Option Agreement*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

**Beijing Kingsoft Cloud Technology Co., Ltd.**

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Beijing Kingsoft Digital Entertainment Technology Co., Ltd.**

/s/ Seal of Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Zhuhai Kingsoft Cloud Technology Co., Ltd.**

/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.

Signature:

Name:

Position: Legal representative



---

The parties have duly signed this Agreement on the date first above written

**Wei Qin Qiu**

/s/ Wei Qin Qiu

20 June 2014

Beijing Kingsoft Cloud Technology Co., Ltd. (北京金山云科技股份有限公司)

The Natural Person as Shown in Appendix I (A)

The Legal Entity as Shown in Appendix I (B)

and

Zhuhai Kingsoft Cloud Technology Co., Ltd. (珠海金山云科技股份有限公司)

---

Regarding

**Exclusive Equity Transfer Option Agreement**

of

Zhuhai Kingsoft Cloud Technology Co., Ltd

---

## Exclusive Equity Transfer Option Agreement

This Exclusive Equity Transfer Option Agreement (hereinafter referred to as “**this Agreement**”) was executed by and the among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 20 June 2014:

(1) **The one natural person listed in Appendix I (A) to this Agreement (hereinafter referred to as “Individual Shareholder”)**

Specific information (including domicile and ID card number) about the Individual Shareholder is set out in Appendix I (A) “List of Individual Shareholder and Specific Information Thereof”.

(2) **The legal entity listed in Appendix I (B) to this Agreement (hereinafter referred to as “Corporate Shareholder” and jointly with the Individual Shareholder as “Existing Shareholders”)**

Specific information (including legal representative and registered address) about the Corporate Shareholder is set out in Appendix I (B) “List of Corporate Shareholder and Specific Information Thereof”.

(3) **Beijing Kingsoft Cloud Technology Co., Ltd.** (hereinafter referred to as the “**WFOE**”)

Registered address: Room 5F02, 5/F, No. 33, Xiaoying West Road, Haidian District, Beijing

Legal representative: Hongjiang Zhang

(4) **Zhuhai Kingsoft Cloud Technology Co., Ltd.** (hereinafter referred to as the “**Company**”)

Registered address: Room 2, District B, 10/F, No. 8, Lianhua Alley, Jingshan Road, Jida, Zhuhai

Legal representative: Hongjiang Zhang

(The aforesaid parties are individually referred to as “**one party**” and collectively referred to as “**the parties**”.)

Whereas:

- (1) Existing Shareholders are the registered shareholders of the Company jointly holding 100% equity of the Company. The proportion of their respective shares in the Company and the amount of their contribution are listed in Appendix I (A) and (B) to this Agreement;
- (2) Existing Shareholders intend to assign all their equity in the Company to the WFOE without prejudice to the PRC laws, and the WFOE intends to accept such assignment;
- (3) To effectuate the aforesaid assignment of equity, the Existing Shareholders agree to grant an irrevocable Purchase Option to the WFOE; according to the Purchase Option and to the extent permitted by the PRC laws, Existing Shareholders shall, as required by the WFOE, assign its option equity (as defined hereunder) to the WFOE and/or any other entity or individual designated thereby in accordance with this Agreement;
- (4) The Company agrees that Existing Shareholders may grant the Purchase Option to the WFOE in accordance with this Agreement.

Therefore, the parties arrive at the following agreement upon negotiation:

## Article 1 Definitions

1.1 Unless the context otherwise requires, the following terms in this Agreement shall have the following meanings:

|   |  |
|---|--|
| <b>“PRC laws”</b>                           | The then valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the PRC (for the purpose of this Agreement, excluding Hong Kong, Macao and Taiwan).   |
| <b>“Purchase Option”:</b>                   | The option conferred by the Existing Shareholders to the WFOE according to the terms and conditions of this Agreement to require acceptance of assignment of the equity of the Company.  |
| <b>“Option equity”:</b>                     | Equity equivalent to 100% of the registered capital of the Company held by the Existing Shareholders.  |
| <b>“Registered capital of the Company”:</b> | On the date of execution of this Agreement, the registered capital of RMB11,080,000 of the Company, which also includes the expanded registered capital formed by any capital increase during the validity period of this Agreement.   |
| <b>“Assignment Equity”:</b>                 | The equity that the WFOE has the right to require the Existing Shareholders to assign to it or its designated entity or individual in accordance with Article 3 of this Agreement when exercising the Purchase Option (“ <b>Exercise</b> ”), with the amount equivalent to all or part of the option equity, which shall be determined by the WFOE according to the then PRC laws and its own business considerations.   |
| <b>“Assignment price”:</b>                  | All the consideration to be paid by the WFOE or its designated entity or individual to the Existing Shareholders for acquiring the assignment equity at each time of exercise.   |
| <b>“Operation licenses”:</b>                | Any approval, permission, filing and registration that the Company shall have to legally and effectively operate all its businesses, including but not limited to <i>Business License of Enterprise as Legal Person</i> , <i>Tax Registration Certificate</i> and other relevant permissions and licenses required by PRC laws at the material time.   |
| <b>“Assets of the Company”:</b>             | All the tangible and intangible assets which the Company owns or has the right to use during the validity period of this Agreement, including but not limited to any immovable and movable assets, as well as intellectual properties such as trademarks, copyrights, patents, know-how, domain names and software use rights.   |
| <b>“Material agreements”:</b>               | Agreements to which the Company is a party and which has material effects on the Company’s business or assets, including but not limited to <i>Shareholder Voting Right Trust Agreement</i> and <i>Equity Pledge Agreement</i> executed by the Company and the WFOE and the Existing Shareholders on 20 June 2014, <i>Exclusive Consultation and Technical Service Agreement</i> executed by the Company and the WFOE on 9 November 2012, <i>Loan Agreement</i> executed by some of the Existing Shareholders and the WFOE on 9 November 2012, <i>Loan Agreement</i> executed by some of the Existing Shareholders and the WFOE on 20 June 2014, <i>Liability Assumption Agreement</i> executed by some of the Existing Shareholders and the WFOE on 20 June 2014 and other agreements relating to the Company’s businesses executed by the Existing Shareholders and the WFOE |

|                                    |   |
|------------------------------------|---|
| <b>“Exercise notice”:</b>          | Has the meaning conferred in Article 3.5 hereof.  |
| <b>“Confidential information”:</b> | Has the meaning conferred in Article 8.1 hereof.  |
| <b>“Defaulting party”:</b>         | Has the meaning conferred in Article 11.1 hereof. |
| <b>“Default”:</b>                  | Has the meaning conferred in Article 11.1 hereof. |
| <b>“The Rights”:</b>               | Has the meaning conferred in Article 12.5 hereof. |

1.2 The references to any PRC law herein shall be deemed:

- (1) to include references to the amendments, changes, supplements and reenactments of such law, irrespective of whether they take effect before or after the formation of this Agreement; and
- (2) to include references to other decisions, notices or regulations enacted in accordance therewith or effective as a result thereof.

1.3 Unless otherwise stated in the context herein, all references to an article, clause, item or paragraph shall refer to the relevant article, clause, item or paragraph of this Agreement.

## **Article 2 Grant of the Purchase Option**

2.1 The Existing Shareholders agree to irrevocably and unconditionally grant to the WFOE an Exclusive Equity Transfer Option, pursuant to which the WFOE has the right to, as permitted by the PRC laws and subject to the terms and conditions of this Agreement, require the Existing Shareholders to assign the option equity to the WFOE or its designated entity or individual. The WFOE also agrees to accept such Purchase Option.

2.2 The Company hereby agrees that the Existing Shareholders may grant to the WFOE such Purchase Option in accordance with Article 2.1 and other provisions of this Agreement.

## **Article 3 Ways of Exercise**

3.1 Subject to the terms and conditions of this Agreement, as permitted by the PRC laws, the WFOE has absolute discretion to determine specific time, method and number of times of exercise.

3.2 Subject to the terms and conditions of this Agreement, the WFOE has the right to require acceptance of assignment of all or part of the equity from the Existing Shareholders at any time, either by itself or through other entities or individuals designated by it, according to the then PRC laws.

3.3 At each time of exercise, the WFOE has the right to arbitrarily designate the amount of equity that the Existing Shareholders should assign to the WFOE and/or other entities or individuals designated by it during relevant exercise. The Existing Shareholders shall assign the assignment equity to the WFOE and/or other entities or individuals designated by it as per the amount required by the WFOE. The WFOE and/or other entities or individuals designated by it shall pay the corresponding assignment price to the Existing Shareholders assigning the assignment equity for the assignment equity assigned during each exercise.

3.4 During each exercise, the WFOE may accept the assignment equity by itself, or may designate any third party to accept the assignment of all or part of the assignment equity.

- 3.5 After the WFOE decides to exercise its right each time, it shall issue a notice of Purchase Option exercise to the Existing Shareholders (hereinafter referred to as the “**exercise notice**”. The format of the exercise notice is set out in Appendix II to this Agreement). Upon receipt of the exercise notice, the Existing Shareholders shall immediately assign the assignment equity in whole to the WFOE and/or other entities or individuals designated by it at one time in a manner set out in Article 3.3 of this Agreement in accordance with the exercise notice.

#### Article 4 Assignment Price

- 4.1 According to the *Loan Agreement* (hereinafter referred to as the “**loan agreement-1**”) signed by Jin Wang, Weiqin Qiu (hereinafter collectively referred to as the “**original shareholder**”) and the WFOE on 9 November 2012, the *Loan Agreement* (hereinafter referred to as the “**loan agreement-2**” and jointly with loan agreement-1 as “**Loan Agreement**” in this paragraph) signed by the original shareholder Weiqin Qiu and the WFOE on 20 June 2014, and the *Liability Assumption Agreement* signed by the original shareholder Weiqin Qiu and the WFOE on 20 June 2014, the original shareholder Weiqin Qiu owe a debt totaling RMB279,180 to the WFOE. Therefore, the parties hereby agree that the assignment price of the option equity of the original shareholder Weiqin Qiu shall be equivalent to the amount of the corresponding debt owed by the original shareholder Weiqin Qiu to the WFOE under the Loan Agreement at the material time; nevertheless, if the minimum assignment price permitted by the then PRC laws is higher than such debt amount, the minimum assignment price permitted by the PRC laws shall prevail. Notwithstanding the above provisions, the original shareholder Weiqin Qiu shall exempt the WFOE from the payment obligations for the portion of the minimum assignment price permitted by the PRC laws in excess of such debt amount in accordance with the PRC laws and regulations. When the WFOE exercises the Purchase Option granted by the original shareholder Weiqin Qiu, the WFOE shall have the right to pay the assignment price by directly canceling the debts owed by the original shareholder Weiqin Qiu to the WFOE at the material time. The ratio of the cancelled debt to the total debt owed by the original shareholder Weiqin Qiu at the material time shall be equivalent to the ratio of the equity assigned by the original shareholder Weiqin Qiu to the total equity held by them in the Company.
- 4.2 Except as otherwise provided in Article 4.1 above, each time the WFOE exercise its right, the entire assignment price that the WFOE and/or its designated entity or individual shall pay to each Existing Shareholder shall be RMB One (1); nevertheless, if there are any mandatory provisions on the assignment prices in the PRC laws then, the assignment price shall be the minimum price permitted by the PRC laws. Notwithstanding the above provisions, the Existing Shareholder shall jointly exempt the WFOE from the payment obligations for the portion of the minimum assignment price permitted by the PRC laws in excess of RMB One (1) in accordance with the PRC laws and regulations.

#### Article 5 Statements and Undertakings

- 5.1 The Individual Shareholder hereby states and undertakes that she is a PRC citizen; she has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 5.2 The Corporate Shareholder hereby states and undertakes that it is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 5.3 The Existing Shareholders hereby make the following statements and undertakings jointly:
- 5.3.1 The Existing Shareholders have full power and authority to enter into, deliver and perform this Agreement and all other documents to be signed by them relating to the transactions described in this Agreement, and have full power and authority to complete the transactions described herein.

- 5.3.2 This Agreement is legally and properly signed and delivered by the Existing Shareholders. This Agreement is legally binding on them and is enforceable against them.
- 5.3.3 The Existing Shareholders are the registered legal owners of the option equity when this Agreement comes into effect. Except for the pledge set out in the *Equity Pledge Agreement* signed on 20 June 2014 and the Trusted Rights set out in the *Shareholder Voting Right Trust Agreement* signed on 20 June 2014 by the Existing Shareholders, the WFOE and the Company, no liens, pledges, claims and other security interests and third-party rights are set on the option equity. According to this Agreement, the WFOE and/or other entities or individuals designated by it may, after exercise, obtain the favorable ownership of the assigned equity without liens, pledges, claims and other security interests or third-party rights.
- 5.4 The Company hereby makes the following statements and undertakings:
- 5.4.1 The Company is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 5.4.2 The Company has full power and authority within the company to enter into, deliver and perform this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein.
- 5.4.3 This Agreement is legally and properly signed and delivered by the Company. This Agreement is legally binding on it and is enforceable against it.
- 5.5 The WFOE makes the following statements and undertakings:
- 5.5.1 The WFOE is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 5.5.2 The WFOE has full power and authority within the company to enter into, deliver and perform this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein.
- 5.5.3 This Agreement is legally and properly signed and delivered by the WFOE. This Agreement is legally binding on it and is enforceable against it.

#### **Article 6 Undertakings of Existing Shareholders**

Existing Shareholders hereby undertake as follows:

- 6.1 During the validity period of this Agreement, without the prior written consent of the WFOE:
- 6.1.1 Existing Shareholders shall not assign or otherwise dispose of, or create any security interest or other third party right on, any option equity;
- 6.1.2 They shall not increase or decrease the registered capital of the Company or merge with any other entity;

- 6.1.3 They shall not dispose of or procure the management of the Company to dispose of any material assets of the Company (including the Company's long-term investment interests) (except in the ordinary course of business operations);
  - 6.1.4 They shall not terminate or procure the management of the Company to terminate any material agreement signed by the Company, or enter into any other agreement that conflicts with existing material agreements;
  - 6.1.5 They shall not appoint or remove any executive director, supervisor or other management personnel of the Company that shall be appointed or removed by Existing Shareholders;
  - 6.1.6 They shall not declare the distribution of or actually pay any distributable profits, bonuses or dividends;
  - 6.1.7 They shall ensure that the Company is validly subsisting, and is not terminated, liquidated or dissolved;
  - 6.1.8 They shall not amend the Company's articles of association; and
  - 6.1.9 They shall ensure that the Company will not lend or borrow monies, provide guarantees or make other forms of warranty, or assume any substantive obligations outside of ordinary course of business operations.
- 6.2 During the validity period of this Agreement, Existing Shareholders shall do their utmost to develop the Company's business and ensure that the Company operates in a legal and compliant manner and they will not conduct any act or act of omission that may damage the assets and goodwill of the Company or affect the validity of the Company's business license.
- 6.3 During the validity period of this Agreement, they shall promptly inform the WFOE of any situation that may have a material adverse effect on the Company's subsistence, business operations, financial condition, assets or goodwill, and shall promptly take all measures approved by the WFOE to eliminate such adverse conditions or take effective remedial measures for the Company.
- 6.4 Once the WFOE issues the exercise notice:
- 6.4.1 They shall immediately convene a shareholders' meeting and adopt resolutions of such meeting and take all other necessary actions to agree that Existing Shareholders may assign all assignment equity to the WFOE and/or other entities or individuals designated by it at the assignment price and waive any right of first refusal they have;
  - 6.4.2 They shall promptly sign an equity assignment agreement with the WFOE and/or other entities or individuals designated by it to assign all assignment equity to the WFOE and/or other entities or individuals designated by it at the assignment price, and shall provide the WFOE with necessary support (including providing and signing all relevant legal documents, performing all government approvals and registration procedures and undertaking all relevant obligations) in accordance with the requirements of the WFOE and laws and regulations so that the WFOE and/or other entities or individuals designated by it obtain all assignment equity without faults at law.



## Article 7 Undertakings of the Company

7.1 The Company hereby undertakes as follows:

- 7.1.1 If the signing and performance of this Agreement and the grant of the Purchase Option under this Agreement are subject to the consent, permission, waiver, authorization of any third party, or the approval, permission, waiver of any government authority or the registration or filing with any government authority (if required by law), the Company will do its best to help meet the above conditions.
- 7.1.2 The Company will not assist or allow Existing Shareholders to assign or otherwise dispose of, or create any security interest or other third party right on, any option equity without the prior written consent of the WFOE.
- 7.1.3 The Company shall not engage in or permit any act or action that may adversely affect the interests of the WFOE under this Agreement, including but not limited to any acts and actions subject to Article 6.1.

## Article 8 Confidentiality Obligation

- 8.1 Regardless of whether this Agreement has been terminated or not, the parties shall strictly keep confidential the trade secrets, proprietary information, customer information and all other information of confidential nature (hereinafter collectively referred to as “**confidential information**”) relating to the other parties that are known during the conclusion and performance of this Agreement. Except with the prior written consent of the party disclosing the confidential information or for disclosure to third parties as required by relevant laws, regulations or the listing requirements, the party receiving the confidential information shall not disclose any confidential information to any other third party; except for the purpose of performing this Agreement, the party receiving the confidential information shall not use or indirectly use any confidential information.
- 8.2 The following information shall not be deemed as confidential information:
- (a) any information proven by written evidence to have been previously obtained by the receiving party through legal means;
  - (b) any information that is made public for a reason not ascribable to the receiving party; or
  - (c) any information obtained by the receiving party through other legal means after receiving such information.
- 8.3 The receiving party may disclose the confidential information to its relevant employees, agents or professionals engaged by it on the condition that it shall ensure that the above-mentioned persons comply with the relevant terms and conditions of this Agreement and that it shall assume any liability arising from violation of the relevant terms and conditions of this Agreement by the above-mentioned persons.
- 8.4 Notwithstanding other provisions of this Agreement, the validity of this article shall not be affected by the termination of this Agreement.

## Article 9 Validity Period of this Agreement

The parties agree that this Agreement shall become effective on the date of formal signing by the parties, and shall be valid until all option equity are legally assigned to the WFOE and/or other entity or individual designated thereby pursuant to this Agreement.

## Article 10 Notice

- 10.1 Any notices, requests, demands and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 10.2 The above notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

## Article 11 Default Liabilities

- 11.1 The parties agree and confirm that if any party (hereinafter referred to as the “**defaulting party**”) materially breaches any of the agreements made hereunder, or substantially fails to perform any of the obligations hereunder, it shall constitute a default under this Agreement (hereinafter referred to as “**default**”), and the observant party shall have the right to request the defaulting party to make corrections or take remedial actions within a reasonable period. If the defaulting party fails to make corrections or take remedial actions within the reasonable period or within ten (10) days after the observant party notifies the defaulting party in writing and requests for correction, the observant party shall have the right to decide at its own discretion to:
  - (1) terminate this Agreement and request the defaulting party to give full compensation for damages; or
  - (2) require the defaulting party to perform its obligations under this Agreement in a compulsory manner and give full compensation for damages;
- 11.2 The parties agree and confirm that, except as otherwise required by law, Existing Shareholders and the Company shall not request the termination of this Agreement under any circumstances.
- 11.3 Notwithstanding other provisions of this Agreement, the validity of this article shall not be affected by the termination of this Agreement.

## Article 12 Other Matters

- 12.1 This Agreement is executed in Chinese in five (5) original copies.
- 12.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 12.3 Any dispute between the parties for the interpretation and performance of terms hereunder shall be settled by the parties through good faith negotiation. If no agreement on solving the dispute is reached within thirty (30) days after one party requests to solve the dispute upon negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof then in effect. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the parties.
- 12.4 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party's exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.
- 12.5 Any party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as “**the Rights**”) conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.

- 12.6 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
- 12.7 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
- 12.8 Upon being signed, this Agreement shall replace any other legal documents previously signed by the parties for the same theme. Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties thereto.
- 12.9 No party shall assign any of its rights and/or obligations hereunder to any third party without the prior written consent of the other parties.
- 12.10 This Agreement shall be binding on the legal assignees or successors of the parties. The appendixes to this Agreement shall have the same legal force as the text hereof.
- 12.11 Upon the execution of this Agreement, the Existing Shareholders shall enter into a power of attorney (hereinafter referred to as the **“Power of Attorney”**) as shown in Appendix III to authorize any person designated by the WFOE to sign, on their behalf and according to this Agreement, any and all legal documents necessary for the exercise of the WFOE’s rights hereunder. The WFOE shall keep the Power of Attorney, and may submit the Power of Attorney to relevant government departments at any time when necessary.

[The remainder is intentionally left blank]

[The remainder is intentionally left blank, only for signatures]

In witness thereof, this Exclusive Equity Transfer Option Agreement has been executed by the following parties on the date and in the place first above written.

Individual Shareholder:

Wei Qin Qiu

/s/ Wei Qin Qiu

---

[The remainder is intentionally left blank, only for signatures]

In witness thereof, this Exclusive Equity Transfer Option Agreement has been executed by the following parties on the date and in the place first above written.

The Company:

Zhuhai Kingsoft Cloud Technology Co., Ltd.

/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.

/s/ Hongjiang Zhang

Name: Hongjiang Zhang

Position: Legal representative

The WFOE:

Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Hongjiang Zhang

Name: Hongjiang Zhang

Position: Legal representative

Corporate Shareholder:

Beijing Kingsoft Digital Entertainment Co., Ltd.

/s/ Seal of Beijing Kingsoft Digital Entertainment Co., Ltd.

/s/ Jun Lei

Name: Jun Lei

Position: Legal representative

## Appendix I (A): List of Individual Shareholder and Specific Information Thereof

| No.   | Name        | ID card No. | Address | Shareholding percentage | Amount of contribution (RMB'0,000) |
|-------|-------------|-------------|---------|-------------------------|------------------------------------|
| 1     | Wei Qin Qiu | *           | *       | 20.3971%                | 2,260,000                          |
| Total |             |             |         | <b>20.3971%</b>         | <b>2,260,000</b>                   |

## Appendix I (B): List of Corporate Shareholder and Specific Information Thereof

| Name  | Legal Representative | Address   | Shareholding percentage | Amount of contribution (RMB'0,000) |
|---|----------------------|---|-------------------------|------------------------------------|
| Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | Jun Lei              | West District, F/2, Kingsoft Tower, No. 33 Xiao Ying West Road, Haidian District, Beijing | 79.6029%                | 8,820,000                          |

**Format of Exercise Notice**

**Power of Attorney**



20 June 2014

Beijing Kingsoft Cloud Technology Co., Ltd.

The Natural Person as shown in Appendix I (A)

The Legal Entity as shown in Appendix I (B)

and

Zhuhai Kingsoft Cloud Technology Co., Ltd.

---

regarding

**The Shareholder Voting Right Trust Agreement**

of

Zhuhai Kingsoft Cloud Technology Co., Ltd.

---

## Shareholder Voting Right Trust Agreement

This Agreement was signed by and between the following parties in the People's Republic of China (the "PRC") on 20 June 2014:

- (1) **The one natural person listed in Appendix I (A) to this Agreement** (hereinafter referred to as the "Natural Person Shareholders");  
specific information (including domicile and ID card Number) about the Natural Person Shareholders is set out in Appendix I (A) "List of Natural Person Shareholders and Specific Information Thereof".
- (2) **The legal entity listed in Appendix I (B) to this Agreement** (hereinafter referred to as the "Legal Person Shareholders", jointly with Natural Person Shareholders referred to as the "Existing Shareholders");  
specific information (including legal representative and registered address) about the Legal Person Shareholders is set out in Appendix I (B) "List of Legal Person Shareholders and Specific Information Thereof".
- (3) **Beijing Kingsoft Cloud Technology Co., Ltd.** (hereinafter referred to as the "WFOE")  
Registered address: Room 5F02, 5/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Hongjiang Zhang
- (4) **Zhuhai Kingsoft Cloud Technology Co., Ltd.** (hereinafter referred to as the "Company")  
Registered address: Room 2, District B 10/F, No. 8 Lianshan Alley, Jingshan Road, Jida, Zhuhai  
Legal representative: Hongjiang Zhang  
(The aforesaid parties are individually referred to as "Either Party" and collectively as the "Parties".)

Whereas:

1. The Existing Shareholders are the registered shareholders of the Company jointly holding 100% equity of the Company. The proportion of their respective shares in the Company and the amount of their contribution are listed in Appendix I (A) and (B) to this Agreement;
2. Existing Shareholders intend to entrust an individual designated by the WFOE to exercise their voting rights in the Company, and the WFOE intends to designate an individual to accept such entrustments;

Therefore, the Parties arrive at the following agreement upon friendly negotiation:

### Article 1 Trust of Voting Right

- 1.1 The Existing Shareholders hereby irrevocably undertake that after signing this Agreement, they will separately sign the power of attorney, the contents and format of which are the same as the power of attorney set out in Appendix II to this Agreement, to separately authorize the person then designated by the WFOE (hereinafter referred to as the "Trustee") to on their behalf exercise the following rights (hereinafter collectively referred to as "Trusted Rights") respectively entitled to the Existing Shareholders as shareholders of the Company pursuant to the then valid Articles of Association:
  - (1) As the attorney of Existing Shareholders, propose to convene and attend the shareholders' meetings of the Company in accordance with the Articles of Association of the Company;
  - (2) Exercise on behalf of Existing Shareholders voting rights on all matters needing to be discussed and resolved at shareholders' meetings, including but not limited to the appointment and election of executive directors, managers and other senior managements of the Company;

- (3) Other shareholder voting rights under the Articles of Association (including any other shareholder voting rights specified in the amended Articles of Association).

Conditions precedent for the aforesaid authorization and entrustment are the WFOE agrees to the aforesaid authorization and entrustment. When and only when the WFOE issues a written notice of replacing the Trustee to Existing Shareholders, the Existing Shareholders shall immediately designate other person designated by the WFOE at that time to exercise the aforesaid Trusted Rights. The new power of attorney shall replace the original one upon being made; apart from that, the Existing Shareholders shall not revoke the entrustment and authorization made to the Trustee.

- 1.2 The Trustee shall perform legally his trusted obligations prudently and diligently within the scope of authorization specified herein; the Existing Shareholders shall accept any legal consequences arising from the Trustee's exercising the aforesaid Trusted Rights and bear corresponding liabilities. If Existing Shareholders sustain serious losses due to the Trustee's intentional or serious negligence, the Existing Shareholders shall be entitled to claim compensations from the Trustee.

#### **Article 2 Right to Know**

For the purpose of exercising the Trusted Rights hereunder, the Trustee shall be entitled to learn about the information in relation to the Company's operations, business, customers, finance and employees and review relevant data of the Company, and the Company shall provide adequate cooperation in this regard.

#### **Article 3 Exercise of the Trusted Rights**

- 3.1 The Existing Shareholders will provide adequate assistance for the Trustee in exercising the Trusted Rights, including prompt execution of shareholder resolutions made by the Trustee for the Company or other relevant legal documents when necessary (e.g. when the submission of such documents is necessary for the approval of, or registration or filing with government departments).
- 3.2 If, at any time during the validity period of this Agreement, the grant or exercise of the Trusted Rights hereunder fail to be fulfilled for any reason other than the default by the Existing Shareholders or the Company, the Parties shall immediately seek the most similar alternative solution to the unrealizable provisions and, if necessary, execute a supplemental agreement to amend or adjust the terms of this Agreement, in order to ensure the continuous achievement of purpose of this Agreement.

#### **Article 4 Disclaimer and Compensation**

- 4.1 The Parties confirm that in no case shall the WFOE be required to bear any liability or make any economic or other compensation to other parties or any third party in respect of the exercise of the Trusted Rights hereunder by the individual designated thereby.
- 4.2 The Existing Shareholders and the Company agree to compensate and hold harmless the WFOE and the Trustee against all losses incurred or likely to be incurred for designating the Trustee to exercise the Trusted Rights, including but not limited to any losses arising from lawsuit, recovery, arbitration or claim lodged by any third party against them or administrative investigation or punishment imposed by the government departments, provided that such losses are not caused by the Proxy's intentional or serious negligence.

## Article 5 Statements and Undertakings

- 5.1 The Nature Person Shareholders make statements and undertakings that they are PRC citizens; they have complete and independent legal status and legal capacity and have been granted appropriate authorization to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 5.2 The Legal Person Shareholders makes statements and undertakings that it is a company duly registered and validly subsisting under the laws of the place of registration as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 5.3 The Existing Shareholders hereby jointly make the following statements and undertakings:
- 5.3.1 He/she has full power and authority to enter into and deliver this Agreement and all other documents relating to the transactions described in this Agreement and to be signed by him/her, and has full power and authority to complete the transactions described herein. This Agreement is legally and properly signed and delivered by him/her. This Agreement is legally binding on him/her and may be enforceable against him/her under the terms of this Agreement.
  - 5.3.2 He/she is the registered lawful shareholder of the Company when this Agreement comes into effect, and none of his/her Trusted Rights is subject to any third-party right, except for the rights set under this Agreement and the *Equity Pledge Agreement* and *Exclusive Purchase Option Agreement* entered into by and between him/her and the WFOE. According to this Agreement, the WFOE may completely and fully exercise the Trusted Rights in accordance with the Articles of Association of the Company in effect at that time.
- 5.4 The WFOE and the Company hereby severally make the following statements and undertakings:
- 5.4.1 It is a company duly registered and validly subsisting under the laws of the place of registration as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
  - 5.4.2 It has full internal corporate power and authorization to enter into and deliver this Agreement and all other documents relating to the transactions specified herein and to be signed by it. It has the full power and authorization to complete the transactions specified herein.
- 5.5 The Company further makes the following statements and undertakings:
- The Existing Shareholders are registered shareholders of the Company when this Agreement comes into effect, and legally hold the equity of the Company. None of their Trusted Rights is subject to any third-party right, except for the rights set under the *Equity Pledge Agreement* and *Exclusive Option Agreement* as described in Article 5.3.2 of this Agreement. According to this Agreement, the Trustee may completely and fully exercise the Trusted Rights in accordance with the Articles of Association of the Company in effect at that time.

## Article 6 Validity Period of this Agreement

The Parties agree that this Agreement shall take effect as from the date of signing by the Parties, with a term of ten (10) years; unless the Parties prematurely terminate this Agreement upon written agreement or in accordance with Article 8.1 hereof. This Agreement will be extended automatically for one (1) year upon expiry of the validity period perpetually unless the WFOE notifies each party thirty (30) days in advance that this Agreement not to be extended, and so on.

## Article 7 Notice

- 7.1 Any notices, requests, demands and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 7.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; or (iii) five (5) days after being posted, when sent by post.

## Article 8 Default Liabilities

- 8.1 The Parties agree and confirm that if any party (hereinafter referred to as the “**Defaulting Party**”) substantially breaches any agreement hereunder or substantially fails to fulfil any obligation hereunder, thus constituting a default hereunder (hereinafter referred to as “**Default**”), any other non-defaulting party (hereinafter referred to as the “**Observant Party**”) whose interests are damaged shall have the right to require the Defaulting Party to make corrections or take remedial measures within a reasonable period. If the Defaulting Party fails to make corrections or take remedial measures within a reasonable period or within ten (10) days after the relevant Observant Party notifies the Defaulting Party in writing and makes a request for correction, the relevant Observant Party shall have the right to decide on its own (1) to terminate this Agreement, and require the Defaulting Party to give full compensation for damages; or (2) to require the Defaulting Party to fulfil its obligations hereunder in a compulsory manner and give full compensation for damages.
- 8.2 The Parties agree and confirm that under no circumstances shall the Existing Shareholders or the Company request premature termination of this Agreement for any reason unless otherwise provided by laws or this Agreement.
- 8.3 Notwithstanding the other provisions of this Agreement, the validity of this article shall not be affected by the suspension or termination of this Agreement.

## Article 9 Other Matters

- 9.1 This Agreement is executed in Chinese in five (5) original copies.
- 9.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 9.3 Any dispute between the Parties for the interpretation and performance of terms hereunder shall be settled by the Parties through good faith negotiation. If no agreement on solving the dispute is reached within thirty (30) days after one party requests to solve the dispute upon negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof then in effect. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the Parties.
- 9.4 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and Either Party’s exercise of its rights, powers and remedies shall not preclude it from exercising other rights, powers and remedies enjoyed by it.
- 9.5 Either Party’s failure to exercise or delay in exercising any rights, powers and remedies (the “**Rights**”) conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.

- 
- 9.6 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
  - 9.7 Each term of this Agreement is severable and independent of every other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
  - 9.8 Upon being signed, this Agreement shall replace any other legal documents previously signed by the Parties for the same theme. Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the Parties thereto.
  - 9.9 No party shall assign any of its any rights and/or obligations hereunder to any third party without the prior written consent of the other parties.
  - 9.10 This Agreement shall be binding on the legal successors of the Parties.

[The remainder is intentionally left blank]

[This page is the Signing Page]

In witness thereof, this Shareholder Voting Right Trust Agreement has been signed by the following parties on the date and in the place first above written.

The Company:

Zhuhai Kingsoft Cloud Technology Co., Ltd.

/s/ Zhuhai Kingsoft Cloud Technology Co., Ltd.

/s/ Hongjiang Zhang

Name: Hongjiang Zhang

Position: Legal representative

The WFOE:

Beijing Kingsoft Cloud Technology Co., Ltd.

/s/ Beijing Kingsoft Cloud Technology Co., Ltd.)

/s/ Hongjiang Zhang

Name: Hongjiang Zhang

Position: Legal representative

Legal Person Shareholder:

Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

/s/ Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

/s/ Jun Lei

Name: Jun Lei

Position: Legal representative

In witness whereof, this Shareholder Voting Right Trust Agreement has been signed by the following parties on the date and in the place first above written.

Natural Person Shareholder:

Wei Qin Qiu

/s/ Wei Qin Qiu



Appendix I(A): List of Natural Person Shareholders and Specific Information Thereof

| <u>No.</u> | <u>Name</u> | <u>ID card No.</u> | <u>Address</u> | <u>Shareholding percentage</u> | <u>Amount of contribution (RMB)</u> |
|------------|-------------|--------------------|----------------|--------------------------------|-------------------------------------|
| 1.         | Weiqin Qiu  | *                  | *              | 20.3971%                       | 2,260,000                           |
| Total      |             |                    |                | 20.3971%                       | 2,260,000                           |

Appendix I(B): List of Legal Person Shareholders and Specific Information Thereof

| <u>Name</u>   | <u>Legal representative</u> | <u>Address</u>  | <u>Shareholding percentage</u> | <u>Amount of contribution (RMB)</u> |
|---|-----------------------------|---|--------------------------------|-------------------------------------|
| Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | Jun Lei                     | West District, 2F, Kingsoft Tower No. 33<br>Xiaoying West Road Haidian District Beijing | 79.6029%                       | 8,820,000                           |

**Power of Attorney**

## Supplemental Shareholder Voting Right Trust Agreement

The *Supplemental Shareholder Voting Right Trust Agreement* (hereinafter referred to as “**this Agreement**”) was executed by and among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on November 29, 2019:

Party A: Beijing Kingsoft Cloud Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Cloud Technology**” or “**WFOE**”);

Party B: Weiqin Qiu, a PRC citizen, with ID card No.: \*;

Party C: Beijing Kingsoft Digital Entertainment Co., Ltd.\*, a limited liability company established under PRC laws (“**Kingsoft Digital Entertainment**”, referred to as “**Existing Shareholders**” together with Weiqin Qiu);

Party D: Zhuhai Kingsoft Cloud Technology Co., Ltd., a limited liability company established under PRC laws (“**Zhuhai Kingsoft Cloud**” or “**the Company**”);

Party A, Party B, Party C and Party D are individually referred to as “one party” and collectively referred to as “the parties” herein.

Whereas: Kingsoft Cloud Technology, Weiqin Qiu, Kingsoft Digital Entertainment and Zhuhai Kingsoft Cloud signed on 20 June 2014 the *Shareholder Voting Right Trust Agreement of Zhuhai Kingsoft Cloud Technology Co., Ltd.* (“**Shareholder Voting Right Trust Agreement**”), which specified that the Existing Shareholders shall irrevocably and severally authorize persons designated by Kingsoft Cloud Technology to exercise their rights as the Company’s shareholders under the articles of association.

The parties hereby arrive at the following supplemental agreement upon negotiation. The terms used but not defined in this Agreement shall have the same meanings as those in the *Shareholder Voting Right Trust Agreement*:

## **1. Amendment to Article 6 of the Shareholder Voting Right Trust Agreement**

1.1 The parties agree and confirm that Article 6 of the *Shareholder Voting Right Trust Agreement* shall be amended as follows: “Existing Shareholders hereby irrevocably confirm that this Agreement shall come into force as from the date of signing, and save for the WFOE’s request for modification or termination, shall be valid continuously during the period in which the Existing Shareholders serve as the Company’s shareholders. Where the WFOE requires modification of the contents of authorization and entrustment or termination of this Agreement during the validity period of this Agreement, Existing Shareholders shall agree to sign relevant documents and provide cooperation.

## **2. Governing Laws and Settlement of Disputes**

### **2.1 Governing laws**

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes thereunder shall be governed by the PRC laws.

### **2.2 Settlement of disputes**

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the parties thereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other parties a written request of resolving the dispute through negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the parties.

## **3. Confidential Obligations**

3.1 The parties acknowledge and determine that any oral or written information related to this Agreement and the contents thereof or exchanged among one another for the preparation or performance of this Agreement is deemed to be confidential. The parties shall keep all such confidential information confidential and shall not disclose any confidential information to any third party without the written consent of the other parties, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party’s unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees, **legal** or financial adviser in connection with the transaction described in this Agreement (the said shareholder, director, employee or **legal** or financial adviser is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by any shareholder, director, employee or hired agency of any party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

#### 4. Others

##### 4.1 Language

This Agreement shall be executed in Chinese and in four counterparts, with one held by each party. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal force as the original signature.

##### 4.2 Title

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

##### 4.3 Entry into effect

This Agreement shall take effect from the date of signing by the parties.

##### 4.4 Entire Agreement

This Agreement constitutes an amendment and supplement to the *Shareholder Voting Right Trust Agreement*. In case of any inconsistency or conflict between this Agreement and the *Shareholder Voting Right Trust Agreement*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Shareholder Voting Right Trust Agreement*. Matters not covered herein shall be as specified in the *Shareholder Voting Right Trust Agreement*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

**Beijing Kingsoft Digital Entertainment Technology Co., Ltd.**

/s/ Seal of Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Beijing Kingsoft Cloud Technology Co., Ltd.**

/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Zhuhai Kingsoft Cloud Technology Co., Ltd.**

/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.

Signature:

Name:

Position: Legal representative



---

**Wei Qin Qiu**

/s/ Wei Qin Qiu

**Exclusive Consultation and Technical Service Agreement**

between

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

and

Beijing Yunxiang Zhisheng Technology Co., Ltd

18 July 2018

## **Exclusive Consultation and Technical Service Agreement**

This Exclusive Consultation and Technical Service Agreement (hereinafter referred to as “**this Agreement**”) was executed by and between the following two parties on 18 July 2018:

1. Party A: **Kingsoft Cloud (Beijing) Information Technology Co., Ltd.** (hereinafter referred to as the “**Company**”)  
Registered address: Room 4F05, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Yulin Wang
2. Party B: **Beijing Yunxiang Zhisheng Technology Co., Ltd** (hereinafter referred to as the “**WFOE**”)  
Registered address: Room 3F02, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Yulin Wang

(Party A and Party B are jointly referred to as “**two (both) parties**” or severally as “**either party**” herein.)

### **Introduction**

Whereas Party A is a company with limited liability duly incorporated and validly subsisting in Beijing, the PRC, which is mainly engaged in technological development, technological consultation and technological services; computer system services; design, production, agency and advertising; sale of self-developed products, computers, software & auxiliary equipment and communication equipment; technology import & export; and Internet information services. (Enterprises may at its will choose its operating items according to law and carries out relevant operating activities; for Internet information services and items subject to approval according to law, relevant operating activities shall be carried out according to the approved contents after approval of relevant department; no operating activities are allowed for items prohibited and restricted under industrial policies of the city.)

Whereas Party B is a wholly foreign-owned enterprise duly incorporate and validly subsisting in Beijing, the PRC, whose business scope is technological development, technological services and technological consultation for computer software and hardware, cloud storage and cloud computing software; computer system integration; sale of self-developed software products; wholesale of computer software and hardware & auxiliary equipment and communication products. (For items subject to approval according to law, relevant operating activities shall be carried out according to the approved contents after approval of relevant department);

Whereas Party A needs Party B to provide it with Consultation and Technical Service relating to Party A's business (as defined hereunder), and Party B also agrees to provide such services to Party A.

Upon amicable negotiation, the two parties arrive at the following agreement:

### Article 1 Definitions

1.1 Unless otherwise specified herein or indicated by the context, the following terms shall have the following meanings in this Agreement:

|                        |   |
|------------------------|---|
| “Party A’s business”   | All business activities that Party A is operating and developing and will operate and develop at any time during the validity period of this Agreement, including but not limited to technological development, technological consultation and technological services; computer system services; design, production, agency and advertising; sale of self-developed products, computers, software & auxiliary equipment and communication equipment; technology import & export; and Internet information services operated by Party A.   |
| “Services”             | Services relating to Party A’s business, as exclusively provided by Party B to Party A within its business cope, including but not limited to:<br><ol style="list-style-type: none"><li>(1) Permitting Party A’s use of relevant software, copyright and proprietary technology necessary for Party A’s business, to which Party B is legally entitled;</li><li>(2) Providing Party A with the overall solutions for business operation and management technology necessary for Party A’s business;</li><li>(3) Daily management, maintenance and update of hardware equipment and database;</li><li>(4) Development, maintenance and update of relevant application software necessary for Party A’s business;</li><li>(5) Technological training for relevant staff of Party A;</li><li>(6) Assisting Party A in collecting and studying technological information;</li><li>(7) Other related services provided from time to time at Party A’s request.</li></ol> |
| “Annual business plan” | Party A’s business development plan and budget report for the following calendar year formulated by Party A under the assistance of Party B before 30 November every year according to this Agreement.  |
| “Service fees”         | All fees payable by Party A to Party B for the services provided by Party B according to Article 3 hereof.  |

|                                 |  |
|---------------------------------|--|
| “Equipment”                     | Any and all equipment that Party B owns or purchases from time to time, and uses for the purpose of providing the services.                        |
| “Business-related technologies” | Any and all software and technologies relating to Party A’s business, as developed by Party A based on the services provided by Party B hereunder. |
| “Customer information”          | Has the meaning conferred in Article 6.1 hereof.   |
| “Confidential information”      | Has the meaning conferred in Article 6.2 hereof.   |
| “Defaulting party”              | Has the meaning conferred in Article 11.1 hereof.  |
| “Default”                       | Has the meaning conferred in Article 11.1 hereof.  |
| “The Rights”                    | Has the meaning conferred in Article 13.5 hereof.  |

1.2 Citations of any laws and regulations (hereinafter referred to as “**laws**”) herein shall be deemed to:

- (1) Simultaneously include citations of amendments, changes, supplements and reenactions in respect of these laws, regardless of whether they enter into force before or after conclusion of this Agreement; and
- (2) Simultaneously include citations of other decisions, notifications and rules which are formulated according to these laws or become effective due to these laws.

1.3 Save as otherwise specified in this Agreement, article, clause, item and paragraph herein shall refer to the corresponding contents herein, and “Party A” or “Party B” referred to herein shall include subsidiaries in which they directly or indirectly hold controlling interests.

## **Article 2 Services**

- 2.1 In the validity period of this Agreement, Party B shall diligently provide services for Party A according to Party A’s business needs.
- 2.2 To provide excellent services, Party B shall provide Party A with the right to use the computer and network hardware equipment needed for Party A’s business.
- 2.3 Party B shall provide various equipment and personnel reasonably needed for providing services and purchase and add new equipment and new personnel according to Party A’s annual business plans and as reasonably required by Party A, so as to provide excellent services for Party A according to this Agreement.
- 2.4 For the purpose of providing services according to this Agreement, Party B shall communicate with Party A on various information relating to Party A’s business.
- 2.5 Albeit other provisions in this Agreement, Party B shall have the right to designate any third party to provide any or all of the services under this Agreement, or fulfil Party B’s obligations under this Agreement on Party B’s behalf. Party A hereby agrees that Party B has the right to transfer its rights and obligations under this Agreement to any third party.

### Article 3 Expenses

- 3.1 Regarding the services provided by Party B according to this Agreement, Party A shall pay service fees to Party B as per the following methods:
  - 3.1.1 performance-related service fee equivalent to 100% of the balance of Party A's business revenue in the related year less Party A's business cost recognized by the two parties; and
  - 3.1.2 service fee for specific consulting services and technical services provided by Party B according to Party A's requirements from time to time, as otherwise agreed upon by the two parties.
- 3.2 In the validity period of this Agreement, Party B shall have the right to adjust the aforesaid service fees at its own discretion without needing to seek the consent of Party A.
- 3.3 Regarding depreciation of the equipment actually provided by Party B for Party A's use, Party B may require Party A to make compensation according to actual conditions.
- 3.4 The two parties agree to pay the service fees as per the following provisions:
  - 3.4.1 Party A shall pay the performance-related service fee on a yearly basis. After the end of each fiscal year of Party A, Party A and Party B shall calculate the actual performance-related service fee payable by Party A based on the total amount of pre-tax income of Party A in the previous year as confirmed in the audit report issued by the Chinese CPA firm recognized by the two parties. Party A shall pay Party B relevant performance-related service fee within fifteen (15) workdays after issue of the audit report. Party A undertakes to Party B that it will provide all necessary data and assistance for the aforesaid CPA firm and urge the CPA firm to complete and issue to the two parties the audit report of the previous year within thirty (30) workdays after the end of each Gregorian calendar year.
  - 3.4.2 The methods of payment of the service fees specified in Article 3.1.2 of this Agreement shall be otherwise specified by the two parties.
- 3.5 Party A shall, according to this article, pay all the service fees to the bank account designated by Party B in due time. If Party B changes its bank account, it shall send a written notice to Party A seven (7) workdays in advance.
- 3.6 The two parties agree that in principle, the payment of the aforesaid service fees shall not put either party in operation difficulty in the related year. For the aforesaid purpose and based on the aforesaid principle, Party B agrees that Party A may defer payment of the service fees, or upon negotiation between the two parties, may adjust in writing the percentage and/or specific amount of the service fees payable by Party A to Party B under Article 3.1.

- 3.7 The service fees payable by Party A to Party B according to Article 3.1.2 shall be otherwise determined by the two parties in writing according to the nature of service and workload.
- 3.8 Tax burdens incurred to the two parties due to performance of this Agreement shall be borne by the two parties respectively.

#### **Article 4 Party A's Obligations**

- 4.1 Party B's services in this Agreement shall be exclusive. In the validity period of this Agreement, without the prior written consent of Party B, Party A shall not conclude any agreement with any third party to or otherwise accept other services provided by the said third party, which are the same as or similar to Party B's services.
- 4.2 Before 30 November every year, Party A shall provide Party B with its annual business plan determined for the next year so that Party B can arrange relevant service plans and add necessary software, equipment, personnel and consultation and technical service forces. If Party A temporarily needs extra equipment or personnel to be provided by Party B, it shall consult with Party B fifteen (15) days in advance in order to reach a consensus with Party B.
- 4.3 Party A shall not dispose of any material assets without the consent of Party B.
- 4.4 To facilitate Party B's provision of services, Party A shall, as required by Party B, responsibly provide Party B with relevant materials it requires.
- 4.5 Party A shall duly and fully pay Party B service fees according to Article 3 herein.
- 4.6 Party A shall maintain its good reputation and actively expand its business to maximize its benefits.
- 4.7 During the validity period of this Agreement, Party A agrees to help Party B and its parent company (whether direct or indirect) with audit of connected transactions and other various audits and provide Party B, its parent company or auditors entrusted thereby with relevant information and materials in relation to Party A's operations, businesses, customers, finance and staff, and permit Party B's parent company to disclose such information and materials to meet the regulatory requirements in the place where its securities are listed.
- 4.8 Party A shall compensate Party B for and protect Party B from any damage arising from any lawsuits or claims against Party B caused or incurred by the consultations and services provided by Party B upon request by Party A or any losses, damages, liabilities or expenses incurred by other requirements, unless such losses, damages, liabilities or expenses are caused by Party B's serious negligence or wilful misconduct.

#### **Article 5 Intellectual Property Rights**

- 5.1 The intellectual property rights already in Party B's possession before conclusion of this Agreement shall belong to Party B; and those obtained by Party B during the term of this Agreement, including intellectual property rights of work achievements made during provision of services, shall severally or jointly belong to Party B and/or third parties designated thereby.

- 5.2 As Party A relies on Party B's services provided under this Agreement in developing its business, both parties shall agree that the ownership and other related rights of the business-related technologies (regardless of whether they are obtained through further development of Party A upon entrustment by Party B, or through joint development of Party A and Party B, or through Party A's further independent development) developed by Party A based on such services shall be otherwise determined upon negotiation at that time.
- 5.3 Where both parties agree, upon negotiation, according to Article 5.2 that the ownership of the business-related technologies developed by Party A based on the services provided by Party B belong to Party A,
- (1) Party A shall timely inform Party B of the details of such business-related technologies, and provide relevant data as required by Party B;
  - (2) if Party A intends to transfer or license others to use such business-related technologies, Party A shall pre-emptively transfer such business-related technologies to Party B or pre-emptively grant Party B the exclusive license without violating compulsory provisions of the PRC laws, and Party B may use such business-related technologies within the specific scope of transfer or license of Party A (but Party B shall be entitled to decide whether to accept such transfer or license); Party A may transfer to third parties the ownership of such business-related technologies or grant the license to third parties based on the conditions not more favourable than those it proposes to Party B (including but not limited to transfer price or license fee) only when Party B waives the right of first refusal to purchase the ownership of such business-related technologies or waives the exclusive use right, and shall warrant that such third parties will fully observe and fulfil Party A's obligations under this Agreement;
  - (3) except for the right of first refusal mentioned in Paragraph (2), within the term of this Agreement, Party B shall have the right to request purchase of such business-related technologies, in which case Party A shall accept such purchase request of Party B without violating compulsory provisions of the PRC laws, and the purchase price shall be the minimum price permitted by the PRC laws at that time.
- 5.4 Where Party B is licensed to exclusively use business-related technologies according to Paragraph (2) of Article 5.3 herein, such license shall be granted according to the following requirements:
- (1) The license shall be valid for at least five (5) years (starting from the date of entry into force of relevant license agreement);



- 
- (2) The scope of rights licensed shall be defined in a scope to the greatest extent possible;
  - (3) Within the licensing period and scope, no parties (including Party A) other than Party B shall, in any form, use or license others to use the said business-related technologies;
  - (4) Without violating the conditions under Paragraph (3) of Article 5.4, Party A has the right to decide at its discretion whether to permit another third party to use such related technologies;
  - (5) Upon expiration of the license term, Party B has the right to require renewal of the license agreement and Party A shall agree, in which case the terms of the license agreement shall remain unchanged unless otherwise approved by Party B.
- 5.5 Notwithstanding the provisions under Paragraph (2) of Article 5.3 above, patent application for any business-related technologies described in the said paragraph shall be carried out in accordance with the following provisions:
- (1) If Party A wishes to apply for a patent for any business-related technologies described in the said paragraph, it shall obtain the written consent of Party B in advance.
  - (2) Party A may only apply for a patent or transfer such right to apply to a third party when Party B waives its right to purchase the patent application right for such business-related technologies. If Party A transfers the aforementioned patent application right to a third party, Party A shall ensure that such third party will fully comply with and perform the obligations of Party A under this Agreement; meanwhile, the conditions (including but not limited to the transfer price) for Party A to transfer the patent application right to the third party shall not be better than the conditions it has provided to Party B in accordance with the provisions under Paragraph (3) of Article 5.5.
  - (3) During the term of this Agreement, Party B may require Party A at any time to file a patent application for such business-related technologies and decide at its discretion whether to purchase such patent application right. Upon the request of Party B, Party A shall transfer such patent application right to Party B without violating the compulsory provisions of the PRC laws, and the transfer price shall be the minimum price permitted by PRC laws at that time; after Party B obtains the patent application right for such business-related technologies, files a patent application and is granted the patent, it shall become the legal owner of the patent.
- 5.6 The two parties assure each other that they will compensate the other party for any and all economic losses caused by their infringement on the intellectual property rights of others (including copyright, trademark, patent and proprietary technology).
- 5.7 Both parties agree that when Party A's ownership or / and control right are transferred, Party B has the right to purchase all intellectual property rights (including copyright, trademark, patent, and proprietary technology) from Party A at the minimum price permitted by law.

## Article 6 Confidentiality Obligation

- 6.1 During the validity period of this Agreement, all customer information and other relevant data (hereinafter referred to as “**customer information**”) in relation to the business of Party A and the services provided by Party B shall be jointly owned by the two parties.
- 6.2 Regardless of whether this Agreement has been terminated or not, both parties shall strictly keep confidential the trade secrets, proprietary information, customer information and all other information of confidential nature (hereinafter collectively referred to as “**confidential information**”) which are acquired by them during the conclusion and performance of this Agreement. The party receiving the confidential information shall not disclose any confidential information to any other third party unless with the prior written consent of the party providing the confidential information or in accordance with relevant laws, regulations or requirements of the place where the related company of one party is listed. Except for the purpose of performing this Agreement, the receiving party shall not use or indirectly use any confidential information.
- 6.3 The following information shall not be deemed as confidential information:
- (1) any information proved by written evidence to have been previously obtained by the receiving party through legal means;
  - (2) any information that is made public for a reason not ascribable to the receiving party; or
  - (3) any information obtained by the receiving party through other legal means after receiving such information.
- 6.4 The receiving party may disclose the confidential information to its relevant employee, agent or a professional hired by it on the condition that it shall ensure that the said persons comply with the relevant terms and conditions in this Agreement and that it shall assume any liability arising from the said persons’ violation of relevant terms and conditions in this Agreement.
- 6.5 Notwithstanding the other provisions of this Agreement, the validity of this Article shall not be affected by the termination of this Agreement.

## Article 7 Statements, Undertakings and Commitments of Party A

- 7.1 Party A makes the following statements and undertakings to Party B:
- (1) It is a limited liability company duly registered and validly existing under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.

- (2) It has full power and authority within the company to enter into and deliver this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein. This Agreement is legally and properly signed and delivered by it. This Agreement is legally binding on it and is enforceable against it.
- (3) It has a complete business license required for its operation when this Agreement comes into effect, and has the full right and qualification to operate Party A's business it is engaging in within the territory of China.

7.2 Party A further undertakes to Party B as follows:

- (1) It shall provide Party B with the financial statements for the related quarter and budget for the next quarter within fifteen (15) workdays after the end of each quarter, and provide Party B with the financial statements for the related year and budget for the next year within thirty (30) workdays after the end of each year.
- (2) It shall promptly inform Party B of the circumstances that have or may have a material adverse effect on Party A's business and its operation, and shall make every effort to prevent the occurrence of such circumstances and/or further losses.
- (3) Without the written consent of Party B, Party A shall not dispose of its important assets in any form, nor shall it change its existing equity structure.
- (4) Upon request by Party B in writing, it shall have all accounts receivable and/or all of its other assets legally owned and disposable at that time, in any manner permitted by laws at that time, as the guarantee to fulfil its payment obligations specified in Article 3 of this Agreement.
- (5) It shall compensate Party B for all losses incurred or likely to be incurred and protect Party B from any damage due to provision of the services, including but not limited to any loss arising from litigation, recovery, arbitration and claim for compensation lodged by any third party against it or administrative investigation and penalty by the government authorities. However, losses arising from Party B's wilful or gross negligence shall not be included in the compensation.

#### **Article 8 Party B's Statements and Undertakings**

8.1 Party B makes the following statements and undertakings to Party A:

- (1) It is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- (2) It has full power and authority within the company to enter into and deliver this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein. This Agreement is legally and properly signed and delivered by it. This Agreement is legally binding on it and is enforceable against it.

## Article 9 Validity Period of this Agreement

- 9.1 This Agreement shall take effect as from the date of signing by both parties, and shall have long-term effect, unless otherwise specified in this Agreement or the two parties agree to terminate this Agreement in writing or prematurely terminate this Agreement in accordance with Article 11.1 hereof.
- 9.2 Both parties to the Agreement shall complete the approval and registration formalities for the extension of the business term within three months before expiry of their respective business terms, so as to extend the validity period of this Agreement.
- 9.3 After termination of this Agreement, the two parties shall still abide by their obligations under Article 6 of this Agreement.

## Article 10 Notice

- 10.1 Any notice, request, demand and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 10.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

## Article 11 Default Liabilities

- 11.1 The two parties agree and confirm that if either party (hereinafter referred to as the “**defaulting party**”) substantially breaches any provision hereunder or substantially fails to fulfil or delays fulfilling any obligation hereunder, thus constituting a default hereunder (hereinafter referred to as “**default**”), the observant party shall have the right to require the defaulting party to make corrections or take remedial measures within a reasonable period. If the defaulting party fails to make corrections or take remedial measures within a reasonable period or within ten (10) days after the observant party notifies the defaulting party in writing and makes a request for correction, the observant party shall have the right to decide (1) to terminate this Agreement, and require the defaulting party to give full compensation for damages; or (2) to require the defaulting party to fulfil its obligations hereunder in a compulsory manner and give full compensation for damages.
- 11.2 Notwithstanding Article 11.1 above, the two parties agree and confirm that under no circumstances shall Party A request the termination of this Agreement for any reason unless otherwise provided by laws or this Agreement.
- 11.3 Notwithstanding the other provisions of this Agreement, the validity of Article 11 shall not be affected by the termination of this Agreement.

## Article 12 Force Majeure

- 12.1 Where either party is directly affected in performing this Agreement or cannot perform this Agreement on the agreed terms because of earthquake, typhoon, flood, fire, war, computer virus, design flaws of instrumental software, Internet hacking attacks, changes in policies or laws, or any other force majeure which cannot be foreseen or the consequence of which cannot be prevented or avoided, the affected party shall immediately notify the other party by fax and shall provide, within thirty (30) days, details of the force majeure event and documentary proof of reasons for failure or delay in performance of this Agreement. Such documentary proof shall be issued by the notary authority of the place where the force majeure occurred. The two parties negotiate whether the performance of this Agreement shall be partially exempted or postponed according to the degree to which such performance is affected by the force majeure event. The two parties shall not be liable for any economic losses caused to them by the force majeure.

## Article 13 Other Matters

- 13.1 This Agreement is executed in Chinese in two (2) counterparts, with one (1) held by either party thereto.
- 13.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 13.3 Any dispute arising out of or in connection with this Agreement shall be settled through negotiation between the two parties. If the two parties fail to reach an agreement within thirty (30) days after the occurrence of the dispute, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof in effect at the time of submission. The arbitration award shall be final and binding on the parties. The parties agree and confirm that the arbitration tribunal and arbitrators shall have the right to grant any remedies (including provisional and permanent remedies) in accordance with this Agreement and the applicable PRC laws, and that during the formation of the arbitration tribunal or where appropriate, either party shall have the right to apply to a court with jurisdiction for provisional remedies.
- 13.4 Any rights, powers and remedies conferred on either party by any provision of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other provisions of this Agreement, and either party's exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.
- 13.5 Either party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as "**the Rights**") conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude it from exercising the Rights in other ways and exercising the other Rights.
- 13.6 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.

- 
- 13.7 Each provision of this Agreement is separate and independent from each other. In case any one or more provisions of this Agreement become invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected thereby.
- 13.8 Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by both parties thereto.
- 13.9 Except as otherwise agreed herein, neither party shall assign any of its rights and/or obligations hereunder to any third party without the prior written consent of the other party.
- 13.10 This Agreement shall be binding on the legal successors of both parties.

**[The remainder is intentionally left blank, only for signatures]**

In witness whereof, this Exclusive Consultation and Technical Service Agreement has been signed by both parties on the date first above written.

Party A:

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Seal of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Yulin Wang

Name: Yulin Wang

Position: Legal representative

Party B:

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd)

/s/ Yulin Wang

Name: Yulin Wang

Position: Legal representative

## Supplemental Exclusive Consultation and Technical Service Agreement

The *Supplemental Exclusive Consultation and Technical Service Agreement* (hereinafter referred to as “**this Agreement**”) was executed by and between the following two parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 29 November 2019:

Party A: Kingsoft Cloud (Beijing) Information Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Cloud Information**”);

Party B: Beijing Yunxiang Zhisheng Technology Co., Ltd, a limited liability company established under PRC laws (“**Yunxiang Zhisheng**” or “**WFOE**”);

Party A and Party B are severally referred to as “either party” and jointly as “two (both) parties” herein.

Whereas: Kingsoft Cloud Information and Yunxiang Zhisheng signed on 18 July 2018 an *Exclusive Consultation and Technical Service Agreement* (“**Exclusive Consultation and Technical Service Agreement**”), which specified that Yunxiang Zhisheng shall provide services to Kingsoft Cloud Information, including permitting Kingsoft Cloud Information to use the software, copyright and proprietary technology of Yunxiang Zhisheng and Yunxiang Zhisheng providing Kingsoft Cloud Information with comprehensive operation and management technological solutions. Kingsoft Cloud Information shall pay Yunxiang Zhisheng a business service fee equivalent to 100% of the balance after deduction of the business cost of Kingsoft Cloud Information.

The two parties hereby arrive at the following supplemental agreement upon negotiation. The terms used but not defined in this Agreement shall have the same meanings as those in the *Exclusive Consultation and Technical Service Agreement*:

### 1. Amendment to Article 9.1 of the *Exclusive Consultation and Technical Service Agreement*

- 1.1 The two parties agree and confirm that Article 9.1 of the *Exclusive Consultation and Technical Service Agreement* shall be amended as follows: “This Agreement shall take effect as from the date of signing by both parties, and shall have long-term effect, unless otherwise specified in this Agreement or the WFOE unilaterally decides to terminate this Agreement.”



## **2. Amendment to Article 11.2 of the *Exclusive Consultation and Technical Service Agreement***

2.1 The two parties agree and confirm that Article 11.2 of the *Exclusive Consultation and Technical Service Agreement* shall be amended as:

“Notwithstanding Article 11.1 above, the two parties agree and confirm that under no circumstances shall Kingsoft Cloud Information request the termination of this Agreement for any reason unless otherwise provided by laws or this Agreement. However, Yunxiang Zhisheng, under any circumstance, shall be entitled to unilaterally terminate this Agreement. Yunxiang Zhisheng shall be entitled to request any amendment and supplement to this Agreement, and when Yunxiang Zhisheng proposes such request, Kingsoft Cloud Information shall assist it in signing relevant agreements. Any amendment agreement and supplemental agreement signed by both parties in relation to this Agreement shall constitute an integral part of this Agreement and shall have the same legal force as this Agreement.”

## **3. Governing laws and settlement of disputes**

### **3.1 Governing laws**

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes thereunder shall be governed by the PRC laws.

### **3.2 Settlement of disputes**

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the two parties thereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other party a written request of resolving the dispute through negotiation, either party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the two parties.

## **4. Confidentiality obligations**

4.1 The two parties acknowledge and determine that any oral or written information related to this Agreement or the contents thereof or exchanged among one another for the preparation or performance of this Agreement is deemed to be confidential. The two parties shall keep all such confidential information confidential and shall not disclose any confidential information to any third party without the written consent of the other party, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party's unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules, or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees or **legal** or financial advisers in connection with the transaction described in this Agreement (the said shareholder, director, employee or legal or financial advisor is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by any shareholder, director, employee or hired agency of either party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

## 5. Others

### 5.1 Language

This Agreement shall be executed in Chinese in two counterparts, with one held by either party thereto. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal force as the original signature.

### 5.2 Title

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

### 5.3 Entry into force

This Agreement shall take effect from the date of signing by both parties.

### 5.4 Entire agreement

This Agreement constitutes an amendment and supplement to the *Exclusive Consultation and Technical Service Agreement*. In case of any inconsistency or conflict between this Agreement and the *Exclusive Consultation and Technical Service Agreement*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Exclusive Consultation and Technical Service Agreement*. Matters not covered herein shall be as specified in the *Exclusive Consultation and Technical Service Agreement*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Seal of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

## Supplemental Loan Agreement

This *Supplemental Loan Agreement* (hereinafter referred to as “**this Agreement**”) was executed by and among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 29 November 2019:

Party A: Beijing Yunxiang Zhisheng Technology Co., Ltd, a limited liability company established under PRC laws (hereinafter referred to as “**Yunxiang Zhisheng**” or the “**Lender**”);

Party B: Weiqin Qiu, a PRC citizen, whose ID card number is: \*;

Party C: Yulin Wang, a PRC citizen, whose ID card number is: \* (referred to as the “**Borrowers**” together with Weiqin Qiu);

Party A, Party B and Party C are hereinafter individually referred to as “one party” and collectively referred to as the “parties” herein.

Whereas: The parties signed a *Loan Agreement* (“**Loan Agreement**”) on 18 July 2018, specifying Yunxiang Zhisheng provides the Borrowers with a loan of RMB10,000,000 as contributions payable by the Borrowers in establishing 100% registered capital of Kingsoft Cloud (Beijing) Information Technology Co., Ltd. (“**Kingsoft Cloud Information**”).

Now the parties arrive at the following supplemental agreement upon negotiation. Terms used but not defined in this Agreement shall have the same meanings as those in the *Loan Agreement*:

### 1. Repayment

1.1 The Borrowers confirm the addition of the second paragraph in Article 4.1 of the *Loan Agreement*, as detailed below: During the loan period or extended loan period, once the relevant borrower under the *Loan Agreement* is no longer the shareholder of Kingsoft Cloud Information, the borrower shall make repayment immediately at the request of the lender, unless the lender requires the borrower to transfer without any consideration all his/her equity in Kingsoft Cloud Information to the lender or any third party designated thereby according to the relevant agreements with the borrower and the borrower is thus no longer the shareholder of Kingsoft Cloud Information.

### 2. Governing Laws and Settlement of Disputes

#### 2.1 Governing laws

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes hereunder shall be governed by the PRC laws.

## 2.2 Settlement of disputes

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the parties hereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other parties a written request of resolving the dispute through negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the parties.

## 3. Confidential Obligations

3.1 The parties acknowledge and determine that any oral or written information related to this Agreement and the contents thereof or exchanged among one another for the preparation or performance of this Agreement is deemed to be confidential. The parties shall keep all such confidential information confidential, and shall not disclose any confidential information to any third party without the written consent of other parties, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party's unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules, or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees, or legal or financial advisers in connection with the transaction described in this Agreement (the said shareholder, director, employee or legal or financial advisor is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by any shareholder, director, employee or hired agency of any party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

## 4. Others

### 4.1 Language

This Agreement shall be executed in Chinese and in four counterparts, with one held by each party. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal effect as the original signature.

### 4.2 Title

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

### 4.3 Entry into force

This Agreement shall take effect from the date of signing by the parties.

---

#### 4.4 Entire agreement

This Agreement constitutes an amendment and supplement to the *Loan Agreement*. In case of any inconsistency or conflict between this Agreement and the *Loan Agreement*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Loan Agreement*. Matters not covered herein shall be as specified in the *Loan Agreement*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd

Signature:

Name:

Position: Legal Representative



---

The parties have duly signed this Agreement on the date first above written

**Wei Qin Qiu**

/s/ Wei Qin Qiu

---

The parties have duly signed this Agreement on the date first above written

**Yulin Wang**

/s/ Yulin Wang

18 July 2018

**Loan Agreement**

between

Borrowers as Shown in Appendix I

and

Beijing Yunxiang Zhisheng Technology Co., Ltd

## Loan Agreement

This Loan Agreement (hereinafter referred to as the “**Agreement**”) was entered into by and between the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 18 July 2018:

(1) **The two borrowers listed in Appendix I to this Agreement** (hereinafter referred to as the “**Borrowers**”)

Specific information (including domicile and ID card number) about the Borrowers is set out in Appendix I “List of Borrowers and Specific Information Thereof”.

(2) **Beijing Yunxiang Zhisheng Technology Co., Ltd** (hereinafter referred to as the “**Lender**”)

Registered address: Room 4F01, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing

Legal representative: Yulin Wang

(The above two parties are severally referred to as “**either party**” and jointly as “**two (both) parties**”.)

Whereas:

1. The Lender agrees to provide the Borrowers with an interest-free loan of RMB ten million (RMB10,000,000.00) as the capital contribution payable by the Borrowers for 100% registered capital to establish Kingsoft Cloud (Beijing) Information Technology Co., Ltd. (hereinafter referred to as the “**Company**”);
2. In order to clarify the rights and obligations of the Borrowers and the Lender under the above loan arrangement, the parties hereby agree as follows:

### Article 1 Definitions

- 1.1 Unless the context otherwise requires, the following terms in this Agreement shall have the following meanings:

“**Loan**” means the principal respectively provided by the Lender to each of the Borrowers, such as the RMB-denominated loan listed in Appendix I to this Agreement;

“**Amount**” means the unpaid amount of the Borrowers under the loan;

“**Repayment notice**” has the meaning specified in Article 4.1 hereof;

“**Repayment application**” has the meaning specified in Article 4.2 hereof;

“**PRC**” means the People’s Republic of China, for the purpose of this Agreement, excluding Hong Kong, Macao and Taiwan.

- 1.2 The relevant terms mentioned in this Agreement shall have the following meanings:

“**Article**” shall be construed as a clause in this Agreement, unless otherwise specified in the context hereof;

**“Taxes and fees”** shall be construed as including any taxes, fees, duties or other charges of the same nature (including but not limited to any fines or interests related to failure to pay or delayed payment of such taxes and fees);

The **“Borrowers”** and the **“Lender”** shall be interpreted to include the successors and assignees licensed by the two parties in accordance with their respective interests.

- 1.3 Unless otherwise stated, reference to this Agreement or any other agreements or documents in this Agreement shall be construed, as the case may be, as the reference to the modification, change, substitution or supplement that have been made or may be made from time to time to this Agreement or such other agreements or documents.
- 1.4 Titles are for convenience of reference only.
- 1.5 Unless the context otherwise requires, the plural form shall be deemed to include the singular form and vice versa.

#### **Article 2 Confirmation of the Loan Amount**

- 2.1 The Borrowers and the Lender agree that the payment of the above loan shall be made in the following manner: The Lender shall pay the Borrowers RMB10 million before 30 September 2018.
- 2.2 The two parties confirm that the Borrowers shall perform the repayment obligations and other obligations under this Agreement to the Lender in accordance with this Agreement.

#### **Article 3 Loan Term and Interest**

- 3.1 The two parties confirm that no fixed term is set for the loan under this Agreement, from the date when the Lender pays the loan in accordance with Article 2.1 to the date on which the Borrowers repay the loan in accordance with Article 4.1 or 4.2.
- 3.2 The Lender confirms that it will not collect any interest on the loan.

#### **Article 4 Repayment**

- 4.1 The Lender may, at any time and at its absolute discretion, serve a repayment notice (hereinafter referred to as the **“Repayment Notice”**) to the Borrowers fifteen (15) days in advance, requesting the Borrowers to repay part or all of the amount. To the extent permitted by PRC laws, the Borrowers shall repay the loan to the Lender or its designated third party by transferring the equity of the target company (hereinafter referred to as the **“equity of the company”**) held by it; and the proportion of the transferred equity in the equity of the company held by such Borrowers at the time of the equity transfer shall be the same as the proportion of the amount required to be repaid in the amount borrowed by such Borrowers at the date of signing this Agreement.
- 4.2 The Borrowers may, at any time, serve a repayment application (hereinafter referred to as the **“Repayment Application”**) to the Lender fifteen (15) days in advance to apply for repayment of part or all of the amount. The Lender has an absolute discretion to decide whether to accept the repayment. To the extent permitted by PRC laws, the Borrowers shall repay the loan to the Lender or its designated third party by transferring the equity of the company held by it; and the proportion of the transferred equity in the equity of the company held by the Borrowers at the time of the equity transfer shall be the same as the proportion of the amount required for repayment in the amount borrowed by the Borrowers at the date of signing this Agreement.

- 4.3 If the Borrowers make repayment according to the above provisions of Article 4, the two parties shall simultaneously complete the equity transfer as stipulated in Article 4.1 or Article 4.2 above; while ensuring the repayment of the loan, the corresponding equity of the company has been legally and completely transferred to the Lender or its designated third party according to Article 4.1 or Article 4.2, and no pledge or any other form of encumbrance is set for such equity except for the *Equity Pledge Agreement* and the *Exclusive Purchase Option Agreement* signed with the Lender.

#### **Article 5 Taxes and Fees**

- 5.1 All taxes and fees related to the loan shall be borne by the Lender.

#### **Article 6 Confidentiality**

- 6.1 Regardless of whether this Agreement has been terminated or not, the Borrowers shall have the obligation to keep confidential (i) the conclusion, performance and contents of this Agreement, and (ii) the trade secrets, proprietary information, customer information and other information of confidential nature (hereinafter collectively referred to as “**Confidential Information**”) relating to the Lender that are known or received as a result of conclusion and performance of this Agreement. The Borrowers may use such Confidential Information only for the purpose of fulfilling its obligations under this Agreement. The Borrowers shall not disclose the above Confidential Information to any third party without the prior written consent of the Lender; otherwise, the Borrowers shall bear the default liabilities and compensate for the losses.
- 6.2 After termination of this Agreement, the Borrowers shall return, destroy or otherwise dispose of all documents, materials or software containing Confidential Information at the request of the Lender and cease to use such Confidential Information.
- 6.3 Notwithstanding the other provisions of this Agreement, the validity of Article 6 shall not be affected by suspension or termination of this Agreement.

#### **Article 7 Notices**

- 7.1 Any notice, request, demand and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 7.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

#### **Article 8 Default Liabilities**

- 8.1 The Borrowers undertake that they will bear corresponding compensation liability for any act, claim, cost, damage, expense, liability, loss and procedure suffered by or incurred to the Lender due to their breach of any of their obligations under this Agreement.

8.2 Notwithstanding the other provisions of this Agreement, the validity of this article shall not be affected by suspension or termination of this Agreement.

#### Article 9 Other Matters

9.1 This Agreement is executed in Chinese in five (5) counterparts.

9.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.

9.3 Any dispute arising under and related to this Agreement shall be settled by the parties to the dispute upon negotiation. If the parties to the dispute fail to reach any agreement within thirty (30) days after the dispute arises, the dispute shall be submitted to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof. The arbitration result shall be final and binding on the parties to the dispute. The parties agree and confirm that the arbitration tribunal and arbitrators shall have the right to grant any remedies (including provisional and permanent remedies) in accordance with this Agreement and the applicable PRC laws, and that during the formation of the arbitration tribunal or where appropriate, any party shall have the right to apply to a court with jurisdiction for provisional remedies.

9.4 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party's exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.

9.5 Any party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as "**the Rights**") conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.

9.6 The titles of the articles of this Agreement are for index purpose only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.

9.7 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.

9.8 Upon being signed, this Agreement shall replace any other legal documents previously signed by the parties for the same theme. Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties thereto.

9.9 The Borrowers shall not transfer any of their rights and/or obligations under this Agreement to any third party without the prior written consent of the Lender, and the Lender shall have the right to transfer any of its rights and/or obligations under this Agreement to any third party designated by it after informing the other party.

---

9.10 This Agreement shall be binding on the legal successors of both parties. The appendixes hereto shall have the same legal force as the text hereof.

[The remainder is intentionally left blank]



Appendix I List of Borrowers and Specific Information Thereof

| <u>No.</u> | <u>Name</u> | <u>ID card No.</u> | <u>Address</u> | <u>Shareholding percentage</u> | <u>Amount of contribution<br/>(RMB' 0'000)</u> | <u>Loan amount<br/>(RMB' 0'000)</u> |
|------------|-------------|--------------------|----------------|--------------------------------|--|-------------------------------------|
| 1.         | Wei qin Qiu | *                  | *              | 80%                            | 800  | 800                                 |
| 2.         | Yulin Wang  | *                  | *              | 20%                            | 200  | 200                                 |
| Total      |             |                    |                | <b>100%</b>                    | <b>1000</b>                                    | <b>1000</b>                         |

[The remainder is intentionally left blank, only for signatures]

In witness thereof, this Loan Agreement has been executed by the following parties on the date and in the place first above written.

Borrowers:

Wei Qin Qiu

/s/ Wei Qin Qiu

Yulin Wang

/s/ Yulin Wang

Lender:

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Yulin Wang

Name: Yulin Wang

Position: Legal representative

18 July 2018

the Pledgor of Beijing Yunxiang Zhisheng Technology Co., Ltd

as shown in Appendix I

and

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

regarding

**Equity Pledge Agreement**

of

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

## Equity Pledge Agreement

This equity pledge agreement (“**this Agreement**”) was entered into by and between the following parties in the People’s Republic of China (“**PRC**”) on 18 July 2018:

- (1) The specific information about the **two natural persons listed in Appendix I to this Agreement** (hereinafter severally and jointly referred to as the “**Pledgor**”) is set out in Appendix I.
- (2) **Beijing Yunxiang Zhisheng Technology Co., Ltd** (hereinafter referred to as the “**Pledgee**”)

Registered address: Room 4F01, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing

Legal representative: Yulin Wang
- (3) **Kingsoft Cloud (Beijing) Information Technology Co., Ltd.** (hereinafter referred to as the “**Company**”)

Registered address: Room 4F05, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing

Legal representative: Yulin Wang

(In the following text, any single party is referred to as “**either party**” and all parties are jointly referred to as “**the parties**”.)

Whereas:

- (1) The Pledgor is a registered shareholder of the Company and legally holds 100% of the equity in the Company (hereinafter referred to as “**equity in the Company**”);
- (2) Pursuant to a *Loan Agreement* (hereinafter referred to as the “**Loan Agreement**”) dated 18 July 2018 between the Pledgor and the Pledgee, the Pledgee has provided the Pledgor with a loan amounting to RMB10,000,000.
- (3) Pursuant to an *Exclusive Purchase Option Agreement* (hereinafter referred to as the “**Purchase Option Agreement**”) dated 18 July 2018 among the Pledgee, the Pledgor and the Company, the Pledgor shall, under the conditions permitted by PRC laws, transfer all or part of the equity held by it in the Company to the Pledgee and/or any other entity or individual designated by it, at the request of the Pledgee;
- (4) Pursuant to a *Shareholder Voting Right Trust Agreement* (hereinafter referred to as the “**Voting Right Trust Agreement**”) dated 18 July 2018 among the Pledgee, the Pledgor and the Company, the Pledgor has irrevocably appointed the person then designated by the Pledgee as proxy and vested such person with full power to exercise on its behalf all of its shareholder’s voting rights in the Company.
- (5) Pursuant to the *Exclusive Consultation and Technical Services Agreement* (hereinafter referred to as the “**Services Agreement**”) dated 18 July 2018 between the Pledgee and the Company, the Company is willing to accept the consulting and technological support services exclusively provided by the Pledgee, and the Pledgee is willing to provide such services to the Company in accordance with the terms and conditions stipulated in the agreement;
- (6) As security for performance of the Contract Obligations (as defined below) and discharge of the Secured Debts (as defined below) by the Pledgor and the Company, the Pledgor agrees to pledge all of its equity in the Company to the Pledgee and grants the Pledgee the right to repayment in first priority, and the Company agrees to such equity pledge arrangement;

Therefore, the parties arrive at the following agreement upon negotiation:

## Article 1 Definitions

1.1 Unless the context otherwise requires, the following terms in this Agreement shall have the following meanings:

- “Contract Obligations”:** All contract obligations of the Pledgor and the Company under the Transaction Agreements and under this Agreement.
- “Secured Debts”:** All direct, indirect and consequential losses and losses of foreseeable profits suffered by the Pledgee due to any Breaching Event (as defined below) of the Pledgor and the Company, and all fees incurred to the Pledgee for enforcement of the Contract Obligations of the Pledgor and the Company.
- “Transaction Agreements”:** The Loan Agreement, Purchase Option Agreement, Voting Right Trust Agreement and Services Agreement.
- “Breaching Event”:** Breach of any Contract Obligations of the Pledgor and the Company under the Transaction Agreements and/or this Agreement.
- “Pledged Equity”:** 100% of the equity in the Company which is legally owned by the Pledgor when this Agreement and subsequent valid supplements to it (if any) (collectively known as “equity pledge documents”) take effect and is to be pledged to the Pledgee pursuant to the equity pledge documents as security for the performance of Contract Obligations and discharge of Secured Debts by it and the Company, and the increased amount of contribution described in Article 2.6 of this Agreement.
- “PRC laws”:** The then valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the PRC (for the purpose of this Agreement, excluding Hong Kong, Macao and Taiwan).

1.2 The references to any PRC law herein shall be deemed: (1) to include references to the amendments, changes, supplements and reenactments of such law, irrespective of whether they take effect before or after the formation of this Agreement; and (2) to include references to other decisions, notices or regulations enacted in accordance therewith or effective as a result thereof.

1.3 Unless otherwise stated in the context herein, all references to an article, clause, item or paragraph shall refer to the relevant article, clause, item or paragraph of this Agreement.

## Article 2 Equity Pledge

- 2.1 The Pledgor hereby agrees to pledge the Pledged Equity that it legally owns and has the right of disposal to the Pledgee in accordance with the provisions of this Agreement as security for discharge of the Secured Debts. The Company hereby agrees that the Pledgor pledges the Pledged Equity to the Pledgee in accordance with the provisions of this Agreement.
- 2.2 The Pledgor undertakes that it will record the equity pledge arrangement (“**Equity Pledge**”) under this Agreement in the shareholders’ register of the Company on the date of signing of this Agreement and will responsively register with the Company’s industrial and commercial registration authority. The Company undertakes that it will make the greatest efforts to help the Pledgor complete the industrial and commercial registration specified in this article.
- 2.3 During the validity period of this Agreement, the Pledgee does not bear any liability for any depreciation of the Pledged Equity unless the depreciation is caused by the Pledgee’s intentional serious negligence or serious negligence directly associated with relevant consequences, and the Pledgor shall have no right to make any claim against the Pledgee in any form or raise any requirement.

- 2.4 Subject to the aforesaid Article 2.3, where any potential obvious depreciation of the Pledged Equity is sufficient to endanger the Pledgee's rights, the Pledgee may at any time auction or sell the Pledged Equity on behalf of the Pledgor, and may, upon agreement with the Pledgor, prepay the Secured Debts with the monies from auction or sale of the Pledged Equity or deposit the said monies in the notary organ at the location of the Pledgee (with all expenses arising therefrom borne by the Pledgee).
- 2.5 In the event of any Breaching Event of the Company or the Pledgor, the Pledgee shall have the right to dispose of the Pledged Equity in the manner set forth in Article 4 hereof.
- 2.6 The Pledgor may increase investment in the Company with the written prior consent of the Pledgee. The increased amount of contribution to the Company from the Pledgor's increased investment in the Company shall also belong to the Pledged Equity.
- 2.7 The Pledgor undertakes to waive the right to the dividends on the Pledged Equity during the validity period of the Equity Pledge.
- 2.8 The Pledgee shall have the right to dispose of any Pledged Equity of the Pledgor according to this Agreement after occurrence of the Breaching Event of the Company or the Pledgor.
- 2.9 The Pledgor undertakes to handle matters relating to the equity pledge registration specified under this Agreement. For the purpose of completing the formalities for equity pledge registration, the parties may conclude a separate agreement on the Equity Pledge according to the requirements of registration authorities. In case of any inconsistency between any documents needed to be signed for completing relevant formalities and those under this Agreement, this Agreement shall prevail.

### **Article 3 Termination of the Pledge**

- 3.1 After the Pledgor and the Company fully and completely fulfil all their Contract Obligations, the Pledgee shall terminate the Equity Pledge as required by the Pledgor and help the Pledgor with deregistration of the Equity Pledge in the Company's shareholders' register and that with the Company's industrial and commercial registration authority.

### **Article 4 Disposal of the Pledged Equity**

- 4.1 The Pledgor, the Company and the Pledgee hereby agree that in the event of any Breaching Event, the Pledgee shall, after issuing a written notice to the Pledgor, have the right to exercise all the rights and powers to the remedies for breach of this Agreement which it is entitled to according to PRC laws, the Transaction Agreements and terms under this Agreement, including (but not limited to) priority of compensation from auction or sale of the Pledged Equity. The Pledgee will not bear any liability for any losses arising from its reasonable exercise of such rights and powers.
- 4.2 The Pledgee shall have the right to designate in writing its lawyers or other agents to exercise any and all of its aforesaid rights and powers, to which the Pledgor or the Company shall have no objection.
- 4.3 The Pledgee shall have the right to deduct the reasonable costs actually incurred when the Pledgee exercises any or all of the above rights and powers from the monies from the exercise of its rights and powers.

- 4.4 The monies which the Pledgee acquires from the exercise of its rights and powers shall be used in the following order:
- 1) to pay all costs incurred for disposal of the Pledged Equity and the exercise of rights and powers by the Pledgee (including remuneration paid to its lawyers and agents);
  - 2) to pay taxes payable for disposal of the Pledged Equity; and
  - 3) to repay the Secured Debts to the Pledgee;

The Pledgee shall return the balance (if any) after deduction of the above payments to the Pledgor or others entitled thereto according to relevant laws and regulations, or deposit the balance in the notary organ at the location of the Pledgee (with all expenses arising therefrom borne by the Pledgee).

- 4.5 The Pledgee shall have the right to choose to simultaneously or successively exercise any remedies for breach of this Agreement, and need not exercise other remedies for breach of this Agreement before exercising the right to auction or sell the Pledged Equity under this Agreement.

#### **Article 5 Costs and Expenses**

- 5.1 All the actual expenses related to the setting of the Equity Pledge under this Agreement, including (but not limited to) stamp duty, any other taxes and all legal fees, shall be borne by the Pledgee.

#### **Article 6 Continuity and No Waiver**

- 6.1 The Equity Pledge set under this Agreement shall be a continuous guarantee and shall be valid until the full performance of the Contract Obligations or the full repayment of the Secured Debts. Neither exemption or grace period granted by the Pledgee to the Pledgor in respect of any breach, nor delay by the Pledgee in exercising any of its rights under the Transaction Agreements and this Agreement, shall affect the right of the Pledgee under this Agreement, relevant PRC laws and the Transaction Agreements to require at any time thereafter the Pledgor to strictly perform the Transaction Agreements and this Agreement, or the rights the Pledgee may be entitled to due to the Pledgor's subsequent breach of the Transaction Agreements and/or this Agreement.

#### **Article 7 Statements and Undertakings of the Pledgor**

The Pledgor severally makes the following statements and undertakings to the Pledgee:

- 7.1 It is a PRC citizen and has the legal right and capacity to execute this Agreement and undertake legal obligations according to this Agreement.
- 7.2 All the reports, documents and information provided by the Pledgor to the Pledgee before this Agreement enters into force in relation to the Pledgor and all the matters required by this Agreement are true and correct in all material aspects at the time when this Agreement enters into force.
- 7.3 All the reports, documents and information provided by the Pledgor to the Pledgee after this Agreement enters into force in relation to the Pledgor and all the matters required by this Agreement are true and valid in all material aspects at the time of provision.
- 7.4 At the time when this Agreement enters into force, the Pledgor is the sole legal owner of the Pledged Equity and is not involved in any existing dispute over the ownership of the Pledged Equity. The Pledgor has the right to dispose of the Pledged Equity and any part thereof.
- 7.5 Except for the security interests set on the Pledged Equity due to this Agreement and the rights set under the Transaction Agreements, no other security interests or third-party interests have been set on the Pledged Equity.
- 7.6 The Pledged Equity may be pledged and transferred according to laws and the Pledgor has full right and power to pledge the Pledged Equity to the Pledgee according to this Agreement.

- 7.7 This Agreement is duly signed by the Pledgor and constitutes a legal, effective and binding obligation on the Pledgor.
- 7.8 Any consent, permission, waiver or authorization by any third person, or any approval, permission or exemption by any government authority, or any registration or filing formalities with any government authority to be obtained or effected in respect of the execution and performance of this Agreement and the Equity Pledge under this Agreement have been obtained or effected (registration with the Company's industrial and commercial registration authority regarding the Equity Pledge shall be completed immediately after execution of this Agreement), and will be fully effective during the validity period of this Agreement.
- 7.9 The execution and performance of this Agreement by the Pledgor do not violate or contradict any law applicable thereto, any agreement to which it is a party or which is binding on its assets, any court judgment, any arbitration award of any arbitration agency and any decision of any administration authority.
- 7.10 The pledge hereunder constitutes the first secured interest on the Pledged Equity.
- 7.11 All the taxes and expenses payable for obtaining the Pledged Equity shall be paid by the Pledgor.
- 7.12 There is no pending or, to the knowledge of the Pledgor, threatened litigation, legal process or demand by any court or any arbitration tribunal or by any government authority or any administration authority against the Pledgor, or its property, or the Pledged Equity, which will have a material or adverse effect on the economic status of the Pledgor or its capability to perform the obligations and the warranty liabilities under this Agreement.
- 7.13 The Pledgor hereby undertakes to the Pledgee that the aforesaid statements and undertakings are true and correct and will be fully observed at any time in any circumstance before the full performance of the Contract Obligations or the full repayment of the Secured Debts.

### **Article 8 Statements and Undertakings of the Company**

The Company makes the following statements and undertakings to the Pledgee:

- 8.1 The Company is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
- 8.2 All the reports, documents and information provided by the Company to the Pledgee before this Agreement enters into force in relation to the Pledged Equity and all the matters required by this Agreement are true and correct in all material aspects at the time when this Agreement enters into force.
- 8.3 All the reports, documents and information provided by the Company to the Pledgee after this Agreement enters into force in relation to the Pledged Equity and all the matters required by this Agreement are true and valid in all material aspects at the time of provision.
- 8.4 This Agreement is duly signed by the Company and constitutes a legal, effective and binding obligation on the Company.
- 8.5 It has full power and authority within the company to enter into and deliver this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein.
- 8.6 It is not involved in any litigation, legal process or demand that is pending or threatening as far as the Company knows in any court or arbitration tribunal against the Company or assets thereof (including but not limited to the Pledged Equity), and is not involved in any litigation, legal process or demand that is pending or threatening as far as the Company knows in any government authority or administration authority against the Company or assets thereof (including but not limited to the Pledged Equity), which will have a material or adverse effect on the Company's economic conditions or the Pledgor's ability to perform the obligations and warranty liabilities under this Agreement.



- 8.7 The Company hereby agrees to bear joint liability to the Pledgee regarding the Pledgor's statements and undertakings under Articles 7.4, 7.5, 7.6, 7.8 and 7.10 of this Agreement.
- 8.8 The Company hereby undertakes to the Pledgee that the aforesaid statements and undertakings shall be true and correct and be fully observed in any circumstance at any time before the Contract Obligations are fully performed or the Secured Debts are fully paid off.

#### **Article 9 Undertakings by the Pledgor**

The Pledgor severally undertakes to the Pledgee as follows:

- 9.1 Without the prior written consent of the Pledgee, the Pledgor shall not reset or allow setting any new pledge or any other security interest on the Pledged Equity. It is invalid to set any pledge or any other security interest on all or part of the Pledged Equity without the prior written consent.
- 9.2 The Pledgor shall not transfer the Pledged Equity without prior written notice to and prior written consent of the Pledgee. All of the Pledgor's proposed acts to transfer the Pledged Equity shall be invalid. The monies obtained from the Pledgor's transfer of the Pledged Equity shall be first used by the Pledgee to liquidate the Secured Debts in advance or be deposited at a third party upon agreement with the Pledgee.
- 9.3 When there is any legal action, arbitration or other request that may adversely affect the interests or Pledged Equity of the Pledgor or the Pledgee under the Transaction Agreements and this Agreement, the Pledgor undertakes to notify the Pledgee in writing as soon as possible and in a timely manner, and, in accordance with the reasonable requirements of the Pledgee, take all necessary measures to protect the pledge rights of the Pledgee on the Pledged Equity.
- 9.4 The Pledgor shall not engage in or allow any act or action that may adversely affect the interests or Pledged Equity of the Pledgee under the Transaction Agreements and this Agreement. The Pledgor waives the right of first refusal in realizing pledge rights.
- 9.5 The Pledgor undertakes to, in accordance with the reasonable requirements of the Pledgee, take all necessary measures and sign all necessary documents (including but not limited to supplementary agreements hereof) to protect the pledge rights of the Pledgee on the Pledged Equity and ensure the exercise and realization of such rights.
- 9.6 The Pledgee undertakes to take all measures to achieve the transfer of any Pledged Equity arising from the exercise of the pledge under this Agreement.

#### **Article 10 Undertakings by the Company**

- 10.1 If any consent, permission, waiver or authorization by any third person, or any approval, permission or exemption by any government authority, or any registration or filing formalities with any government authority need to be obtained in respect of the execution and performance of this Agreement and the Equity Pledge hereunder, the Company shall endeavour to assist in the obtainment of the above and keep them fully effective during the validity period of this Agreement.
- 10.2 Without the prior written consent of the Pledgee, the Company will not help or allow the Pledgor to set any new pledge or any other security interest on the Pledged Equity.
- 10.3 Without the prior written consent of the Pledgee, the Company will not help or allow the Pledgor to transfer the Pledged Equity.

- 10.4 When there is any legal action, arbitration or other request that may adversely affect the interests of the Company, the Pledged Equity or the Pledgee under the Transaction Agreements and this Agreement, the Company undertakes to notify the Pledgee in writing as soon as possible and in a timely manner, and, in accordance with the reasonable requirements of the Pledgee, take all necessary measures to protect the pledge rights of the Pledgee on the Pledged Equity.
- 10.5 The Company shall not engage in or allow any act or action that may adversely affect the interests or Pledged Equity of the Pledgee under the Transaction Agreements and this Agreement.
- 10.6 The Company will, in the first month of each calendar quarter, provide the Pledgee with the financial statements of the Company for the previous calendar quarter, including (but not limited to) the balance sheet, income statement and cash flow statement.
- 10.7 The Company undertakes to, in accordance with the reasonable requirements of the Pledgee, take all necessary measures and sign all necessary documents (including but not limited to supplementary agreements hereof) to protect the pledge rights of the Pledgee on the Pledged Equity and ensure the exercise and realization of such rights.
- 10.8 The Company undertakes to take all measures to achieve the transfer of any Pledged Equity arising from the exercise of the pledge under this Agreement.

#### **Article 11 Change of Circumstances**

- 11.1 As a supplement and without prejudice to other terms of the Transaction Agreements and this Agreement, if, at any time the promulgation or change of any PRC laws, regulations or rules, or change in interpretation or application of such laws, regulations and rules, or change of the relevant registration procedures causes the Pledgee to believe that it will be illegal or counter to such laws, regulations or rules to further maintain the effectiveness of this Agreement and/or dispose of the Pledged Equity in the manner provided herein, the Pledgor shall, at the written direction of the Pledgee and in accordance with the reasonable request of the Pledgee, promptly take all actions and/or execute any agreement or other document, in order to:
  - (1) keep this Agreement valid and effective;
  - (2) facilitate the disposal of the Pledged Equity in the manner provided herein; and/or
  - (3) maintain or effectuate the security established or intended to be established hereunder.

#### **Article 12 Entry into Force and Validity Period of this Agreement**

- 12.1 This Agreement shall enter into force upon being duly executed by the parties. The Pledgor and the Company shall record the pledge hereunder in the aforesaid capital contribution certificate and shareholders' register in a timely manner.
- 12.2 This Agreement shall remain valid until the full performance of the Contract Obligations or the full repayment of the Secured Debts.

#### **Article 13 Notice**

- 13.1 Any notices, requests, demands and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 13.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

**Article 14 Other Matters**

- 14.1 The Pledgor and the Company agree that, to the extent permitted by the PRC laws, the Pledgee may assign its rights and/or obligations hereunder to any third party after notifying the Pledgor and the Company; however, without the prior written consent of the Pledgee, other parties hereto shall not assign to any third party their rights, obligations or liabilities hereunder. Successors or permitted assignees (if any) of the Pledgor and the Company shall continue to perform the respective obligations of the Pledgor and the Company under this Agreement.
- 14.2 This Agreement is executed in Chinese in five (5) counterparts.
- 14.3 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 14.4 Any dispute between the parties for the interpretation and performance of terms hereunder shall be settled by the parties through good faith negotiation. If no agreement on solving the dispute is reached within thirty (30) days after one party requests to solve the dispute upon negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof then in effect. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the parties. The parties agree and confirm that the arbitration tribunal and arbitrators shall have the right to grant any remedies (including provisional and permanent remedies) in accordance with this Agreement and the applicable PRC laws, and that during the formation of the arbitration tribunal or where appropriate, any party shall have the right to apply to a court with jurisdiction for provisional remedies.
- 14.5 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party's exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.
- 14.6 Any party's failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as "**the Rights**") conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.
- 14.7 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
- 14.8 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
- 14.9 Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties hereto, unless the Pledgor or the Company assigns its rights hereunder according to Article 14.1.
- 14.10 This Agreement shall be binding on the legal successors of the parties. The appendixes hereto shall have the same legal force as the text hereof.
- 14.11 Upon the execution of this Agreement, the Pledgor shall enter into a power of attorney (hereinafter referred to as the "**Power of Attorney**") as shown in Appendix II to authorize any person designated by the Pledgee to sign, on behalf of the Pledgor and according to this Agreement, any and all legal documents necessary for the exercise of the Pledgee's rights hereunder. If, according to laws and regulations or relevant requirements of the government, the relevant legal documents must be personally signed by the Pledgor, the Pledgor must act according to the instructions of the Pledgee and sign such documents approved by the Pledgee in advance. Such Power of Attorney shall be kept by the Pledgee, and the Pledgee may, at any time where necessary, submit the same to the relevant government departments. If and only if the Pledgee sends a written notice to the Pledgor to replace the proxy, the Pledgor shall immediately appoint other persons designated by the Pledgee at that time to exercise the above authorization and re-authorize the power of attorney according to the content and format set forth in Appendix II. The new authorization shall replace the original one once it is made. In addition, the Pledgor shall not revoke the authorization made to the proxy.

14.12 Upon execution of this Agreement, the Pledgor shall issue to the Pledgee a letter of commitment (hereinafter referred to as “**Letter of Commitment**”) as shown in Appendix III.

[The remainder is intentionally left blank]

## Information about the Pledgor

| <u>No.</u> | <u>Name</u> | <u>ID card No.</u> | <u>Shareholding percentage</u> | <u>Amount of contribution<br/>(RMB'0,000)</u> | <u>Amount of debt<br/>(RMB'0,000)</u> |
|------------|-------------|--------------------|--------------------------------|---|---------------------------------------|
| 1          | Wei qin Qiu | *                  | 80%                            | 800   | 800                                   |
| 2          | Yulin Wang  | *                  | 20%                            | 200   | 200                                   |

**Power of Attorney**

**Commitment Letter**

[The remainder is intentionally left blank, only for signatures]

In witness whereof, this Equity Pledge Agreement has been executed by the following parties on the date and in the place first above written.

**Company:**

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Yulin Wang

Name: Yulin Wang

Position: Legal representative

**Pledgee:**

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Yulin Wang

Name: Yulin Wang

Position: Legal representative



[The remainder is intentionally left blank, only for signatures]

In witness whereof, this Equity Pledge Agreement has been executed by the following parties on the date and in the place first above written.

**Pledgor:**

Wei Qin Qiu

/s/ Wei Qin Qiu

Yulin Wang

/s/ Yulin Wang

18 July 2018

**Exclusive Purchase Option Agreement**

on

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

between

The Existing Shareholders of Beijing Yunxiang Zhisheng Technology Co., Ltd

as Shown in Appendix I

and

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

## Exclusive Purchase Option Agreement

This Exclusive Purchase Option Agreement (hereinafter referred to as “**this Agreement**”) was executed by and the among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 18 July 2018:

- (1) The two natural persons listed in Appendix I to this Agreement (hereinafter jointly referred to as “**Existing Shareholders**”)  
Specific information (including domicile and ID card number) about the Existing Shareholders is set out in Appendix I “List of Existing Shareholders and Specific Information Thereof”.
- (2) **Beijing Yunxiang Zhisheng Technology Co., Ltd** (hereinafter referred to as the “**WFOE**”)  
Registered address: Room 4F01, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Yulin Wang
- (3) **Kingsoft Cloud (Beijing) Information Technology Co., Ltd.** (hereinafter referred to as the “**Company**”)  
Registered address: Room 4F05, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Yulin Wang  
(The aforesaid parties are individually referred to as “**one party**” and collectively referred to as “**the parties**” herein.)

Whereas:

- (1) Existing Shareholders are the registered shareholders of the Company jointly holding 100% equity of the Company. The proportion of their respective shares in the Company and the amount of their contribution are listed in Appendix I to this Agreement;
- (2) Existing Shareholders intend to assign all their equity in the Company to the WFOE without prejudice to the PRC laws, and the WFOE intends to accept such assignment;
- (3) The Company intends to assign all its assets to the WFOE without prejudice to the PRC laws, and the WFOE intends to accept such assignment;
- (4) To effectuate the aforesaid assignment of equity/assets, Existing Shareholders/the Company agree(s) to grant an irrevocable purchase option to the WFOE; according to the purchase option and to the extent permitted by the PRC laws, Existing Shareholders/the Company shall, as required by the WFOE, assign its option equity/assets of the Company (as defined hereunder) to the WFOE and/or any other entity or individual designated thereby in accordance with this Agreement;

Therefore, the parties arrive at the following agreement upon negotiation:

### Article 1 Definitions

1.1 Unless the context otherwise requires, the following terms in this Agreement shall have the following meanings:

“**PRC laws**” The then valid laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the PRC (for the purpose of this Agreement, excluding Hong Kong, Macao and Taiwan).

|   |  |
|---|--|
| <b>“Purchase option”:</b>                   | The right conferred by the Existing Shareholders/the Company to the WFOE according to the terms and conditions of this Agreement to require acceptance of assignment of the equity/assets of the Company.  |
| <b>“Option equity”:</b>                     | Equity equivalent to 100% of the registered capital of the Company held by the Existing Shareholders at the time of exercise of right under this Agreement and under effective supplement (if any) (collectively referred to as “ <b>equity assignment option documents</b> ”) made thereafter to this Agreement.  |
| <b>“Registered capital of the Company”:</b> | On the date of execution of this Agreement, the registered capital of RMB10,000,000 of the Company, which also includes the expanded registered capital formed by any capital increase during the validity period of this Agreement.   |
| <b>“Exercise”:</b>                          | Exercise of purchase option by the WFOE to require the Existing Shareholders/the Company to assign the equity/assets of the Company to it or its designated entity or individual, with the amount equivalent to all or part of the option equity/assets of the Company, which shall be determined by the WFOE according to the then PRC laws and its own business considerations.  |
| <b>“Assignment price”:</b>                  | All the consideration to be paid by the WFOE or its designated entity or individual to the Existing Shareholders for acquiring the equity/assets of the Company at each time of exercise.  |
| <b>“Operation licenses”:</b>                | Any approval, permission, filing and registration that the Company shall have to legally and effectively operate all its businesses, including but not limited to <i>Business License of Enterprise as Legal Person, Tax Registration Certificate</i> and other relevant permissions and licenses required by PRC laws at the material time.   |
| <b>“Assets of the Company”:</b>             | All the tangible and intangible assets which the Company owns or has the right to use during the validity period of this Agreement, including but not limited to any immovable and movable assets, as well as intellectual properties such as trademarks, copyrights, patents, know-how, domain names and software use rights.   |
| <b>“Material agreements”:</b>               | Agreements to which the Company is a party and which has material effects on the Company’s business or assets, including but not limited to <i>Shareholder Voting Right Trust Agreement</i> and <i>Equity Pledge Agreement</i> executed by the Company and the WFOE and the Existing Shareholders on 18 July 2018, <i>Exclusive Consultation and Technical Service Agreement</i> executed by the Company and the WFOE on 18 July 2018, and <i>Loan Agreement</i> and other agreements relating to the Company’s businesses executed by the Existing Shareholders and the WFOE on 18 July 2018. |
| <b>“Exercise notice”:</b>                   | Has the meaning conferred in Article 3.5 hereof.   |
| <b>“Confidential information”:</b>          | Has the meaning conferred in Article 8.1 hereof.   |
| <b>“Defaulting party”:</b>                  | Has the meaning conferred in Article 11.1 hereof.  |

**“Default”:** Has the meaning conferred in Article 11.1 hereof.

**“The Rights”:** Has the meaning conferred in Article 12.5 hereof.

- 1.2 The references to any PRC law herein shall be deemed:
- (1) to include references to the amendments, changes, supplements and reenactments of such law, irrespective of whether they take effect before or after the formation of this Agreement; and
  - (2) to include references to other decisions, notices or regulations enacted in accordance therewith or effective as a result thereof.
- 1.3 Unless otherwise stated in the context herein, all references to an article, clause, item or paragraph shall refer to the relevant article, clause, item or paragraph of this Agreement.

### **Article 2 Grant of the Purchase Option**

- 2.1 The Existing Shareholders/The Company agree(s) to irrevocably and unconditionally grant to the WFOE an exclusive purchase option, pursuant to which the WFOE has the right to, as permitted by the PRC laws and subject to the terms and conditions of this Agreement, require the Existing Shareholders/the Company to assign the option equity/assets of the Company to the WFOE or its designated entity or individual. The WFOE also agrees to accept such a purchase option.
- 2.2 The Company hereby agrees that the Existing Shareholders may grant to the WFOE the right to purchase the option equity in accordance with Article 2.1 and other provisions of this Agreement.
- 2.3 The Existing Shareholders hereby agree that the Company may grant to the WFOE the right to purchase the assets of the Company in accordance with Article 2.1 and other provisions of this Agreement.

### **Article 3 Ways of Exercise**

- 3.1 Subject to the terms and conditions of this Agreement, as permitted by the PRC laws, the WFOE has absolute discretion to determine the assignee, equity percentage, quantity of assets, specific time, method and number of times of exercise.
- 3.2 Subject to the terms and conditions of this Agreement, the WFOE has the right to require acceptance of assignment of all or part of the option equity/assets of the Company from the Existing Shareholders at any time, either by itself or through other entities or individuals designated by it, according to the then PRC laws.
- 3.3 At each time of exercise, the WFOE has the right to arbitrarily designate the amount of option equity/assets of the Company that the Existing Shareholders/the Company should assign to the WFOE and/or other entities or individuals designated by it during relevant exercise. The Existing Shareholders/the Company shall assign the option equity/assets of the Company to the WFOE and/or other entities or individuals designated by it as per the amount required by the WFOE. The WFOE and/or other entities or individuals designated by it shall pay the corresponding assignment price to the Existing Shareholders/the Company for the option equity/assets of the Company assigned during each exercise.
- 3.4 During each exercise, the WFOE may accept the assignment of the option equity/assets of the Company by itself, or may designate any third party to accept the assignment of all or part of the option equity/assets of the Company.

- 3.5 After the WFOE decides to exercise its right each time, it shall issue a notice to the Existing Shareholders/the Company (hereinafter referred to as the “**exercise notice**”). The format of the exercise notice is set out in Appendix II to this Agreement). Upon receipt of the exercise notice, the Existing Shareholders/the Company shall immediately assign the option equity/assets of the Company in whole to the WFOE and/or other entities or individuals designated by it at one time in a manner set out in Article 3.3 of this Agreement in accordance with the exercise notice.

#### Article 4 Assignment Price

- 4.1 According to the *Loan Agreement* (hereinafter referred to as the “**loan agreement**”) signed by the Existing Shareholders and the WFOE on 18 July 2018, the Existing Shareholders owe a debt totaling RMB10 million to the WFOE. Therefore, the parties hereby agree that the assignment price of the option equity of each Existing Shareholder shall be equivalent to the amount of the corresponding debt owed by each Existing Shareholder to the WFOE under the Loan Agreement at the material time; nevertheless, if the minimum assignment price permitted by the then PRC laws is higher than such debt amount, the minimum assignment price permitted by the PRC laws shall prevail. Notwithstanding the above provisions, the Existing Shareholders shall jointly exempt the WFOE from the payment obligations for the portion of the minimum assignment price permitted by the PRC laws in excess of such debt amount in accordance with the PRC laws and regulations. When the WFOE exercises the purchase option granted to the Existing Shareholders, the WFOE shall have the right to pay the assignment price by directly canceling the debts owed by the Existing Shareholders to the WFOE at the material time. The ratio of the cancelled debt to the total debt owed by the Existing Shareholders at the material time shall be equivalent to the ratio of the equity assigned by the Existing Shareholders to the total equity held by them in the Company.
- 4.2 The parties hereby agree that the assignment price of the assets of the Company shall be RMB One (1); nevertheless, if the minimum assignment price permitted by the then PRC laws is higher than the said price, the minimum assignment price permitted by the PRC laws shall prevail. Notwithstanding the above provisions, the Company shall exempt the WFOE from the payment obligations for the portion of the minimum assignment price permitted by the PRC laws in excess of RMB One (1) in accordance with the PRC laws and regulations.

#### Article 5 Statements and Undertakings

- 5.1 The Existing Shareholders hereby severally make the following statements and undertakings:
- 5.1.1 The Existing Shareholders are PRC citizens; they have complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
  - 5.1.2 The Existing Shareholders have full power and authority to enter into, deliver and perform this Agreement and all other documents to be signed by them relating to the transactions described in this Agreement, and have full power and authority to complete the transactions described herein.
  - 5.1.3 This Agreement is legally and properly signed and delivered by the Existing Shareholders. This Agreement is legally binding on them and is enforceable against them.
  - 5.1.4 The Existing Shareholders are the registered legal owners of the option equity when this Agreement comes into effect. Except for the pledge set out in the *Equity Pledge Agreement* signed on 18 July 2018 and the Trusted Rights set out in the *Shareholder Voting Right Trust Agreement* signed on 18 July 2018 by the Existing Shareholders, the WFOE and the Company, no liens, pledges, claims and other security interests and third-party rights are set on the option equity. According to this Agreement, the WFOE and/or other entities or individuals designated by it may, after exercise, obtain the favorable ownership of the assigned equity without liens, pledges, claims and other security interests or third-party rights.
- 5.2 The Company hereby makes the following statements and undertakings:
- 5.2.1 The Company is a limited liability company duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.

- 5.2.2 The Company has full power and authority within the company to enter into, deliver and perform this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein.
- 5.2.3 This Agreement is legally and properly signed and delivered by the Company. This Agreement is legally binding on it and is enforceable against it.
- 5.3 The WFOE makes the following statements and undertakings:
  - 5.3.1 The WFOE is a limited liability company (wholly owned by a legal person) duly registered and validly subsisting under PRC laws as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
  - 5.3.2 The WFOE has full power and authority within the company to enter into, deliver and perform this Agreement and all other documents to be signed by it relating to the transactions described in this Agreement, and it has full power and authority to complete the transactions described herein.
  - 5.3.3 This Agreement is legally and properly signed and delivered by the WFOE. This Agreement is legally binding on it and is enforceable against it.

#### **Article 6 Undertakings of Existing Shareholders**

Existing Shareholders hereby separately undertake as follows:

- 6.1 During the validity period of this Agreement, without the prior written consent of the WFOE:
  - 6.1.1 Existing Shareholders shall not assign or otherwise dispose of, or create any security interest or other third party right on, any option equity;
  - 6.1.2 They shall not increase or decrease the registered capital of the Company or merge with any other entity;
  - 6.1.3 They shall not dispose of or procure the management of the Company to dispose of any material assets of the Company (including the Company's long-term investment interests) (except in the ordinary course of business operations);
  - 6.1.4 They shall not terminate or procure the management of the Company to terminate any material agreement signed by the Company, or enter into any other agreement that conflicts with existing material agreements;
  - 6.1.5 They shall not appoint or remove any executive director, supervisor or other management personnel of the Company that shall be appointed or removed by Existing Shareholders;
  - 6.1.6 They shall not declare the distribution of or actually pay any distributable profits, bonuses or dividends;
  - 6.1.7 They shall ensure that the Company is validly subsisting, and is not terminated, liquidated or dissolved;
  - 6.1.8 They shall not amend the Company's articles of association; and

- 6.1.9 They shall ensure that the Company will not lend or borrow monies, provide guarantees or make other forms of warranty, or assume any substantive obligations outside of ordinary course of business operations.
- 6.2 During the validity period of this Agreement, Existing Shareholders shall do their utmost to develop the Company's business and ensure that the Company operates in a legal and compliant manner and they will not conduct any act or act of omission that may damage the assets and goodwill of the Company or affect the validity of the Company's business license.
- 6.3 During the validity period of this Agreement, they shall promptly inform the WFOE of any situation that may have a material adverse effect on the Company's subsistence, business operations, financial condition, assets or goodwill, and shall promptly take all measures approved by the WFOE to eliminate such adverse conditions or take effective remedial measures for the Company.
- 6.4 Once the WFOE issues the exercise notice:
- 6.4.1 They shall immediately convene a shareholders' meeting and adopt resolutions of such meeting and take all other necessary actions to agree that Existing Shareholders may assign all option equity/assets of the Company to the WFOE and/or other entities or individuals designated by it at the assignment price and waive any right of first refusal they have;
- 6.4.2 They shall promptly sign an equity assignment agreement with the WFOE and/or other entities or individuals designated by it to assign all option equity to the WFOE and/or other entities or individuals designated by it at the assignment price, and shall provide the WFOE with necessary support (including providing and signing all relevant legal documents, performing all government approvals and registration procedures and undertaking all relevant obligations) in accordance with the requirements of the WFOE and laws and regulations so that the WFOE and/or other entities or individuals designated by it obtain all option equity without faults at law.

#### **Article 7 Undertakings of the Company**

- 7.1 The Company hereby undertakes as follows:
- 7.1.1 If the signing and performance of this Agreement and the grant of the equity assignment option under this Agreement are subject to the consent, permission, waiver, authorization of any third party, or the approval, permission, waiver of any government authority or the registration or filing with any government authority (if required by law), the Company will do its best to help meet the above conditions.
- 7.1.2 The Company will not assist or allow Existing Shareholders to assign or otherwise dispose of, or create any security interest or other third party right on, any option equity without the prior written consent of the WFOE.
- 7.1.3 The Company will not dispose of any material assets (including the Company's long-term investment interests) (except in the ordinary course of business operations) without the prior written consent of the WFOE.
- 7.1.4 The Company shall not engage in or permit any act or action that may adversely affect the interests of the WFOE under this Agreement, including but not limited to any acts and actions subject to Article 6.1.
- 7.2 Once the WFOE issues the exercise notice:
- 7.2.1 They shall immediately convene a board/shareholders' meeting and adopt resolutions of such meeting and take all other necessary actions to agree that Existing Shareholders may assign all assets of the Company to the WFOE and/or other entities or individuals designated by it at the assignment price;



- 7.2.2 They shall promptly sign an asset assignment agreement with the WFOE and/or other entities or individuals designated by it to assign all assets of the Company to the WFOE and/or other entities or individuals designated by it at the assignment price, and shall provide the WFOE with necessary support (including providing and signing all relevant legal documents, performing all government approvals and registration procedures and undertaking all relevant obligations) in accordance with the requirements of the WFOE and laws and regulations so that the WFOE and/or other entities or individuals designated by it obtain all assets of the Company without faults at law.

#### **Article 8 Confidentiality Obligation**

- 8.1 Regardless of whether this Agreement has been terminated or not, the parties shall strictly keep confidential the trade secrets, proprietary information, customer information and all other information of confidential nature (hereinafter collectively referred to as “**confidential information**”) relating to the other parties that are known during the conclusion and performance of this Agreement. Except with the prior written consent of the party disclosing the confidential information or for disclosure to third parties as required by relevant laws, regulations or the listing requirements, the party receiving the confidential information shall not disclose any confidential information to any other third party; except for the purpose of performing this Agreement, the party receiving the confidential information shall not use or indirectly use any confidential information.
- 8.2 The following information shall not be deemed as confidential information:
- (a) any information proven by written evidence to have been previously obtained by the receiving party through legal means;
  - (b) any information that is made public for a reason not ascribable to the receiving party; or
  - (c) any information obtained by the receiving party through other legal means after receiving such information.
- 8.3 The receiving party may disclose the confidential information to its relevant employees, agents or professionals engaged by it on the condition that it shall ensure that the above-mentioned persons comply with the relevant terms and conditions of this Agreement and that it shall assume any liability arising from violation of the relevant terms and conditions of this Agreement by the above-mentioned persons.
- 8.4 Notwithstanding other provisions of this Agreement, the validity of this article shall not be affected by the termination of this Agreement.

#### **Article 9 Validity Period of this Agreement**

The parties agree that this Agreement shall become effective on the date of formal signing by the parties, and shall be valid until all option equity/assets of the Company are legally assigned to the WFOE and/or other entity or individual designated thereby pursuant to this Agreement.

#### **Article 10 Notice**

- 10.1 Any notices, requests, demands and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 10.2 The above notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

## Article 11 Default Liabilities

- 11.1 The parties agree and confirm that if any party (hereinafter referred to as the “**defaulting party**”) materially breaches any of the agreements made hereunder, or substantially fails to perform any of the obligations hereunder, it shall constitute a default under this Agreement (hereinafter referred to as “**default**”), and the observant party shall have the right to request the defaulting party to make corrections or take remedial actions within a reasonable period. If the defaulting party fails to make corrections or take remedial actions within the reasonable period or within ten (10) days after the observant party notifies the defaulting party in writing and requests for correction, the observant party shall have the right to decide at its own discretion to:
- (1) terminate this Agreement and request the defaulting party to give full compensation for damages; or
  - (2) require the defaulting party to perform its obligations under this Agreement in a compulsory manner and give full compensation for damages;
- 11.2 The parties agree and confirm that, except as otherwise required by law, Existing Shareholders and the Company shall not request the termination of this Agreement under any circumstances.
- 11.3 Notwithstanding other provisions of this Agreement, the validity of this article shall not be affected by the termination of this Agreement.

## Article 12 Other Matters

- 12.1 This Agreement is executed in Chinese in five (5) counterparts.
- 12.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 12.3 Any dispute between the parties for the interpretation and performance of terms hereunder shall be settled by the parties through good faith negotiation. If no agreement on solving the dispute is reached within thirty (30) days after one party requests to solve the dispute upon negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof then in effect. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the parties. The parties agree and confirm that the arbitration tribunal and arbitrators shall have the right to grant any remedies (including provisional and permanent remedies) in accordance with this Agreement and the applicable PRC laws, and that during the formation of the arbitration tribunal or where appropriate, any party shall have the right to apply to a court with jurisdiction for provisional remedies.
- 12.4 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party’s exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.
- 12.5 Any party’s failure to exercise or delay in exercising any rights, powers and remedies (hereinafter referred to as “**the Rights**”) conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.
- 12.6 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
- 12.7 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
- 12.8 Upon being signed, this Agreement shall replace any other legal documents previously signed by the parties for the same theme. Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties thereto.

- 12.9 No party shall assign any of its rights and/or obligations hereunder to any third party without the prior written consent of the other parties.
- 12.10 This Agreement shall be binding on the legal assignees or successors of the parties. The appendixes to this Agreement shall have the same legal force as the text hereof.
- 12.11 Upon the execution of this Agreement, the Existing Shareholders shall enter into a power of attorney (hereinafter referred to as the **“Power of Attorney”**) as shown in Appendix III to authorize the person designated by the WFOE (hereinafter referred to as the **“Proxy”**) to sign, on their behalf and according to this Agreement, any and all legal documents necessary for the exercise of the WFOE’s rights hereunder. If, according to laws and regulations or relevant requirements of the government, the relevant legal documents must be personally signed by the Existing Shareholders, the Existing Shareholders must act according to the instructions of the WFOE and sign such documents approved by the WFOE in advance. The WFOE shall keep the Power of Attorney, and may submit the Power of Attorney to relevant government departments at any time when necessary. When and only when the WFOE issues a written notice of replacing the Proxy to Existing Shareholders, Existing Shareholders shall immediately designate other person designated by the WFOE at that time to exercise the aforesaid Trusted Rights and re-issue a power of attorney as per the contents and format specified in Appendix III. The new power of attorney shall replace the original one upon being made; apart from that, Existing Shareholders shall not revoke the entrustment and authorization made to the Proxy.

[The remainder is intentionally left blank]

[The remainder is intentionally left blank, only for signatures]

In witness thereof, this Exclusive Purchase Option Agreement has been executed by the following parties on the date and in the place first above written.

The Company:

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Seal of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Yulin Wang

\_\_\_\_\_  
Name: Yulin Wang

Position: Legal representative

The WFOE:

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Yulin Wang

\_\_\_\_\_  
Name: Yulin Wang

Position: Legal representative

Existing Shareholders:

Weiqin Qiu

/s/ Weiqin Qiu

\_\_\_\_\_  
Yulin Wang

/s/ Yulin Wang

\_\_\_\_\_

Appendix I: List of Existing Shareholders and Specific Information Thereof

| <u>No.</u> | <u>Name</u> | <u>ID card No.</u> | <u>Address</u> | <u>Shareholding percentage</u> | <u>Amount of contribution<br/>(RMB'0,000)</u> | <u>Amount of debt<br/>(RMB'0,000)</u> |
|------------|-------------|--------------------|----------------|--------------------------------|---|---------------------------------------|
| 1          | Wei qin Qiu | *                  | *              | 80%                            | 800   | 800                                   |
| 2          | Yulin Wang  | *                  | *              | 20%                            | 200   | 200                                   |
| Total      |             |                    |                | <b>100%</b>                    | <b>1000</b>                                   | <b>1000</b>                           |

---

Appendix II:

**Format of Exercise Notice**

---

Appendix III:

**Power of Attorney**

## Supplemental Exclusive Purchase Option Agreement

The *Supplemental Exclusive Purchase Option Agreement* (hereinafter referred to as “**this Agreement**”) was executed by and among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on 29 November 2019:

Party A: Beijing Yunxiang Zhisheng Technology Co., Ltd, a limited liability company established under PRC laws (“**Yunxiang Zhisheng**” or “**WFOE**”);

Party B: Weiqin Qiu, a PRC citizen, with ID card No.: \*;

Party C: Yulin Wang, a PRC citizen, with ID card No.: \* (referred to as “**Existing Shareholders**” together with Weiqin Qiu);

Party D: Kingsoft Cloud (Beijing) Information Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Cloud Information**” or “**the Company**”);

Party A, Party B, Party C and Party D are individually referred to as “one party” and collectively referred to as “the parties” herein.

Whereas: Kingsoft Cloud Information, Weiqin Qiu, Yulin Wang and Yunxiang Zhisheng signed on 18 July 2018 the *Exclusive Purchase Option Agreement Regarding Kingsoft Cloud (Beijing) Information Technology Co., Ltd.* (“**Exclusive Purchase Option Agreement**”), which specified that the Existing Shareholders shall grant a purchase option to Yunxiang Zhisheng. According to the purchase option, Yunxiang Zhisheng, to the extent permitted by the PRC laws, has the right to require the Existing Shareholders to assign the option equity/assets of the Company to Yunxiang Zhisheng or any entity or individual designated thereby.

The parties hereby arrive at the following supplementary agreement upon negotiation. The terms used but not defined in this Agreement shall have the same meanings as those in the *Exclusive Purchase Option Agreement*:

### 1. Provision of financial support

To ensure continuous operation of Kingsoft Cloud Information, Yunxiang Zhisheng shall provide financial support (to the extent permitted by the PRC laws and in the way permitted by the PRC laws) for Kingsoft Cloud Information according to actual conditions to meet any cash flow requirements of Kingsoft Cloud Information during daily business operations and/or offset any losses arising during business operations. When Kingsoft Cloud Information is unable to repay the aforesaid financial support funds, Yunxiang Zhisheng shall agree to exempt it from repayment to the extent permitted by the PRC laws. If necessary, Yunxiang Zhisheng and Kingsoft Cloud Information shall sign a separate agreement regarding the specific measures and exemption matters concerning the aforesaid financial support.



---

## **2. Amendment to Article 6 of the *Exclusive Purchase Option Agreement***

- 2.1 The parties agree and confirm that the title of Article 6 of the *Exclusive Purchase Option Agreement* shall be amended as “Undertakings of the Existing Shareholders and the Company”, and the beginning of Article 6 shall be amended as “The Existing Shareholders and the Company severally and jointly undertake as follows”.
- 2.2 The parties agree and confirm that Article 6.1 of the *Exclusive Purchase Option Agreement* shall be amended as follows:
- “6.1 During the validity period of this Agreement, without the prior written consent of the WFOE:
- 6.1.1 Existing Shareholders shall not assign or otherwise dispose of, or create any security interest or other third party right on, any option equity;
  - 6.1.2 The Company shall not increase or decrease the registered capital, or merge or integrate with any other entity, or acquire or invest in any party;
  - 6.1.3 Except in the ordinary course of business operations, the Existing Shareholders shall not sell, assign, mortgage or otherwise dispose of any legal or beneficial interests in any material assets, businesses or revenues of the Company, or allow creation of any other encumbrance thereon;
  - 6.1.4 Except for the contracts signed in the ordinary course of business operations, the Existing Shareholders shall not procure the Company to enter into any material contract, or terminate any material agreement signed by the Company, or enter into any other agreement that conflicts with existing material agreements;
  - 6.1.5 The Company shall not appoint or remove any executive director, supervisor or other management personnel of the Company that shall be appointed or removed by Existing Shareholders;
  - 6.1.6 The Company shall not declare the distribution of or actually pay any distributable profits, bonuses or dividends;
  - 6.1.7 The Existing Shareholders shall ensure that the Company is validly subsisting, and is not terminated, liquidated or dissolved;
  - 6.1.8 The Existing Shareholders shall not amend the Company’s articles of association;

6.1.9 The Existing Shareholders shall ensure that the Company will not lend or borrow monies, provide guarantees or make other forms of warranty, or assume any substantive obligations outside of ordinary course of business operations; and

6.1.10 If the Existing Shareholders obtain any profits, dividends, bonuses, or liquidation income from the Company, they shall, according to the PRC laws, timely give them to the WFOE or any person designated by the WFOE.”

### **3. Amendment to Article 11.2 of the Exclusive Purchase Option Agreement**

3.1 The parties agree and confirm that Article 11.2 of the *Exclusive Purchase Option Agreement* is amended as follows:

“The parties agree and confirm that, the Existing Shareholders and the Company shall not require to terminate this Agreement under any circumstances, unless subject to the mandatory provisions of law. The WFOE has the right to unilaterally require to amend, supplement and terminate this Agreement, in which case the other parties shall cooperate and sign relevant agreements and complete corresponding registration and filing procedures (if any) in accordance with relevant legal requirements.”

### **4. Governing Laws and Settlement of Disputes**

#### **4.1 Governing laws**

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes thereunder shall be governed by the PRC laws.

#### **4.2 Settlement of disputes**

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the parties thereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other parties a written request of resolving the dispute through negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the parties.

### **5. Confidential Obligations**

5.1 The parties acknowledge and determine that any oral or written information related to this Agreement or the contents thereof or exchanged among one another for the preparation or performance of this Agreement is deemed to be confidential. The parties shall keep all such confidential information confidential and shall not disclose any confidential information to any third party without the written consent of the other parties, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party’s unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules, or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees or **legal** or financial advisers in connection with the transaction described in this Agreement (the said shareholder, director, employee or legal or financial advisor is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by a/an shareholder, director, employee or hired agency of any party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

---

## 6. Others

### 6.1 Language

This Agreement shall be executed in Chinese and in four counterparts, with one held by each party. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal effect as the original signature.

### 6.2 Title

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

### 6.3 Entry into force

This Agreement shall take effect from the date of signing by the parties.

### 6.4 Entire agreement

This Agreement constitutes an amendment and supplement to the *Exclusive Purchase Option Agreement*. In case of any inconsistency or conflict between this Agreement and the *Exclusive Purchase Option Agreement*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Exclusive Purchase Option Agreement*. Matters not covered herein shall be as specified in the *Exclusive Purchase Option Agreement*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Beijing Yunxiang Zhisheng Technology Co., Ltd

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Seal of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Wei Qin Qiu**

/s/ Wei Qin Qiu

---

The parties have duly signed this Agreement on the date first above written

**Yulin Wang**

/s/ Yulin Wang

---

18 July 2018

The Existing Shareholders of Beijing Yunxiang Zhisheng Technology Co., Ltd

as shown in Appendix I

and

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

regarding

**The Shareholder Voting Right Trust Agreement**

of

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.



## Shareholder Voting Right Trust Agreement

This Shareholder Voting Right Trust Agreement was entered into by and between the following parties in the People's Republic of China (the "PRC") on 18 July 2018:

- (1) The **two natural persons listed in Appendix I to this Agreement** (hereinafter jointly referred to as the "**Existing Shareholders**");  
specific information (including domicile and ID card number) about the Existing Shareholders is set out in Appendix I "List of Existing Shareholders and Specific Information Thereof".
  - (2) **Beijing Yunxiang Zhisheng Technology Co., Ltd** (hereinafter referred to as the "**WFOE**")  
Registered address: Room 4F01, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Yulin Wang
  - (3) **Kingsoft Cloud (Beijing) Information Technology Co., Ltd.** (hereinafter referred to as the "**Company**")  
Registered address: Room 4F05, 4/F, No. 33, Xiaoying West Road, Haidian District, Beijing  
Legal representative: Yulin Wang
- (In this Agreement, the aforesaid parties are individually referred to as "**either party**" and collectively as "**the parties**".)

Whereas:

1. The Existing Shareholders are the registered shareholders of the Company jointly holding 100% equity of the Company. The proportion of their respective shares in the Company and the amount of their contribution are listed in Appendix I to this Agreement;
2. Existing Shareholders intend to entrust an individual designated by the WFOE to exercise their voting rights in the Company, and the WFOE intends to designate an individual to accept such entrustment;

Therefore, the parties arrive at the following agreement upon friendly negotiation:

### Article 1 Trust of Voting Right

- 1.1 The Existing Shareholders hereby irrevocably agree and undertake that after signing this Agreement, they will separately sign the power of attorney the contents and format of which are set out in Appendix II to this Agreement, to separately authorize the person then designated by the WFOE (hereinafter referred to as the "**Proxy**") to on their behalf exercise the shareholder rights (hereinafter collectively referred to as "**Trusted Rights**") respectively entitled to the Existing Shareholders as shareholders of the Company pursuant to the then valid articles of association. The shareholder rights are calculated based on the amount of Existing Shareholders' total contributions to the Company (including the amount of contributions by the Existing Shareholders at the time when this Agreement is concluded and all the increased amount of contributions (if any) made subsequently by the Existing Shareholders to the Company upon the consent of the WFOE) which is credited to the registered capital account of the Company, irrelevant to the proportion of such contributions. Trusted Rights include but are not limited to:

- (1) As the attorney of Existing Shareholders, propose to convene and attend the shareholders' meetings of the Company in accordance with the articles of association of the Company;
- (2) Exercise on behalf of Existing Shareholders voting rights on all matters needing to be discussed and resolved at shareholders' meetings, including but not limited to the appointment and election of executive directors, managers and other senior management personnel of the Company;
- (3) Other shareholder voting rights under the articles of association (including any other shareholder voting rights specified in the amended articles of association).

Conditions precedent for the aforesaid authorization and entrustment are the WFOE agrees to the aforesaid authorization and entrustment. If relevant legal documents are required to be signed by Existing Shareholders personally according to laws, regulations or relevant government requirements, Existing Shareholders shall act as instructed by the WFOE and sign such documents approved in advance by the WFOE. When and only when the WFOE issues a written notice of replacing the Proxy to Existing Shareholders, Existing Shareholders shall immediately designate other person designated by the WFOE at that time to exercise the aforesaid Trusted Rights and re-issue a power of attorney as per the contents and format specified in Appendix II. The new power of attorney shall replace the original one upon being made; apart from that, Existing Shareholders shall not revoke the entrustment and authorization made to the Proxy.

- 1.2 The Proxy shall perform his trusted obligations prudently and diligently within the scope of authorization specified herein; Existing Shareholders shall accept any legal consequences arising from the Proxy's exercising the aforesaid Trusted Rights and bear corresponding liabilities. If Existing Shareholders sustain serious losses due to the Proxy's intentional or serious negligence, Existing Shareholders shall be entitled to claim compensations from the Proxy.

### **Article 2 Right to Know**

For the purpose of exercising the Trusted Rights hereunder, the Proxy shall be entitled to learn about the information in relation to the Company's operations, business, customers, finance and employees and review relevant data of the Company, and the Company shall provide adequate cooperation in this regard.

### **Article 3 Exercise of the Trusted Rights**

- 3.1 Existing Shareholders will provide adequate assistance for the Proxy in exercising the Trusted Rights, including prompt execution of shareholder resolutions made by the Proxy for the Company or other relevant legal documents when necessary (e.g. when the submission of such documents is necessary for the approval of, or registration or filing with government departments).
- 3.2 If, at any time during the validity period of this Agreement, the grant or exercise of the Trusted Rights hereunder fail to be fulfilled for any reason other than the default by Existing Shareholders or the Company, the parties shall immediately seek the most similar alternative solution and, if necessary, execute a supplementary agreement to amend or adjust the terms of this Agreement, in order to ensure the purpose of this Agreement.

### **Article 4 Disclaimer and Compensation**

- 4.1 The parties confirm that in no case shall the WFOE be required to bear any liability or make any economic or other compensation to other parties or any third party in respect of the exercise of the Trusted Rights hereunder by the individual designated thereby.
- 4.2 Existing Shareholders and the Company agree to compensate and hold harmless the WFOE and the Proxy against all losses incurred or likely to be incurred for designating the Proxy to exercise the Trusted Rights, including but not limited to any losses arising from lawsuit, recovery, arbitration or claim lodged by any third party against them or administrative investigation or punishment imposed by the government departments, provided that such losses are not caused by the Proxy's intentional or serious negligence.

## Article 5 Statements and Undertakings

- 5.1 The Existing Shareholders severally make the following statements and undertakings:
- 5.1.1 He/she is a PRC citizen, who has complete and independent legal status and legal capacity and has been duly authorized to sign, deliver and perform this Agreement, and may independently serve as a party of litigation.
  - 5.1.2 He/she has full power and authority to enter into and deliver this Agreement and all other documents to be signed by him/her relating to the transactions described in this Agreement, and has full power and authority to complete the transactions described herein. This Agreement is legally and properly signed and delivered by him/her. This Agreement is legally binding on him/her and is enforceable against him/her.
  - 5.1.3 He/she is the registered lawful shareholder of the Company when this Agreement comes into effect, and none of his/her Trusted Rights is subject to any third-party right, except for the rights set under this Agreement and the *Equity Pledge Agreement* and *Exclusive Purchase Option Agreement* entered into by and between him/her and the WFOE. According to this Agreement, the WFOE may fully exercise the Trusted Rights in accordance with the articles of association of the Company in effect at that time.
- 5.2 The WFOE and the Company severally make the following statements and undertakings:
- 5.2.1 It is a company duly registered and validly subsisting under the laws of the place of registration as an independent legal person; it has complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may independently serve as a party of litigation.
  - 5.2.2 It has full internal corporate power and authorization to execute and deliver this Agreement and all other documents relating to the transactions specified herein and to be executed by it. It has the full power and authorization to complete the transactions specified herein.
- 5.3 The Company further states and undertakes as follows:

The Existing Shareholders are registered shareholders of the Company when this Agreement comes into effect, and legally hold the equity of the Company. None of their Trusted Rights is subject to any third-party right, except for the rights set under the *Equity Pledge Agreement* and *Exclusive Purchase Option Agreement* as described in Article 5.1.3 of this Agreement. According to this Agreement, the Proxy may fully exercise the Trusted Rights in accordance with the articles of association of the Company in effect at that time.

## Article 6 Validity Period of this Agreement

The parties agree that this Agreement shall take effect as from the date of signing by the parties, and shall have long-term effect, unless the parties prematurely terminate this Agreement upon written agreement or in accordance with Article 8.1 hereof.

## Article 7 Notice

- 7.1 Any notices, requests, demands and other correspondences required by this Agreement or made according to this Agreement shall be served in writing to the parties concerned.
- 7.2 The aforesaid notices or other correspondences shall be deemed to have been served: (i) upon sending, when sent by fax or telex; (ii) upon receipt, when delivered personally; (iii) five (5) days after being posted, when sent by post.

## Article 8 Default Liabilities

- 8.1 The parties agree and confirm that if any party (hereinafter referred to as the “**defaulting party**”) substantially breaches any provision hereunder or substantially fails to fulfil any obligation hereunder, thus constituting a default hereunder (hereinafter referred to as “**default**”), any other non-defaulting party (hereinafter referred to as the “**observant party**”) whose interests are damaged shall have the right to require the defaulting party to make corrections or take remedial measures within a reasonable period. If the defaulting party fails to make corrections or take remedial measures within a reasonable period or within ten (10) days after the relevant observant party notifies the defaulting party in writing and makes a request for correction, the relevant observant party shall have the right to decide (1) to terminate this Agreement, and require the defaulting party to give full compensation for damages; or (2) to require the defaulting party to fulfil its obligations hereunder in a compulsory manner and give full compensation for damages.
- 8.2 The parties agree and confirm that under no circumstances shall the existing shareholders or the Company request premature termination of this Agreement for any reason unless otherwise provided by laws or this Agreement.
- 8.3 Notwithstanding the other provisions of this Agreement, the validity of this article shall not be affected by suspension or termination of this Agreement.

## Article 9 Other Matters

- 9.1 This Agreement is executed in Chinese in five (5) counterparts.
- 9.2 The conclusion, validity, performance, modification, interpretation and termination of this Agreement shall be governed by the PRC laws.
- 9.3 Any dispute between the parties for the interpretation and performance of terms hereunder shall be settled by the parties through good faith negotiation. If no agreement on solving the dispute is reached within thirty (30) days after one party requests to solve the dispute upon negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration in Beijing pursuant to the arbitration rules thereof then in effect. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the parties. The parties agree and confirm that the arbitration tribunal and arbitrators shall have the right to grant any remedies (including provisional and permanent remedies) in accordance with this Agreement and the applicable PRC laws, and that during the formation of the arbitration tribunal or where appropriate, any party shall have the right to apply to a court with jurisdiction for provisional remedies.
- 9.4 Any rights, powers and remedies conferred on any party by any terms of this Agreement shall not preclude any other rights, powers or remedies conferred on it under the laws and other terms of this Agreement, and any party’s exercise of its rights, powers and remedies shall not preclude its exercise of other rights, powers and remedies enjoyed by it.
- 9.5 Any party’s failure to exercise or delay in exercising any rights, powers and remedies (“**the Rights**”) conferred on it under this Agreement or laws shall not result in its waiver of the Rights, and the waiver of any single or part of the Rights shall also not preclude the party from exercising the Rights in other ways and exercising the other Rights.
- 9.6 The titles to the articles of this Agreement are for index purposes only and shall not be used for or affect the interpretation of the provisions of this Agreement under any circumstances.
- 9.7 Each term of this Agreement is severable and independent of other terms. If any term or terms of this Agreement become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other terms of this Agreement shall not in any way be affected thereby.
- 9.8 Upon being signed, this Agreement shall replace any other legal documents previously signed by the parties for the same theme. Any amendment and supplement to this Agreement shall be executed in writing and shall take effect upon being duly signed by the parties thereto.

---

9.9 No party shall assign any of its rights and/or obligations hereunder to any third party without the prior written consent of the other parties.

9.10 This Agreement shall be binding on the legal successors of the parties.

[The remainder is intentionally left blank]

Appendix I: List of Existing Shareholders and Specific Information Thereof

| <u>No.</u> | <u>Name</u> | <u>ID card No.</u> | <u>Address</u> | <u>Shareholding percentage</u> | <u>Amount of contribution (RMB'0'000)</u> |
|------------|-------------|--------------------|----------------|--------------------------------|---|
| 1          | Weiqin Qiu  | *                  | *              | 80%                            | 800                                       |
| 2          | Yulin Wang  | *                  | *              | 20%                            | 200                                       |
| Total      |             |                    |                | <b>100%</b>                    | <b>1000</b>                               |

**Power of Attorney**

[The remainder is intentionally left blank, only for signatures]

In witness whereof, this Shareholder Voting Right Trust Agreement has been signed by the following parties on the date and in the place first above written.

Company:

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Seal of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Yulin Wang

Name: Yulin Wang  
Position: Legal representative

WFOE:

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Yulin Wang

Name: Yulin Wang  
Position: Legal representative



---

Existing Shareholders:

Wei Qin Qiu

/s/ Wei Qin Qiu

Yulin Wang

/s/ Yulin Wang

## Supplemental Shareholder Voting Right Trust Agreement

The *Supplemental Shareholder Voting Right Trust Agreement* (hereinafter referred to as “**this Agreement**”) was executed by and among the following parties in the People’s Republic of China (hereinafter referred to as the “**PRC**”) on November 29, 2019:

Party A: Beijing Yunxiang Zhisheng Technology Co., Ltd, a limited liability company established under PRC laws (“**Yunxiang Zhisheng**” or “**WFOE**”);

Party B: Weiqin Qiu, a PRC citizen, with ID card No.: \*;

Party C: Yulin Wang, a PRC citizen, with ID card No.: \* (referred to as “**Existing Shareholders**” together with Weiqin Qiu);

Party D: Kingsoft Cloud (Beijing) Information Technology Co., Ltd., a limited liability company established under PRC laws (“**Kingsoft Cloud Information**” or “**the Company**”);

Party A, Party B, Party C and Party D are individually referred to as “one party” and collectively referred to as “the parties” herein.

Whereas: Yunxiang Zhisheng, Weiqin Qiu, Yulin Wang and Kingsoft Cloud Information signed on 18 July 2018 the *Shareholder Voting Right Trust Agreement of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.* (“**Shareholder Voting Right Trust Agreement**”), which specified that the Existing Shareholders shall irrevocably and severally authorize persons designated by Yunxiang Zhisheng to exercise their rights as the Company’s shareholders under the Articles of Association.

The parties hereby arrive at the following supplementary agreement upon negotiation. The terms used but not defined in this Agreement shall have the same meanings as those in the *Shareholder Voting Right Trust Agreement*:

### 1. Amendment to Article 6 of the *Shareholder Voting Right Trust Agreement*

1.1 The parties agree and confirm that Article 6 of the *Shareholder Voting Right Trust Agreement* shall be amended as follows: “Existing Shareholders hereby irrevocably confirm that this Agreement shall come into force as from the date of signing, and save for the WFOE’s request for modification or termination, shall be valid continuously during the period in which the Existing Shareholders serve as the Company’s shareholders. Where the WFOE requires modification of the contents of authorization and entrustment or termination of this Agreement during the validity period of this Agreement, Existing Shareholders shall agree to sign relevant documents and provide cooperation.”

### 2. Governing Laws and Settlement of Disputes

#### 2.1 Governing laws

The conclusion, validity, interpretation, performance, modification and termination of this Agreement and settlement of disputes thereunder shall be governed by the PRC laws.

## 2.2 Settlement of disputes

Any dispute arising from the interpretation and performance of this Agreement shall be settled preferably by the parties thereto through friendly negotiation. If the dispute cannot be resolved within 30 days after one party sends to the other parties a written request of resolving the dispute through negotiation, any party may refer the relevant dispute to China International Economic and Trade Arbitration Commission for arbitration pursuant to the arbitration rules thereof. The arbitration shall be held in Beijing. The arbitration award shall be final and binding on the parties.

## 3. Confidential Obligations

3.1 The parties acknowledge and determine that any oral or written information related to this Agreement or the contents thereof or exchanged among one another for the preparation or performance of this Agreement is deemed to be confidential. The parties shall keep all such confidential information confidential and shall not disclose any confidential information to any third party without the written consent of the other parties, except for the following information: (a) any information that is or will be in the public domain (other than through the receiving party's unauthorized disclosure); (b) any information required to be disclosed in accordance with governing laws and regulations, stock trading rules or orders of government departments or a court; or (c) information required to be disclosed by any party to its shareholders, directors, employees, legal or financial adviser in connection with the transaction described in this Agreement (the said shareholder, director, employee or **legal** or financial advisor is also required to be bound by confidentiality obligations similar to those in this article). Disclosure of confidential information by any shareholder, director, employee or hired agency of any party shall also be deemed as disclosure of confidential information by that party, which party shall be liable for breach of contract according to this Agreement.

## 4. Others

### 4.1 Language

This Agreement shall be executed in Chinese and in four counterparts, with one held by each party. Each copy shall have the same legal force. This Agreement may have multiple signed copies, which constitute one and the same document. Signatures by fax or email or other e-signatures shall have the same legal force as the original signature.

### 4.2 Title

The titles of this Agreement are set to facilitate reading only and shall not be used to interpret, explain or otherwise affect the meaning of the provisions of this Agreement.

### 4.3 Entry into force

This Agreement shall take effect from the date of signing by the parties.

---

#### 4.4 Entire agreement

This Agreement constitutes an amendment and supplement to the *Shareholder Voting Right Trust Agreement*. In case of any inconsistency or conflict between this Agreement and the *Shareholder Voting Right Trust Agreement*, this Agreement shall prevail. The validity of relevant stipulations under this Agreement is superior to the same under the *Shareholder Voting Right Trust Agreement*. Matters not covered herein shall be as specified in the *Shareholder Voting Right Trust Agreement*.

[The remainder is intentionally left blank]

---

The parties have duly signed this Agreement on the date first above written

Beijing Yunxiang Zhisheng Technology Co., Ltd

/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

/s/ Seal of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

Signature:

Name:

Position: Legal representative

---

The parties have duly signed this Agreement on the date first above written

**Wei Qin Qiu**

/s/ Wei Qin Qiu

---

The parties have duly signed this Agreement on the date first above written

**Yulin Wang**

/s/ Yulin Wang



## NINTH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS NINTH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (this “**Agreement**”) is made and entered into as of December 27, 2019 by and among:

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) the entities listed on Schedule A attached hereto (the “**Major Subsidiaries**”, and each, a “**Major Subsidiary**”);
- (3) Kingsoft Corporation Limited (“**Kingsoft**”), a limited liability company organized under the laws of the Cayman Islands;
- (4) Autogold Limited (the “**Officer Holdco**”), a limited liability company organized under the laws of the British Virgin Islands;
- (5) River Jade Holdings Limited (“**River Jade**”), a limited liability company organized under the laws of the British Virgin Islands;
- (6) Mr. ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*;
- (7) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”);
- (8) TMF Trust (HK) Limited (“**TMF**”), a limited liability company organized under the laws of Hong Kong;
- (9) Xiaomi Corporation (“**Xiaomi**”, together with Kingsoft, the “**Series A Preferred Holders**”), a limited liability company organized under the laws of Cayman Islands;
- (10) Celestial Power Limited, a company limited by shares incorporated under the laws of the British Virgin Islands (the “**IDG Investor**”, together with Kingsoft, the “**Series B Preferred Holders**”);
- (11) ChinaAMC Special Investment Limited, a company incorporated under the laws of the British Virgin Islands (the “**AMC Investor**”);
- (12) Buddies Team Limited, a company incorporated and existing under the laws of the British Virgin Islands (the “**CM Investor**”);
- (13) FUTUREX INNOVATION SPC - Special Opportunity Fund VI SP, a company incorporated and existing under the laws of the Cayman Islands (“**FutureX Capital 1**”; Future X Capital 1, the CM Investor, the AMC Investor, the IDG Investor and Kingsoft collectively are referred to as the “**Series C Preferred Holders**”);
- (14) METAWIT CAPITAL L.P. (美塔维资本有限合伙), an exempted limited partnership registered and existing under the laws of the Cayman Islands (the “**Metawit Investor**”);

- (15) New Cloud Ltd., a business company incorporated and existing under the laws of the British Virgin Islands (the “**Minsheng Investor**”);
- (16) Precious Steed Limited, a company incorporated and existing under the laws of the British Virgin Islands (the “**Forebright Investor**”);
- (17) Shunwei Growth III Limited, a company incorporated and existing under the laws of the British Virgin Islands (the “**Shunwei Investor**”);
- (18) FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner), an exempted limited partnership registered and existing under the laws of the Cayman Islands (“**FutureX Capital 2**”);
- (19) FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), an exempted segregated portfolio company incorporated and existing under the laws of the Cayman Islands (“**FutureX Capital 3**”);
- (20) Howater Innovation I Limited Partnership, a limited partnership organized and existing under the laws of the Cayman Islands (“**FutureX Capital 4**”, together with FutureX Capital 1, FutureX Capital 2 and FutureX Capital 3, “**FutureX Capital**”; Kingsoft, the Metawit Investor, the Minsheng Investor, the Forebright Investor, the Shunwei Investor, FutureX Capital 2, FutureX Capital 3 and FutureX Capital 4 collectively are referred to as the “**Series D Preferred Holders**”);
- (21) China Internet Investment Fund. (中国互联网络信息中心), a limited partnership duly organized and validly existing under the laws of the PRC (the “**CIIF Investor**”); and
- (22) DESIGN TIME LIMITED, a company incorporated and existing under the laws of the British Virgin Islands (the “**CCBI Investor**”, together with the CIIF Investor, the “**Series D+ Preferred Holders**”).

The Company, the Major Subsidiaries and subsidiaries of any of the foregoing, either Controlled through contractual commitment or equity ownership, are collectively referred to as the “**Group Companies**” and each, a “**Group Company**”.

#### RECITALS

A. The Company, the CIIF Investor and certain other parties entered into a series D+ preferred share purchase agreement on December 2, 2019 (the “**Series D+ Share Purchase Agreement I**”).

B. The Company, the CCBI Investor and certain other parties entered into a series D+ preferred share purchase agreement on December 16, 2019 (the “**Series D+ Share Purchase Agreement II**”, together with the Series D+ Share Purchase Agreement I, the “**Series D+ Share Purchase Agreements**”).

C. The parties hereto wish to provide for certain matters relating to the transfer of equity securities and the management and operation of the Group Companies.

D. The Company, the HK Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, the CM Investor, the Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital 2, FutureX Capital 3 and certain other parties are parties to the eighth amended and restated shareholders agreement dated March 29, 2018 (the “**Prior Shareholders Agreement**”). The parties hereto desire to supersede and replace in its entirety the Prior Shareholders Agreement by entering into this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto further agree as follows:

1. **DEFINITION**

1.1 **Definitions.** In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Additional Ordinary Shares**” shall have the meaning ascribed to it in the Restated Articles.

“**Affiliate**” of a Person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other Person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; and (ii) in the case of a Subject Person other than a natural person, any other Person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Closing**” shall have the meaning ascribed to it in the Series D+ Share Purchase Agreements.

“**Competitor**” means any entity which engages in the business operation that competes with the Principal Business of Group Companies set forth in Exhibit C attached hereof and any of the Affiliates of such entity, which list shall not exceed fifty (50) entities at any time and may be updated every three months as notified by Kingsoft or the Company to each shareholder of the Company in writing by email, which update shall take effect on the expiry date of the thirty (30)-day period after the date when such shareholder has received or deemed to have been served with the written notice from Kingsoft or the Company which has been sent out to such shareholder by email pursuant to Section 13.1; *provided* that (i) no more than five (5) entities may be replaced or added in any particular update; and (ii) the CIIF Investor shall have the right to propose not to conduct any particular update (the “**Veto Proposal**”) which shall be voted in a shareholders meeting convened by the Board only if the requisition by the CIIF Investor to convene such shareholders meeting in respect of the Veto Proposal has been delivered to the Board within ten (10) days upon receipt of the notice given by Kingsoft or the Company with respect to such update, and such Veto Proposal shall not take effect and shall in no event impose any prejudice to the effectiveness of such update unless approved by the holders of a majority of the issued and outstanding Ordinary Shares, the holders of at least 66% of the issued and outstanding Series A Preferred Shares, the holders of 66% of the issued and outstanding Series B Preferred Shares, the holders of at least 66% of the issued and outstanding Series C Preferred Shares and the holders of at least 66% of the issued and outstanding Series D Preferred Shares and the Series D+ Preferred Shares (voting together on an as-converted basis) in such shareholders meeting; *provided further* that the shareholders meeting specified in the foregoing clause (ii) shall not be required if the CIIF Investor has not lodged the requisition within the said ten (10)-day period.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the appointment of a majority of the board of directors of such Person; the terms “Controlling” and “Controlled” have meanings correlative to the foregoing.

“**Conversion Price of Series A Preferred Shares**” shall have the meaning ascribed to it in the Restated Articles.

“**Conversion Price of Series B Preferred Shares**” shall have the meaning ascribed to it in the Restated Articles.

“**Conversion Price of Series C Preferred Shares**” shall have the meaning ascribed to it in the Restated Articles.

“**Conversion Price of Series D Preferred Shares**” shall have the meaning ascribed to it in the Restated Articles.

“**Conversion Price of Series D+ Preferred Shares**” shall have the meaning ascribed to it in the Restated Articles.

“**Effective Conversion Price**” shall have the meaning ascribed to it in the Restated Articles.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and this Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Independent Valuer**” means a Qualified Investment Bank or a qualified independent valuer.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**IPO**” means an initial public offering and listing of Ordinary Shares or ordinary shares of the Listing Vehicle or listing of such shares for public trading on stock exchange in the United States of America or on an internationally or regionally recognized stock exchange in another jurisdiction.

“**Listing Rules**” means Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

“**Listing Vehicle**” means any entity that directly or indirectly owns substantially all of the assets of the Group Companies.

“**Management**” means the ultimate beneficial owners of the Management Holdco, as listed in Exhibit A hereto, any officer that joins the Group Companies after the date hereof who will hold shares directly or indirectly in the Management Holdco as duly approved by the Company, and their permitted transferees and assigns.

“**Management Holdco**” means River Jade, any intermediary (ies) through which the Management holds the entire issued and outstanding share capital of River Jade (if any), and their permitted transferees and assigns.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement dated October 12, 2015 by and among the Company, Kingsoft, River Jade, the Management and certain other parties thereto, as amended.

“**Minsheng Warrant**” means that certain preferred share purchase warrant issued by the Company to the Minsheng Investor on December 6, 2017, pursuant to which the Minsheng Investor purchased certain number of the Series D Preferred Shares by exercise of the Minsheng Warrant.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer Holdco, the Officer and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Ordinary Share Equivalents**” shall have the meaning ascribed to it in the Restated Articles.

“**Person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preferred Holders**” means Series A Preferred Holders, Series B Preferred Holders, Series C Preferred Holders, Series D Preferred Holders and Series D+ Preferred Holders, and a “**Preferred Holder**” mean any of them.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series D+ Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Principal Business of Group Companies**” means the business operation of cloud storage and cloud computing or such other business based on cloud services which represents more than 25% of the total assets or net assets or total revenue of the Group Companies, calculated based on the latest audited consolidated financial statements of the Group Companies.

“**Qualified Investment Bank**” means Morgan Stanley, Goldman Sachs Group Inc., UBS, Deutsche Bank, Merrill Lynch, Citi Group or another reputable international investment bank agreed by Kingsoft, the Company and holders of at least 66% of the then issued and outstanding Series B Preferred Shares.

“**Series B Fair Market Value**” of any Series B Preferred Share shall be the fair market value determined in good faith by an Independent Valuer jointly appointed by the Company, Kingsoft and holders of at least 66% of the then issued and outstanding Series B Preferred Shares. The Independent Valuer shall determine the fair market value based on the following assumptions:

- (a) such Series B Preferred Share is sold in an arms-length transaction on the open market between a willing buyer and a willing seller;
- (b) the business of the Group Companies will continue to be operated as a going concern in the same way as it is then operated and the then existing business and customer relationships of the Group Companies will continue as they are;

The determination of the Independent Valuer shall, in the absence of manifest error or fraud, be binding upon the parties.

“**Series B Qualified Public Offering**” means a firm commitment underwritten public offering of Ordinary Shares of the Company or the ordinary shares of the Listing Vehicle that directly or indirectly owns substantially all of the assets of the Group Companies on an internationally recognized stock exchange which meets the following requirements: (a) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the Series B Qualified Public Offering) is no less than US\$1,512,500,000 or its equivalent in another currency and (b) such offering results in gross proceeds of more than US\$151,250,000, in each case as estimated by a Qualified Investment Bank by applying either the mean of the valuation range obtained after the valuation or the average of the means of various valuation ranges obtained from different valuation methodologies. The term “gross proceeds” used herein means the total amount raised from an initial public offering prior to paying any expenses including without limitation to underwriters’ discounts, legal expense, auditors’ fees and similar third party expenses.

**“Restated Articles”** means the Seventeenth Amended and Restated Memorandum and Articles of Association of the Company, as amended and restated from time to time.

**“Restructuring Documents”** means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprise 1 through the PRC Subsidiary 1 and the Domestic Enterprise 2 through the PRC Subsidiary 2, as amended.

**“Series A Preferred Shares”** means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series B Preferred Shares”** means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series C Preferred Shares”** means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series C Qualified Public Offering”** means the public offering of Ordinary Shares of the Company or the ordinary shares of the Listing Vehicle that directly or indirectly owns substantially all of the assets of the Group Companies on an internationally recognized stock exchange which meets the following requirements: (a) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the Series C Qualified Public Offering) is no less than US\$2,000,000,000 or its equivalent in another currency and (b) such offering results in gross proceeds of no less than US\$200,000,000. The term **“gross proceeds”** used herein means the total amount raised from an initial public offering prior to paying any expenses including without limitation to underwriters’ discounts, legal expense, auditors’ fees and similar third party expenses.

**“Series D Preferred Shares”** means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series D Qualified Public Offering”** means the public offering of Ordinary Shares of the Company or the ordinary shares of the Listing Vehicle that directly or indirectly owns substantially all of the assets of the Group Companies on an internationally recognized stock exchange which meets the following requirements: (a) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the Series D Qualified Public Offering) is no less than US\$3,000,000,000 or its equivalent in another currency and (b) such offering results in gross proceeds of no less than US\$300,000,000. The term **“gross proceeds”** used herein means the total amount raised from an initial public offering prior to paying any expenses including without limitation to underwriters’ discounts, legal expense, auditors’ fees and similar third party expenses.

**“Series D+ Preferred Shares”** means the series D+ preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Shares”** means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series D+ Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Share Award Scheme**” means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

“**Share Option Scheme**” means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

“**Subsidiary**” shall mean, with respect to a specific entity, (i) any entity (x) more than fifty percent (50%) of whose shares or other interests entitled to vote or (y) more than fifty percent (50%) interest in the profits or capital of such entity are owned or controlled directly or indirectly by the subject entity or through one or more Subsidiaries of the subject entity, (ii) any entity whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with the PRC GAAP or the U.S. Generally Accepted Accounting Principles, or (iii) any entity with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary.

“**Trade Sale**” shall mean (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Group Companies; (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Group Companies; (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of any Major Group Company or a majority of the voting power of any Major Group Company, through one or a series of related transactions; or (iv) a merger, consolidation or other business combination of any Major Group Company with or into any other business entity in which the shareholders of the Company immediately after such merger, consolidation or business combination hold, directly or indirectly, shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity. A “**Major Group Company**” shall mean any Group Company, together with its Subsidiaries on a consolidated basis, owns or generates more than 50% of the total assets or net assets or total revenue of all the Group Companies, calculated based on the latest audited consolidated financial statements of the Group Companies. For the avoidance of doubt, (i) any pledge or disposal of fixed assets of the Group Companies under financial leases in order to obtain loans from commercial banks or other financial institutions, or (ii) restructuring within, or transactions among, the Group Companies, shall not constitute a Trade Sale.

“**Transaction Documents**” shall have the meaning ascribed to it in the Series D+ Share Purchase Agreements, which Transaction Documents may be amended and restated from time to time.

“**Trustee**” shall mean TMF Trust (HK) Limited and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the trust deed entered into by the Company for the purpose of the ESOP.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|                                   |                    |
|-----------------------------------|--------------------|
| “ <b>Additional Number</b> ”      | Section 3.4(b)     |
| “ <b>Additional ROFR Shares</b> ” | Section 4.1(c)(ii) |
| “ <b>Agreement</b> ”              | Preamble           |
| “ <b>AMC Director</b> ”           | Section 2.1(iii)   |



|   |                     |
|---|---------------------|
| <b>“AMC Investor”</b>                                   | Preamble            |
| <b>“CCBI Investor”</b>                                  | Preamble            |
| <b>“CM Investor”</b>                                    | Preamble            |
| <b>“Company”</b>  | Preamble            |
| <b>“Competitive Behaviors”</b>                          | Section 2.12        |
| <b>“Confidential Information”</b>                       | Section 7.5         |
| <b>“Disclosing Party”</b>                               | Section 7.4         |
| <b>“Domestic Enterprise” and “Domestic Enterprises”</b> | Schedule A          |
| <b>“Drag-Along Shareholders”</b>                        | Section 5.1         |
| <b>“Drag-Along Transaction”</b>                         | Section 5.1         |
| <b>“Financing Terms”</b>                                | Section 7.1         |
| <b>“First Offer Allotment”</b>                          | Section 4.2(c)(i)   |
| <b>“First Offer Expiration Notice”</b>                  | Section 4.2(c)(iii) |
| <b>“First Offer Notice”</b>                             | Section 4.2(c)      |
| <b>“First Offer Period”</b>                             | Section 4.2(c)      |
| <b>“First Participation Notice”</b>                     | Section 3.4(a)      |
| <b>“First Refusal Allotment”</b>                        | Section 4.1(c)(i)   |
| <b>“First Refusal Expiration Notice”</b>                | Section 4.1(c)(iii) |
| <b>“First Refusal Notice”</b>                           | Section 4.1(c)      |
| <b>“First Refusal Period”</b>                           | Section 4.1(c)      |
| <b>“Forebright Investor”</b>                            | Preamble            |
| <b>“FutureX Capital”</b>                                | Preamble            |
| <b>“FutureX Director”</b>                               | Section 2.1         |
| <b>“Group Company” and “Group Companies”</b>            | Preamble            |
| <b>“HK Company”</b>                                     | Schedule A          |
| <b>“IDG Director”</b>                                   | Section 2.1         |
| <b>“IDG Investor”</b>                                   | Preamble            |
| <b>“IPO Proposal”</b>                                   | Section 9.2(a)(ii)  |
| <b>“Kingsoft”</b>                                       | Preamble            |
| <b>“Metawit Director”</b>                               | Section 2.1         |
| <b>“Metawit Investor”</b>                               | Preamble            |
| <b>“Major Subsidiary(ies)”</b>                          | Preamble            |
| <b>“Minsheng Director”</b>                              | Section 2.1         |
| <b>“Minsheng Investor”</b>                              | Preamble            |
| <b>“New Securities”</b>                                 | Section 3.3         |
| <b>“Non-Disclosing Parties”</b>                         | Section 7.4         |
| <b>“Offered Preferred Shares”</b>                       | Section 4.2(b)      |
| <b>“Offered Shares”</b>                                 | Section 4.1(b)      |
| <b>“Officer”</b>  | Preamble            |
| <b>“Officer Holdco”</b>                                 | Preamble            |
| <b>“Participation Rights Holder”</b>                    | Section 3.1         |
| <b>“PRC”</b>  | Preamble            |
| <b>“PRC GAAP”</b>                                       | Section 6.1(a)      |
| <b>“PRC Subsidiaries”</b>                               | Schedule A          |
| <b>“Preferred Transfer Notice”</b>                      | Section 4.2(b)      |

|   |                            |
|---|----------------------------|
| “Prior Shareholders Agreement”          | Recitals                   |
| “Pro Rata Share”                        | Section 3.2                |
| “Remaining ROFR Shares”                 | Section 4.1(c)(ii)         |
| “Representatives”                       | Section 7.1                |
| “Right Holder”                          | Sections 4.1(a) and 4.2(a) |
| “Right of Participation”                | Section 3.1                |
| “Right Participants”                    | Section 3.4(b)             |
| “ROFR Participating Right Holders”      | Section 4.1(c)(ii)         |
| “Second Exercise Notice”                | Section 4.1(c)(ii)         |
| “Second Exercise Period”                | Section 4.1(c)(ii)         |
| “Second Participation Notice”           | Section 3.4(b)             |
| “Second Participation Period”           | Section 3.4(b)             |
| “Selling Preferred Shareholder”         | Section 4.2(b)             |
| “Selling Shareholder”                   | Section 4.1(b)             |
| “Series A Preferred Holders”            | Preamble                   |
| “Series B Preferred Holders”            | Preamble                   |
| “Series B Redemption Price”             | Section 9.2(a)(ii)         |
| “Series C Preferred Holders”            | Preamble                   |
| “Series C Redemption Price”             | Section 9.2(b)(iii)        |
| “Series D Preferred Holders”            | Preamble                   |
| “Series D Redemption Price”             | Section 9.2(c)(ii)         |
| “Series D+ Preferred Holders”           | Preamble                   |
| “Series D+ Share Purchase Agreement I”  | Preamble                   |
| “Series D+ Share Purchase Agreement II” | Preamble                   |
| “Series D+ Share Purchase Agreements”   | Recitals                   |
| “Shunwei Investor”                      | Preamble                   |
| “Tag-Along Notice”                      | Section 4.3(a)             |
| “Tag-Along Participant”                 | Section 4.3(a)             |
| “Tag-Along Pro Rata Portion”            | Section 4.3(a)             |
| “Tag-Along Right Holder”                | Section 4.3(a)             |
| “Tag-Along Right Period”                | Section 4.3(a)             |
| “Transfer Notice”                       | Section 4.1(b)             |
| “UNCITRAL Rules”                        | Section 13.13              |
| “Xiaomi”                                | Preamble                   |
| “Xiaomi Group”                          | Section 12.1               |

### 1.3 Interpretation.

(a) Directly or Indirectly. The phrase “directly or indirectly” means directly or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.

(b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

(c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any governmental authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to (i) a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, (ii) an “as converted basis” mean that the calculation is to be made assuming that all Preferred Shares in issue have been converted into Ordinary Shares, and (iii) “issued and outstanding” mean unless otherwise expressly provided in this Agreement the issued and outstanding Shares of the Company including the Share of the Company held by TMF Trust (HK) Limited and Share issued upon exercise of options granted pursuant to the ESOP. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share split, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a Business Day, that payment must be made on or by the Business Day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. BOARD REPRESENTATION.

2.1 Election of Directors. The Restated Articles shall provide that the Board shall consist of up to sixteen (16) members with the composition of the Board determined as follows, which number of members shall not be changed except pursuant to an amendment to the Restated Articles in compliance with this Agreement:

(i) for so long as Xiaomi holds no less than 72,800,000 Ordinary Shares, Xiaomi shall have the right to appoint and remove one (1) director;

(ii) for so long as IDG Investor holds no less than 58,983,782 Ordinary Shares on an as-converted basis, IDG Investor shall have the right to appoint and remove one (1) director (the “**IDG Director**”);

(iii) for so long as AMC Investor holds no less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis, AMC Investor shall have the right to appoint and remove one (1) director (the “**AMC Director**”), provided however, if AMC Investor holds less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis, the AMC Director shall be immediately removed from the Board (for the avoidance of doubt, if the AMC Investor holds no less than 81,833,838 Ordinary Shares on an as-converted basis, then even if the AMC Investor holds less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis, the AMC Director shall not be removed), and the AMC Investor shall not have any right to appoint any director (unless subsequently it holds no less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis or the AMC Investor holds no less than 81,833,838 Ordinary Shares on an as-converted basis);

(iv) for so long as Minsheng Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, Minsheng Investor shall have the right to appoint and remove one (1) director (the “**Minsheng Director**”), provided however, if Minsheng Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Minsheng Director shall be immediately removed from the Board (for the avoidance of doubt, if the Minsheng Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis, then even if the Minsheng Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Minsheng Director shall not be removed, and the Minsheng Investor shall still have the right to appoint a director), and the Minsheng Investor shall not have any right to appoint any director (unless subsequently the Minsheng Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis or the Minsheng Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis);

(v) for so long as Metawit Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, Metawit Investor shall have the right to appoint and remove one (1) director (the “**Metawit Director**”), provided however, if Metawit Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Metawit Director shall be immediately removed from the Board (for the avoidance of doubt, if the Metawit Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis, then even if the Metawit Investor holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Metawit Director shall not be removed, and the Metawit Investor shall still have the right to appoint a director), and the Metawit Investor shall not have any right to appoint any director (unless subsequently the Metawit Investor holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis or the Metawit Investor holds no less than 94,276,365 Ordinary Shares on an as-converted basis);

(vi) for so long as FutureX Capital holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, FutureX Capital shall have the right to appoint and remove one (1) director (the “**FutureX Director**”), provided however, if FutureX Capital holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the FutureX Director shall be immediately removed from the Board (for the avoidance of doubt, if FutureX Capital holds no less than 91,976,964 Ordinary Shares on an as-converted basis, then even if FutureX Capital holds less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis, the FutureX Director shall not be removed, and FutureX Capital shall still have the right to appoint a director), and FutureX Capital shall not have any right to appoint any director (unless subsequently FutureX Capital holds no less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis or FutureX Capital holds no less than 91,976,964 Ordinary Shares on an as-converted basis);

(vii) for so long as Mr. ZHANG Hongjiang, the Officer Holdco and the Management Holdco collectively hold no less than 44,030,000 Ordinary Shares (subject to any adjustment made pursuant to share subdivision, combination, consolidation or other event of a similar nature), Mr. ZHANG Hongjiang, the Officer Holdco and the Management Holdco shall have the right to collectively appoint and remove up to two (2) directors; and

(viii) Kingsoft shall have the right to appoint and remove up to eight (8) directors.

2.2 Voting. Unless otherwise required by applicable laws, any and all of the matters that require the decision of the Board as mandated by the shareholders of the Company to the Board and/or as provided by the applicable laws shall be approved by the affirmative votes of a simple majority of the directors of the Company present at a duly convened meeting of the Board. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the Board shall be entitled to a second or casting vote.

2.3 Subsidiaries. Unless otherwise approved by Kingsoft, the composition of the board of directors of each Group Company other than the Company shall consist of the same persons as those then on the Board.

2.4 Chairman and Executive Management. The chairman of the Board shall be elected by the Board, who shall initially be LEI Jun (雷军), and the chief executive officer of the Company shall be elected by the Board, who shall initially be WANG Yulin (王宇林). The Board shall have the authority to appoint members of the senior management of each Group Company in accordance with Article 103 of the Restated Articles.

2.5 IDG Director. Kingsoft or the Company shall have the right to require IDG Investor to re-designate a person as the IDG Director as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent IDG Director (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent IDG Director shall, immediately upon the determination of the Board pursuant to this Agreement, cease to have the rights associated with the director positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings.

2.6 AMC Director and AMC Observer. For so long as the AMC Investor holds no less than 1% but less than 2% of the total number of Shares of the Company on an as-converted and fully diluted basis and the AMC Director has been removed from the Board pursuant to Section 2.1, the AMC Investor will have the right to delegate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**AMC Observer**”) who shall be subject to provisions in Section 6.3 below. Kingsoft or the Company shall have the right to require AMC Investor to re-designate a person as the AMC Director or AMC Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent AMC Director or AMC Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent AMC Director or AMC Observer shall, immediately upon the determination of the Board pursuant to this Agreement, cease to have the rights associated with the director or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).

2.7 Xiaomi Observer. For so long as Xiaomi holds in aggregate not less than 323,376,000 Series A Preferred Shares on the date hereof, the Company shall invite a representative of Xiaomi to attend all meetings of its Board (and any committees thereof) in a nonvoting observer capacity (the “**Xiaomi Observer**”).

2.8 Metawit Observer. For so long as the Metawit Investor holds no less than 1% but less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis and the Metawit Director has been removed from the Board pursuant to Section 2.1, the Metawit Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**Metawit Observer**”) who shall be subject to provisions in Section 6.3 below. Kingsoft or the Company shall have the right to require Metawit Investor to re-designate a person as the Metawit Director or Metawit Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent Metawit Director or Metawit Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent Metawit Director or Metawit Observer shall, immediately upon the determination of the Board pursuant to this Agreement, cease to have the rights associated with the director and/or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).

2.9 Minsheng Observer. For so long as the Minsheng Investor holds no less than 1% but less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis and the Minsheng Director has been removed from the Board pursuant to Section 2.1, the Minsheng Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**Minsheng Observer**”) who shall be subject to provisions in Section 6.3 below. Kingsoft or the Company shall have the right to require the Minsheng Investor to re-designate a person as the Minsheng Director or Minsheng Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent Minsheng Director or Minsheng Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent Minsheng Director or Minsheng Observer shall, immediately upon the determination of the Board pursuant to this Agreement, cease to have the rights associated with the director and/or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).

2.10 Forebright Observer. For so long as the Forebright Investor holds no less than 1% of the total number of Shares of the Company on an as-converted and fully diluted basis, the Forebright Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**Forebright Observer**”) who shall be subject to provisions in Section 6.3 below. Kingsoft or the Company shall have the right to require the Forebright Investor to re-designate a person as the Forebright Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, such Forebright Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such Forebright Observer shall, immediately upon the determination of the Board pursuant to this Agreement, cease to have the rights associated with the observer position of the Group Companies, including the right to participate in board meetings and the right to access to information.

2.11 FutureX Director and FutureX Observer. For so long as FutureX Capital holds no less than 1% but less than 4% of the total number of Shares of the Company on an as-converted and fully diluted basis and the FutureX Director has been removed from the Board pursuant to Section 2.1, FutureX Capital shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**FutureX Observer**”) who shall be subject to provisions in Section 6.3 below. Kingsoft or the Company shall have the right to require FutureX Capital to re-designate a person as the FutureX Director or FutureX Observer as soon as practicable but in no event later than 180 days after delivery of such notice if, in the good faith reasonable opinion of the Board, the incumbent FutureX Director or FutureX Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor. In such event, such incumbent FutureX Director or FutureX Observer shall, immediately upon the determination of the Board pursuant to this Agreement, cease to have the rights associated with the director and/or observer positions of the Group Companies, including the right to participate in board meetings, right to access to information and right to vote at board meetings (where applicable).

2.12 CIIF Observer. For so long as the CIIF Investor holds no less than 0.5% of the total number of Shares of the Company on an as-converted and fully diluted basis, the CIIF Investor shall have the right to designate one (1) representative acting as an observer to participate in the Board meetings without any voting rights in such Board meetings (the “**CIIF Observer**”; together with the Xiaomi Observer, the AMC Observer, the Metawit Observer, the Minsheng Observer, the Forebright Observer and the FutureX Observer, the “**Observers**”, and each, an “**Observer**”) who shall be subject to provisions in Section 6.3 below. If, in the good faith reasonable opinion of the Board, the CIIF Observer (a) engages in business in competition with the business of the Group Companies, (b) is employed by or otherwise provides services to a Competitor, or (c) directly or indirectly holds equity interest in a Competitor (collectively referred to as the “**Competitive Behaviors**”), Kingsoft or the Company shall give the CIIF Investor written notice, describing the Competitive Behaviors conducted by such CIIF Observer. If the CIIF Investor does not provide any reasonable evidence to Kingsoft or the Company to prove that there is no Competitive Behavior of such CIIF Observer within ten (10) days from the date of receipt of such written notice, such CIIF Observer shall cease to have the rights associated with the observer position of the Group Companies, including the right to participate in board meetings and the right to access to information from the date of expiration of such ten (10)-day period and the CIIF Investor shall re-designate a person as the CIIF Observer as soon as practicable but in no event later than 180 days after receipt of such written notice.

3. RIGHT OF PARTICIPATION.

3.1 General. The holders of Shares (except for the Shares issued pursuant to the ESOP) and their respective permitted transferees (each a "**Participation Rights Holder**") shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share of all (or any part) of any New Securities that the Company may from time to time issue after the date hereof and pursuant to this Agreement (the "**Right of Participation**").

3.2 Pro Rata Share. A Participation Rights Holder's "**Pro Rata Share**" for purposes of the Right of Participation is the ratio of (a) the number of Shares held by such Participation Rights Holder on an as-converted basis (excluding the Shares issued pursuant to the ESOP), to (b) the total number of Shares of the Company issued and outstanding immediately prior to the issuance of New Securities giving rise to the Right of Participation on an as-converted basis (excluding the Shares issued pursuant to the ESOP).

3.3 New Securities. "**New Securities**" shall mean any Shares and any other voting shares of the Company, whether now authorized or not, and rights, options or warrants to purchase such Shares and securities of any type whatsoever that are, or may become, convertible or exchangeable into such Shares or other voting shares, provided, however, that the term "New Securities" shall not include:

(a) up to 425,126,304 Ordinary Shares (and/or options, warrants or restricted shares therefor) issued or to be issued to employees, officers, directors, contractors, advisors or consultants of the Group Companies pursuant to the ESOP duly approved pursuant to this Agreement and the Restated Articles;

(b) after completion of any repurchase of restricted shares pursuant to the Officer Restricted Share Agreement or the Management Restricted Share Agreement, such number of additional Ordinary Shares (and/or options or warrants therefor) equal to the number of restricted shares and shares being repurchased by the Company or its designated person and to be allocated under the ESOP duly approved pursuant to this Agreement and the Restated Articles;

(c) any Ordinary Shares, options, warrants or restricted shares issued under the ESOP duly approved pursuant to this Agreement and the Restated Articles;

(d) any Ordinary Shares issued upon the conversion of any Preferred Shares issued and outstanding as of the date hereof;

(e) any Series D+ Preferred Shares issued under the Series D+ Share Purchase Agreements;

(f) any securities issued in connection with any share split, share dividend or other similar event in which all Participation Rights Holders are entitled to participate on a pro rata basis;

(g) any securities issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constituted a New Security that is issued pursuant to Section 3.1;



(h) any securities issued pursuant to an IPO, provided that such IPO has been approved pursuant to this Agreement and the Restated Articles; or

(i) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity, provided that such acquisition has been approved pursuant to this Agreement and the Restated Articles.

#### 3.4 Procedures.

(a) First Participation Notice. In the event that the Company proposes to undertake any issuance of New Securities (in a single transaction or a series of related transactions), it shall give to each Participation Rights Holder written notice of its intention to issue New Securities (the “**First Participation Notice**”), describing the amount and the type of New Securities and the price and the general terms upon which the Company proposes to issue such New Securities. Each Participation Rights Holder shall have thirty (30) days from the date of receipt of any such First Participation Notice to agree in writing to purchase such Participation Rights Holder’s Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder’s Pro Rata Share). If any Participation Rights Holder fails to so agree in writing within such thirty (30)-day period to purchase such Participation Rights Holder’s full Pro Rata Share of an offering of New Securities, then such Participation Rights Holder shall forfeit the right hereunder to purchase that part of its Pro Rata Share of such New Securities that it did not agree to purchase.

(b) Second Participation Notice; Oversubscription. If any Participation Rights Holder fails to exercise its Right of Participation in accordance with subsection (a) above, the Company shall promptly give notice (the “**Second Participation Notice**”) to other Participation Rights Holders who have fully exercised their Right of Participation (the “**Right Participants**”) in accordance with subsection (a) above. Each Right Participant shall have five (5) Business Days from the date of the Second Participation Notice (the “**Second Participation Period**”) to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy (the “**Additional Number**”). Such notice may be made by telephone if confirmed in writing within two (2) Business Days. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Right Participant will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction the numerator of which is the number of Shares held by such oversubscribing Right Participant on an as-converted basis (excluding the Shares issued pursuant to the ESOP) and the denominator of which is the total number of Shares held by all the oversubscribing Right Participants on an as-converted basis (excluding the Shares issued pursuant to the ESOP). Each Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Section 3.4 and the Company shall so notify the Right Participants within fifteen (15) Business Days following the date of the Second Participation Notice.

3.5 Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event that no Participation Rights Holder has fully exercised the Right of Participation within thirty (30) days of the First Participation Notice, the Company shall have one hundred and eighty (180) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Right of Participation hereunder were not exercised) at the same or higher price and upon non-price terms not materially more favorable to the purchasers thereof than specified in the First Participation Notice. In the event that the Company has not issued and sold such New Securities within such one hundred and eighty (180) day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Participation Rights Holders pursuant to this Section 3.

3.6 Term. The provisions of this Section 3 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO.

#### 4. TRANSFER RESTRICTIONS.

##### 4.1 Right of First Refusal – Transfer of Ordinary Shares.

(a) Certain Definitions. For the purposes of Section 4.1, a “**Right Holder**” means each shareholder of the Company (except for the holders of shares issued pursuant to the ESOP) other than the Selling Shareholder or its permitted assignees to whom its rights under this Section 4.1 have been duly assigned in accordance with this Agreement.

(b) Sale of Shares; Notice of Sale. Subject to Sections 4.3 and 4.5 of this Agreement, if any holder of the Ordinary Shares proposes to, directly or indirectly, sell, transfer or otherwise reduce, the economic benefit of owning any Ordinary Shares held by it (the “**Selling Shareholder**”), then the Selling Shareholder shall promptly give written notice (the “**Transfer Notice**”) to the Company and each Right Holder prior to such sale or transfer. The Transfer Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of the Ordinary Shares to be sold or transferred (the “**Offered Shares**”), the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

(c) Right of First Refusal. Each Right Holder shall have the right, exercisable upon written notice (the “**First Refusal Notice**”) to the Selling Shareholder, the Company and each other Right Holder within thirty (30) days after receipt of the Transfer Notice (the “**First Refusal Period**”), to elect to purchase all or any part of the Offered Shares. The First Refusal Notice shall set forth the number of Offered Shares that such Right Holder wishes to purchase, which amount shall not exceed the First Refusal Allotment of such Right Holder. Such right of first refusal may be exercised as follows:

(i) First Refusal Allotment. Unless otherwise agreed by and among the Right Holders, each Right Holder shall have the right to purchase that number of the Offered Shares (the “**First Refusal Allotment**”) equivalent to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of the Ordinary Shares held by such Right Holder at the time of the transaction (except for the number of the Ordinary Shares issued pursuant to the ESOP) and the denominator of which is the total number of the Ordinary Shares owned by all the Right Holders at the time of the transaction (except for the number of the Ordinary Shares issued pursuant to the ESOP), in each case on an as-converted basis. A Right Holder shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the First Refusal Period to purchase any part, or up to all of its First Refusal Allotment of the Offered Shares.

(ii) **Second Exercise.** If and to the extent that any Right Holder does not exercise its right of first refusal to the full extent of its First Refusal Allotment, the Company shall, within three (3) Business Days after the end of the First Refusal Period, give notice (the “**Second Exercise Notice**”) to the Right Holders who have fully exercised their right of first refusal during the First Refusal Period (the “**ROFR Participating Right Holders**”), indicating the number of Offered Shares that have not been purchased by the Right Holders during the First Refusal Period (the “**Remaining ROFR Shares**”). Each ROFR Participating Right Holder shall have five (5) Business Days from the date of the Second Exercise Notice (the “**Second Exercise Period**”) to notify the Company and the Selling Shareholder of its desire to purchase more than its First Refusal Allotment of the Offered Shares, stating the number of the additional Offered Shares it proposes to purchase (the “**Additional ROFR Shares**”). Such notice may be made by telephone if confirmed in writing within two (2) Business Days. If, as a result thereof, the total number of Additional ROFR Shares proposed to be purchased by the ROFR Participating Right Holders exceeds the total number of the Remaining ROFR Shares, each ROFR Participating Right Holder who proposed to purchase its Additional ROFR Shares shall be cut back by the Company with respect to its Additional ROFR Shares to that number of the Remaining ROFR Shares equal to the lesser of (x) its Additional ROFR Shares and (y) the product obtained by multiplying (i) the number of the Remaining ROFR Shares by (ii) a fraction the numerator of which is the number of the Ordinary Shares held by such ROFR Participating Right Holder (except for the number of the Ordinary Shares issued pursuant to the ESOP) and the denominator of which is the total number of the Ordinary Shares held by all the ROFR Participating Right Holders who proposed to purchase its Additional ROFR Shares (except for the number of the Ordinary Shares issued pursuant to the ESOP), in each case on an as-converted basis. In the event that there are still Offered Shares that remain un-purchased after the implementation of this subsection (ii), the Selling Shareholder and the ROFR Participating Right Holders shall, within two (2) Business Days after the Second Exercise Period, discuss in good faith with a view that all such remaining Offered Shares may be purchased by the ROFR Participating Right Holders.

(iii) **Expiration Notice.** Within five (5) days after (i) expiration of the Second Exercise Period, or (ii) expiration of the First Refusal Period, in the event that no Right Holder has fully exercised its right of first refusal during the First Refusal Period, the Selling Shareholder shall give written notice (the “**First Refusal Expiration Notice**”) to the Company and each Right Holder specifying either (i) that all of the Offered Shares were subscribed by the Right Holders exercising their rights of first refusal, or (ii) that the Right Holders have not subscribed all of the Offered Shares.

(d) **Purchase Price.** The purchase price for the Offered Shares to be purchased by the Right Holders exercising their right of first refusal will be the price set forth in the Transfer Notice, but will be payable as set forth in Section 4.1(e). If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be the fair market value of such non-cash consideration determined in good faith by a qualified independent valuer jointly appointed by the Company, Kingsoft, holders of at least 66% of the then issued and outstanding Series B Preferred Shares, holders of at least 66% of the then issued and outstanding Series C Preferred Shares and holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis). The determination of such independent valuer shall, in the absence of manifest error or fraud, be binding upon the parties and the cost thereof shall be borne by the Selling Shareholder.

(e) Payment. Payment of the purchase price for the Offered Shares purchased by the Right Holders shall be made within ten (10) Business Days following the date of the First Refusal Expiration Notice. Payment of the purchase price will be made by wire transfer or check as directed by the Selling Shareholder.

(f) Rights of a Selling Shareholder. If any Right Holder exercises its right of first refusal to purchase the Offered Shares, then, upon the date the notice of such exercise is given by such Right Holder, the Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such Offered Shares from such Right Holder in accordance with the terms of this Agreement, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be surrendered to the Company for transfer to such Right Holder against payment by the Right Holder of the purchase price in accordance with Section 4.1(e) hereof, and the Company shall update its register of members accordingly.

(g) Right to Transfer. To the extent the Right Holders have not elected to purchase the Offered Shares subject to the Transfer Notice pursuant to this Section 4.1, the Selling Shareholder may, subject to the tag-along right of the Preferred Holders as set forth in Section 4.3 below, not later than one hundred and twenty (120) days following delivery to the Company and each Right Holder of the Transfer Notice, conclude a transfer of the Offered Shares covered by the Transfer Notice and not elected to be purchased by the Right Holders, which shall be on substantially the same terms and conditions as those described in the Transfer Notice. Any proposed transfer on terms and conditions which are materially different from those described in the Transfer Notice, as well as any subsequent proposed transfer of any Shares by the Selling Shareholder, shall again be subject to the right of first refusal of the Right Holders and the tag-along right of the Preferred Holders and shall require compliance by the Selling Shareholder with the procedures described in this Section 4.1.

#### 4.2 Right of First Offer – Transfer of Preferred Shares.

(a) Certain Definitions. For the purposes of this Section 4.2, a “**Right Holder**” means each shareholder of the Company (except for the holders of shares issued pursuant to the ESOP) other than the Selling Preferred Shareholder or its permitted assignees to whom its rights under this Section 4.2 have been duly assigned in accordance with this Agreement.

(b) Sale of Preferred Shares; Notice of Sale. Subject to Sections 4.3 and 4.5 of this Agreement, if any holder of the Preferred Shares proposes to, directly or indirectly, sell, transfer or otherwise reduce, the economic benefit of owning any Preferred Shares held by it (the “**Selling Preferred Shareholder**”), then the Selling Preferred Shareholder shall promptly give written notice (the “**Preferred Transfer Notice**”) to the Company and each Right Holder before taking any action to solicit, initiate, cause, participate in, or facilitate any proposal, negotiation, discussion or offer from or with any potential transferee relating to the sale or transfer or otherwise reduce of the economic benefit of owning such Preferred Shares. The Preferred Transfer Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, its bona fide intention to sell or transfer such Preferred Shares (the “**Offered Preferred Shares**”), the number of the Offered Preferred Shares to be sold or transferred, the consideration to be paid, and other terms, if any, upon which it proposes to sell or transfer such Offered Preferred Shares.

(c) **Right of First Offer.** Each Right Holder shall have the right, exercisable upon written notice (the “**First Offer Notice**”) to the Selling Preferred Shareholder, the Company and each other Right Holder within fifteen (15) days after receipt of the Preferred Transfer Notice (the “**First Offer Period**”), to elect to purchase all or part of its First Offer Allotment. The First Offer Notice shall set forth the aggregate number of Offered Preferred Shares that such Right Holder wishes to purchase, which can include the First Offer Allotment of such Right Holder as well as the maximum number of additional Offered Preferred Shares such Right Holder wishes to purchase in the event any other Right Holder does not exercise its right of first offer to the full extent of its First Offer Allotment. Such right of first offer may be exercised as follows:

(i) **First Offer Allotment.** Unless otherwise agreed by and among the Right Holders, each Right Holder shall have the right to purchase that number of the Offered Preferred Shares (the “**First Offer Allotment**”) equivalent to the product obtained by multiplying the aggregate number of the Offered Preferred Shares by a fraction, the numerator of which is the number of the Ordinary Shares held by such Right Holder at the time of the transaction (except for the number of the Ordinary Shares issued pursuant to the ESOP) and the denominator of which is the total number of the Ordinary Shares owned by all the Right Holders at the time of the transaction (except for the number of the Ordinary Shares issued pursuant to the ESOP), in each case on an as-converted basis. A Right Holder shall not have a right to purchase any of the Offered Preferred Shares unless it exercises its right of first offer within the First Offer Period to purchase all or part of its First Offer Allotment of the Offered Preferred Shares.

(ii) **Second Allotment.** If and to the extent that any Right Holder does not exercise its right of first offer to the full extent of its First Offer Allotment, the Right Holders who have indicated that they wish to purchase additional Offered Preferred Shares in the First Offer Notice shall be entitled to purchase the remaining Offered Preferred Shares on a pro rata basis.

(iii) **Expiration Notice.** Within five (5) days after expiration of the First Offer Period, the Selling Preferred Shareholder shall give written notice (the “**First Offer Expiration Notice**”) to the Company and each Right Holder specifying either (i) that all of the Offered Preferred Shares were subscribed by the Right Holders exercising their rights of first offer, or (ii) that the Right Holders have not subscribed all of the Offered Preferred Shares.

(d) **Purchase Price.** The purchase price for the Offered Preferred Shares to be purchased by the Right Holders exercising their right of first offer will be the price set forth in the Preferred Transfer Notice, but will be payable as set forth in Section 4.2(e). If the purchase price in the Preferred Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be the fair market value of such non-cash consideration determined in good faith by a qualified independent valuer jointly appointed by the Company, Kingsoft, holders of at least 66% of the then issued and outstanding Series B Preferred Shares, holders of at least 66% of the then issued and outstanding Series C Preferred Shares and holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis). The determination of such independent valuer shall, in the absence of manifest error or fraud, be binding upon the parties and the cost thereof shall be borne by the Selling Preferred Shareholder.

(e) Payment. Payment of the purchase price for the Offered Preferred Shares purchased by the Right Holders shall be made within ten (10) Business Days following the date of the First Offer Expiration Notice. Payment of the purchase price will be made by wire transfer or check as directed by the Selling Preferred Shareholder.

(f) Rights of a Selling Preferred Shareholder. If any Right Holder exercises its right of first offer to purchase the Offered Preferred Shares, then, upon the date the notice of such exercise is given by such Right Holder, the Selling Preferred Shareholder will have no further rights as a holder of such Offered Preferred Shares except the right to receive payment for such Offered Preferred Shares from such Right Holder in accordance with the terms of this Agreement, and the Selling Preferred Shareholder will forthwith cause all certificate(s) evidencing such Offered Preferred Shares to be surrendered to the Company for transfer to such Right Holder against payment by the Right Holder of the purchase price in accordance with Section 4.2(e) hereof, and the Company shall update its register of members accordingly.

(g) Right to Transfer. To the extent the Right Holders have not elected to purchase the Offered Preferred Shares subject to the Preferred Transfer Notice pursuant to this Section 4.2, the Selling Preferred Shareholder may, subject to the tag-along right of the Preferred Holders as set forth in Section 4.3 below, not later than one hundred and twenty (120) days following delivery to the Company and each Right Holder of the Preferred Transfer Notice, conclude a transfer of the Offered Preferred Shares covered by the Preferred Transfer Notice and not elected to be purchased by the Right Holders, which shall be on terms and conditions that are no less favorable to the Selling Preferred Shareholder as those described in the Preferred Transfer Notice. Any proposed transfer on terms and conditions which are less favorable to the Selling Preferred Shareholder from those described in the Preferred Transfer Notice, as well as any subsequent proposed transfer of any Preferred Shares by the Selling Preferred Shareholder, shall again be subject to the right of first offer of the Right Holders and the tag-along right of the Preferred Holders and shall require compliance by the Selling Preferred Shareholder with the procedures described in this Section 4.2.

(h) Majority Holding. Notwithstanding anything to the contrary, if the Selling Preferred Shareholder holds a majority of the issued and outstanding Preferred Shares of any class of Preferred Shares on the date of the Preferred Transfer Notice, then the Right Holders may only exercise their right of first offer to purchase either (i) such number of Offered Preferred Shares that will not change the Selling Preferred Shareholder's status as the holder of a majority of the issued and outstanding Preferred Shares of such class of Preferred Shares after such purchase, or (ii) all of the Offered Preferred Shares. For the avoidance of doubt, if the Selling Preferred Shareholder holds 50% of all of the issued and outstanding Preferred Shares plus one Preferred Share of such class of Preferred Shares on the date of the Preferred Transfer Notice, then the Right Holders may only exercise their right of first offer to purchase all, but not less than all, of the Offered Preferred Shares.

#### 4.3 Tag-Along Right.

(a) To the extent that any Preferred Holder has not exercised its right of first refusal with respect to any Offered Shares or its right of first offer with respect to any Offered Preferred Shares, then each such Preferred Holder (a "**Tag-Along Right Holder**") shall have the right, exercisable upon a written notice to the Selling Shareholder or the Selling Preferred Shareholder, as applicable, the Company and each other Preferred Holder (the "**Tag-Along Notice**") within twenty (20) days after receipt of the First Refusal Expiration Notice or the First Offer Expiration Notice, as applicable (the "**Tag-Along Right Period**"), to participate in such sale of the Offered Shares or the Offered Preferred Shares, as applicable, on the same terms and conditions as set forth in the Transfer Notice or the Preferred Transfer Notice, as applicable. The Tag-Along Notice given by a participating Tag-Along Right Holder (a "**Tag-Along Participant**") shall set forth the number of Ordinary Shares (on an as-converted basis) that such Tag-Along Participant wishes to include in such sale or transfer, which amount shall not exceed the product obtained by multiplying (x) the number of Ordinary Shares issued or issuable upon conversion of Preferred Shares held by such Tag-Along Right Holder at the time of the sale or transfer by (y) a fraction, the numerator of which is the number of the Offered Shares or the Offered Preferred Shares subject to the tag-along right under this Section 4.3 and the denominator of which is the total number of Ordinary Shares (on an as-converted basis) directly or indirectly owned at such time by the Selling Shareholder or the Selling Preferred Shareholder, as applicable (the "**Tag-Along Pro Rata Portion**"). In the event that the Selling Shareholder or its ultimate beneficial owner is the Officer, the Management and/or participant to the ESOP, the denominator of which shall be the total number of Ordinary Shares directly or indirectly owned by the Officer, Management and/or participant for the purpose of calculating the Tag-Along Pro Rata Portion. To the extent one or more of the Tag-Along Right Holders exercise such tag-along right in accordance with the terms and conditions set forth below and the prospective purchaser or transferee is not willing to purchase all of the Shares included in such exercise, the number of Shares that the prospective purchaser or transferee is willing to purchase shall be allocated among the Selling Shareholder or the Selling Preferred Shareholder, as applicable, and each exercising Tag-Along Right Holder on a pro rata basis in accordance with the respective number of Shares owned by each of them (calculated on an as-converted basis) at the time of such sale or transfer.

(b) Tag-Along Pro Rata Portion. Each Tag-Along Right Holder may sell all or any part of that number of Ordinary Shares acquired upon conversion of any Preferred Shares or Preferred Shares held by it that is equal to the Tag-Along Pro Rata Portion. To the extent that any Tag-Along Right Holder does not exercise its tag-along right to the full extent of its Tag-Along Pro Rata Portion, the Selling Shareholder, or the Selling Preferred Shareholder, as applicable, and the Tag-Along Participants shall, within five (5) days after the end of such Tag-Along Right Period, make such adjustments to the Tag-Along Pro Rata Portion of each Tag-Along Participant so that any remaining Offered Shares or Offered Preferred Shares, as applicable, may be allocated to such Tag-Along Participants on a pro rata basis.

(c) Transferred Shares. Each Tag-Along Participant shall effect its participation in the sale by promptly delivering to the Selling Shareholder or the Selling Preferred Shareholder, as applicable, for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent the number of Ordinary Shares, Preferred Shares or other securities which such Tag-Along Participant elects to sell.

(d) Payment to Tag-Along Participants. The share certificate or certificates that the Tag-Along Participant delivers to the Selling Shareholder or the Selling Preferred Shareholder, as applicable, pursuant to Section 4.3(c) shall be transferred to the prospective purchaser in consummation of the sale of the Offered Shares or the Offered Preferred Shares, as applicable, pursuant to the terms and conditions specified in the Transfer Notice or the Preferred Transfer Notice, as applicable, and the Selling Shareholder or the Selling Preferred Shareholder, as applicable, shall concurrently therewith remit to such Tag-Along Participant that portion of the sale proceeds to which such Tag-Along Participant is entitled by reason of its participation in such sale. Subject to Section 4.3(a), to the extent that any prospective purchaser or purchasers refuse to purchase any Ordinary Share, Preferred Shares or other securities from a Tag-Along Participant, the Selling Shareholder or the Selling Preferred Shareholder, as applicable, shall not sell to such prospective purchaser or purchasers any Offered Shares or Offered Preferred Shares unless and until, simultaneously with such sale, the Selling Shareholder or the Selling Preferred Shareholder, as applicable, shall purchase such Ordinary Shares, Preferred Shares or other securities of the Company from such Tag-Along Participant.

(e) Right to Transfer. To the extent the Right Holders do not elect to purchase, or the Preferred Holders do not elect to participate in the sale of, the Offered Shares or the Offered Preferred Shares subject to the Transfer Notice or the Preferred Transfer Notice, as applicable, the Selling Shareholder or the Selling Preferred Shareholder may conclude a transfer of the Offered Shares or the Offered Preferred Shares pursuant to Section 4.1(g) or Section 4.2(g), as applicable.

4.4 Exempt Transfers. Notwithstanding anything to the contrary contained herein, the right of first refusal provided in Section 4.1, the right of first offer provided in Section 4.2 and the tag-along right provided in Section 4.3 shall not apply to:

(a) any transfer of Shares to the Company or Kingsoft pursuant to repurchase or purchase provisions under the Officer Restricted Share Agreement, the Management Restricted Share Agreement and the ESOP or any transfer of equity interest in the Management Holdco to the Management Holdco and Kingsoft pursuant to the Management Restricted Share Agreement; provided that such Shares or equity interest in the Management Holdco purchased by Kingsoft shall be held by Kingsoft and used solely for future awards under the ESOP and the Company shall fully reimburse Kingsoft for the purchase price paid, and related expenses (including applicable taxes, if any) incurred, by Kingsoft for such transfer;

(b) subject to approval as provided in Section 8.3(d), any transfer of Shares or equity interest in the Management Holdco directly or indirectly owned by any Officer, any Management or any participant of the ESOP to the Company or Kingsoft; provided that (1) in the event that (x) the aggregate number of the Shares so directly or indirectly transferred by all of such Officer, Management and participants in one or a series of transactions in any consecutive twelve (12) month period exceeds 2.0833% of the Total Share Capital of the Company as of Closing, i.e. 60,827,026 Ordinary Shares, or (y) the aggregate number of the Shares so directly or indirectly transferred by any such Officer, Management or participant prior to the completion of an IPO exceeds 0.4630% of the Total Share Capital of the Company as of Closing, i.e. 13,517,117 Ordinary Shares, in each case on a fully-diluted and as-converted basis, (i) any further transfer by any Officer, any Management or any participant of the ESOP (in case of clause (x) above, the total number of Ordinary Shares owned by the Selling Shareholder shall be deemed to include all Ordinary Shares directly or indirectly owned by the Officer and the Management and all Ordinary Shares reserved under the ESOP for the purpose of calculating the Tag-Along Pro Rata Portion) or by such Officer, Management or participant (in case of clause (y) above, the total number of Ordinary Shares directly or indirectly owned by the Selling Shareholder shall be all Ordinary Shares owned by such Officer, Management or participant for the purpose of calculating the Tag-Along Pro Rata Portion), respectively, to the Company or Kingsoft, at an effective price per Share not lower than the effective purchase price per Share of the Series D+ Preferred Shares on an as-converted basis, shall be subject to the tag-along rights of each Preferred Holder under Section 4.3 (except that the Company or Kingsoft, as applicable, shall purchase all of the Shares included in the exercise of such tag-along rights), (ii) such further transfer to the Company or Kingsoft, at an effective price per Share not lower than the effective purchase price per Share of the Series D Preferred Shares on an as converted basis but lower than the effective purchase price per Share of the Series D+ Preferred Shares on an as converted basis shall be subject to the tag-along rights of each Series A Preferred Holder, Series B Preferred Holder, Series C Preferred Holder and Series D Preferred Holder under Section 4.3 (except that the Company or Kingsoft, as applicable, shall purchase all of the Shares included in the exercise of such tag-along rights); (iii) such further transfer to the Company or Kingsoft, at an effective price per Share not lower than the effective purchase price per Share of the Series C Preferred Shares on an as converted basis but lower than the effective purchase price per Share of the Series D Preferred Shares on an as converted basis shall be subject to the tag-along rights of each Series A Preferred Holder, Series B Preferred Holder and Series C Preferred Holder under Section 4.3 (except that the Company or Kingsoft, as applicable, shall purchase all of the Shares included in the exercise of such tag-along rights); and (iv) such further transfer to the Company or Kingsoft, at an effective price per Share not lower than the effective purchase price per Share of the Series B Preferred Shares on an as converted basis but lower than the effective purchase price per Share of the Series C Preferred Shares on an as converted basis shall be subject to the tag-along rights of each Series A Preferred Holder and Series B Preferred Holder under Section 4.3 (except that the Company or Kingsoft, as applicable, shall purchase all of the Shares included in the exercise of such tag-along rights); (2) the over-allocation right of any Tag-Along Participant provided in Section 4.3(b) shall not apply; and (3) any Shares or equity interest in the Management Holdco transferred to the Company or Kingsoft, which are not subject to the tag-along right of each Preferred Holder under this Section 4.4(b), shall be held by and used solely for future award under the ESOP or for the other purpose as duly approved by the Board (including the approval of the IDG Director, the AMC Director, the Minsheng Director and the Metawit Director) and, if such Shares or equity interest are transferred to Kingsoft, the Company shall fully reimburse Kingsoft for the purchase price paid by Kingsoft, and related expenses (including applicable taxes, if any) incurred, for such transfer. For the purpose of this Agreement, "Total Share Capital of the Company as of Closing" shall mean the sum of the total issued and outstanding share capital of the Company as of the Closing and the total share capital of the Company reserved under the ESOP as of the Closing.



(c) any transfer of Shares in the Management Holdco Restructuring (as defined in the Management Holdco Restricted Share Agreement);

(d) any transfer of the Shares pursuant to Section 9.2; or

(e) any transfer of the Shares or other securities of the Company by any Preferred Holder to any of its Affiliates; provided that for the IDG Investor, the AMC Investor, the CM Investor, the Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor or the CCBI Investor, the “Affiliate” in this subsection (e) shall mean the corresponding Affiliate of the IDG Investor, the AMC Investor, the CM Investor, Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor or the CCBI Investor which is (i) (w) a shareholder (including general partner, limited partners and fund manager) of the IDG Investor, the AMC Investor, the CM Investor, the Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor or the CCBI Investor, (x) such shareholder (including general partner, limited partners and fund manager)’s general partner or limited partners, (y) the fund manager managing such shareholder (including general partner, limited partners and fund manager) (and the general partner, limited partners and officers thereof) and other fund(s) managed by a fund manager which is operated by substantially the same management team as the fund manager referred to in (y), or (z) a trust Controlled by or for the benefit of any such Person referred to in (x), (y) or (z), and (ii) not, and not Controlled by, a Competitor.

#### 4.5 Prohibited Transfers.

(a) Notwithstanding anything to the contrary contained herein, at any time commencing from the date hereof, without the prior written consent of Kingsoft, none of the shareholders of the Company (except for Kingsoft) may, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interests in the Company held by it to any Person who is a Competitor. For the avoidance of any doubt, the transfer restrictions herein shall not be capable of being avoided by the holding of any securities in any Person indirectly through a company or other entity that can itself be sold or transferred in order to dispose of an interest in such securities in such Person free of such restrictions.

(b) Notwithstanding anything to the contrary contained herein, except for any transfer of shares or other equity interest pursuant to and in compliance with the Officer Restricted Share Agreement, none of the Officer Holdco or the Officer shall, without the prior written consent of Kingsoft and the IDG Investor and holders of at least 66% of the then issued and outstanding Series C Preferred Shares and holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis), directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest in the Company held directly or indirectly by the Officer Holdco and/or such Officer to any Person.

(c) Notwithstanding anything to the contrary contained herein and subject to Section 4.5(b), except for any transfer of shares or other equity interest pursuant to and in compliance with the Management Restricted Share Agreement and ESOP, none of the Management Holdco or the Management shall, without the prior written consent of Kingsoft, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest in the Company held directly or indirectly by such Management Holdco and/or such Management to any Person; provided that any such transaction involving equity interest in the Company held directly or indirectly through the Management Holdco by Mr. WANG Yulin (王允林) shall be subject to the prior written consent of the IDG Investor.

(d) Any attempt by a party to sell or transfer any direct or indirect equity interest of the Company in violation of this Section 4 shall be void and each of the Company, the Officer Holdco and the Management Holdco hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such equity interest.

(e) For the avoidance of doubt, any sale, transfer or other disposition of the Company securities directly or indirectly held by the shareholders of the Company (including without limitation any Shares and shares of the Officer Holdco and the Management Holdco) in compliance with this Section 4.5 (except for the exempted transfer as provided in Section 4.4 above) shall nevertheless be subject to the right of first refusal under Section 4.1, the right of first offer under Section 4.2 and the tag-along right under Section 4.3.

(f) For the avoidance of doubt, the right of first offer under Section 4.2, the tag-along right under Section 4.3 and the transfer restrictions under this Section 4.5 and Section 4.6 applicable to the CIIF Investor shall not apply to the transfer of the partnership interest in the CIIF Investor or the direct or indirect beneficial ownership in its partners; provided that such transfer shall not result in the Control of the Shares held by the CIIF Investor by a Competitor in any way or the fact that the CIIF Investor ceases to operate under the trade name of China Internet Investment Fund (中国互联网络信息中心).

4.6 Restriction on Indirect Transfers. The transfer restrictions herein shall not be capable of being avoided by the holding of any securities in the Company indirectly through a company or other entity that can itself be sold or transferred in order to dispose of an indirect interest in such securities in the Company (including through any trust, derivative contract or other economic arrangement transferring the benefits of ownership of any Shares) free of such restrictions. Any issuance, transfer or other disposal of any shares (or other interest) of the Officer Holdco or the Management Holdco or of any company (or other entity) holding shares in such shareholder shall be treated as a transfer of the equity interest of the Company held by such shareholder and the provisions of this Section 4 shall thereupon apply in respect of the equity interest or securities of the Company so held. Unless otherwise permitted under (and made in compliance with) Sections 4.1 to 4.5, without the prior written approval of Kingsoft, the IDG Investor, the holders of at least 66% of the then issued and outstanding Series C Preferred Shares and the holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis), none of the Management (other than Mr. WANG Yulin (王允林)) shall dispose of any equity interest held, directly or indirectly, by such Management in the Management Holdco or the Company; provided that the approval of the IDG Investor, the holders of at least 66% of the then issued and outstanding Series C Preferred Shares and the holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis) shall not be required if any Management (other than Mr. WANG Yulin (王允林)) disposes of any equity interest held, directly or indirectly, by such Management in the Management Holdco or the Company as provided in Sections 4.6(a) and (b) below:

(a) unless otherwise pursuant to and in compliance with the Officer Restricted Share Agreement, the Management Restricted Share Agreement or the ESOP, and subject to the provisions in this Section 4, no Officer or Management shall, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest held, directly or indirectly, by such Officer in the Officer Holdco or the Company, or such Management in the Management Holdco or the Company, to any Person, and each of the Officer Holdco, the Management Holdco and the Company hereby agrees it will not effect a transfer in violation of this provision, nor will it treat any alleged transferee as the holder of such shares;

(b) subject to the provisions in this Section 4, the Officer Holdco and the Management Holdco shall not, and the Officer and each of the Management shall cause the Officer Holdco and the Management Holdco not to, issue to any Person any equity securities of the Officer Holdco or the Management Holdcos or any options or warrants for, or any other securities exchangeable for or convertible into, such equity securities of the Officer Holdco or the Management Holdco;

(c) unless otherwise required under the Restructuring Documents, no Officer, Management or such other Person holding any equity interest in the Domestic Enterprises shall, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any equity interest held or controlled by him in the Domestic Enterprises to any Person; and

(d) the Domestic Enterprises shall not, and each of the Officer and Management shall use their best efforts to cause the Domestic Enterprises not to, issue to any Person any equity securities of the Domestic Enterprises, or any options or warrants for, or any other securities exchangeable for or convertible into, such equity securities of the Domestic Enterprises.

#### 4.7 Legend.

(a) Each certificate representing the Shares held by the Officer Holdco and the Management Holdco shall be endorsed with the following legend:

“THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS AGREEMENT BY AND BETWEEN THE SHAREHOLDERS OF THE COMPANY, THE COMPANY, CERTAIN AFFILIATES OF THE COMPANY AND CERTAIN OTHER PARTIES. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.”

(b) Each of the Officer Holdco, the Officer, the Management Holdco and the Management agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 4.7(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of the provisions of this Section 4.

4.8 Term. The provisions of this Section 4 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO.

### 5. DRAG-ALONG OBLIGATIONS.

5.1 Drag-Along Rights. Notwithstanding anything to the contrary in this Agreement, if at any time prior to the closing of an IPO, holders holding at least 50% of the then issued and outstanding Ordinary Shares, holders holding at least 66% of the then issued and outstanding Series A Preferred Shares, holders holding at least 66% of the then issued and outstanding Series B Preferred Shares, holders holding at least 66% of the then issued and outstanding Series C Preferred Shares and holders holding at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis) (collectively, the “**Drag-Along Shareholders**”) vote in favor of, or otherwise consent in writing to, or otherwise agree in writing to a proposed Trade Sale (a “**Drag-Along Transaction**”), all shareholders of the Company shall, and each of the Officer and the Management shall cause his respective Officer Holdco and/or Management Holdco to, (i) vote, or give its written consent with respect to, all the Shares held by it in favor of such proposed Drag-Along Transaction and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Drag-Along Transaction; (ii) refrain from exercising any dissenters’ rights or rights of appraisal under applicable law at any time with respect to or in connection with such proposed Drag-Along Transaction; (iii) transfer the securities on terms and conditions of such proposed Drag-Along Transaction as approved by the Drag-Along Shareholders in the event that a proposed Drag-Along Transaction is structured as a share transfer; and (iv) take all actions reasonably necessary to consummate the proposed Drag-Along Transaction, including without limitation amending the then existing memorandum and articles of association of the Company then in effect.

5.2 Term. The provisions of this Section 5 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO.

6. INFORMATION AND INSPECTION RIGHTS; CONNECTED TRANSACTIONS.

6.1 Information Rights. Each of the Group Companies covenants and agrees that, commencing on the date of this Agreement, for so long as Xiaomi holds any Preferred Shares and/or any Ordinary Shares or any Series B Preferred Holder holds no less than 80% of the Series B Preferred Shares held by it as of the Closing or any Series C Preferred Holder (other than the CM Investor or FutureX Capital 1) holds no less than 80% of the Series C Preferred Shares held by it as of the Closing or any Series D Preferred Holder holds no less than 80% of the Series D Preferred Shares held by it as of the Closing or any Series D+ Preferred Holder holds no less than 80% of the Series D+ Preferred Shares held by it as of the Closing, or Ordinary Shares issued upon conversion thereof, the Group Companies shall provide to Xiaomi or such Series B Preferred Holder or such Series C Preferred Holder or such Series D Preferred Holder or such Series D+ Preferred Holder, as applicable, the following information:

(a) unaudited annual consolidated financial statements of the Group Companies and audited annual financial statements of each of the PRC Subsidiaries and the Domestic Enterprises, within one-hundred and twenty (120) days after the end of each fiscal year, prepared in accordance with the generally accepted accounting principles in the PRC (the “**PRC GAAP**”) or any internationally recognized accounting standards and audited by a qualified and reputable accounting firm in the PRC;

(b) unaudited monthly consolidated financial statements of the Group Companies, within thirty (30) days of the end of each month;

(c) unaudited quarterly consolidated financial statements of the Group Companies, within sixty (60) days of the end of each fiscal quarter;

(d) within forty-five (45) days after the end of each quarter and promptly following any sale or any issuance or allotment by the Company of any equity securities of the Company, including any Preferred Shares, Ordinary Shares, warrants, options or any other equity-linked securities of the Company or rights to acquire any of the foregoing, or upon any increase or change in any option pool or the ESOP, the Company shall deliver to Xiaomi or such Series B Preferred Holder or such Series C Preferred Holder or such Series D Preferred Holder or such Series D+ Preferred Holder, as applicable, a current, fully-diluted capitalization table of the Company certified by the chief financial officer of the Company, or the chief executive officer of the Company if the Company has not engaged a chief financial officer, and the chief financial officer of Kingsoft, respectively; provided, however, that no such capitalization table shall be required in connection with issuances of equity awards or any exercise thereof from the ESOP;

(e) within five (5) days after the transfer by any shareholder of any equity securities of the Company, including any Preferred Shares, Ordinary Shares, warrants, options or any other equity-linked securities of the Company or rights to acquire any of the foregoing, the Company shall deliver to Xiaomi or such Series B Preferred Holder or such Series C Preferred Holder or such Series D Preferred Holder or such Series D+ Preferred Holder, as applicable, a current, fully-diluted capitalization table of the Company certified by the chief financial officer of the Company; provided, however, that no such capitalization table shall be required in connection with transfer of any shares issued under the ESOP to any other participant of the ESOP and the shares so transferred shall remain subject to the rules of the ESOP after such transfer;

(f) copies of all Company's documents or other Company's information sent to any shareholder of the Company based on its status as a shareholder of the Company.

All financial statements to be provided to Xiaomi or such Series B Preferred Holder or such Series C Preferred Holder or such Series D Preferred Holder or such Series D+ Preferred Holder, as applicable, pursuant to this Section 6.1 shall include an income statement, a balance sheet, a cash flow statement, and a statement of changes in shareholders' equity for the relevant period as well as for the fiscal year to-date and shall be prepared in conformance with the PRC GAAP or any internationally recognized accounting standards.

6.2 Inspection Rights. Each of the Group Companies further covenants and agrees that, commencing on the date of this Agreement, for so long as Xiaomi or any Series B Preferred Holder or any Series C Preferred Holder or any Series D Preferred Holder or any Series D+ Preferred Holder holds any Preferred Shares or any Ordinary Shares, it shall have (i) the right to inspect facilities, records and books of the Group Companies at any time during regular working hours upon reasonable prior notice to the Group Companies, and (ii) the right to discuss the business, operations and conditions of the Group Company with their respective directors, officers, employees, accountants, legal counsel and investment bankers; provided, however, that it shall consult with Kingsoft before each inspection and observe such reasonable restrictions that Kingsoft may impose with respect to the timing of inspection in order to ensure Kingsoft's compliance with its obligations as a public company, including without limitation the obligations under applicable listing rules.

6.3 Observer Rights. The Company shall give the Observers copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors in a meeting of the Board; provided, however, that the Board, acting in good faith and upon advice of legal counsel, reserves the right to withhold any information and to exclude any Observer from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of highly confidential proprietary technical information. Each of the Observers shall be subject to the same confidentiality and non-disclosure obligations as other attendees of the Board meetings, and other obligations the Board may deem appropriate on a case specific basis.

6.4 Connected Transactions. Kingsoft hereby undertakes and agrees that for so long as it has the power to, directly or indirectly, direct the business of the Company, it shall always (i) act reasonably and in good faith in exercising such power, (ii) cause the Group Companies to deal with their respective "connected persons" (as defined in the Listing Rules) (excluding any other Group Company) fairly and on arms-length basis, and (iii) refrain from doing anything in violation of applicable laws, regulations and stock exchange rules which may adversely affect the business of the Company.

6.5 Limitations on Information Rights of Series B Preferred Holders, Series C Preferred Holders, Series D Preferred Holders and Series D+ Preferred Holder. If, in the good faith reasonable opinion of the Board, any Series B Preferred Holder or any Series C Preferred Holder or any Series D Preferred Holder or any Series D+ Preferred Holder or any of such Series B Preferred Holder or Series C Preferred Holder or Series D Preferred Holder or Series D+ Preferred Holder's Affiliates engages in business that is in competition with the Principal Business of the Group Companies, or any Series B Preferred Holder or any Series C Preferred Holder or any Series D Preferred Holder or Series D+ Preferred Holder directly or indirectly holds any equity interest in any Competitor other than a passive shareholding in a publicly listed company of less than the lower of (a) 3% or (b) the shareholding percentage of the IDG Investor, the AMC Investor, the CM Investor, the Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor or the CCBI Investor in the Company respectively, such Series B Preferred Holder, Series C Preferred Holder, Series D Preferred Holder or Series D+ Preferred Holder shall not be entitled to receive any information under Sections 6.1 and 6.2; provided that the Group Companies shall provide the chief financial officer of such Series B Preferred Holder, Series C Preferred Holder, Series D Preferred Holder or Series D+ Preferred Holder with information set forth in Sections 6.1(a), 6.1(c), 6.1(d) and 6.1(e), which shall not be disclosed by such Series B Preferred Holder, Series C Preferred Holder, Series D Preferred Holder or Series D+ Preferred Holder to any Person other than its finance and accounting staff and shall not be used for any purpose other than preparation of financial statements of such Series B Preferred Holder, Series C Preferred Holder, Series D Preferred Holder or Series D+ Preferred Holder and disclosure and reports in relation to such financial statements.

6.6 Term. The provisions of this Section 6 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO.

7. CONFIDENTIALITY AND NON-DISCLOSURE.

7.1 Disclosure of Terms. The terms and conditions of the Transaction Documents, and all exhibits and schedules attached to or in connection with each such documents (collectively, the "**Financing Terms**"), including their existence, shall be considered confidential information and shall not be disclosed by any party hereto or any of its Representatives to any third party except in accordance with the provisions set forth below; provided that such confidential information shall not include any information that is in the public domain other than by reason of the breach of the confidentiality obligations hereunder. The term "**Representative**" as used in this Section 7 means, any directors, equity interest holders, partners, members, officers, employees, agents, consultants, professional advisors and Affiliates of any party hereto and any directors, equity interest holders, partners, members, officers, employees, agents, consultants, professional advisors of each such Affiliate, who is subject to similar confidential obligations to such party.

7.2 Press Releases. Any press release issued by any party shall not disclose any of the Financing Terms and the final form of such press release shall be approved in advance in writing by Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, the CM Investor, the Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor or the CCBI Investor. No other announcement regarding any of the Financing Terms in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise to the general public may be made without prior written consents of Kingsoft, Xiaomi, IDG Investor, AMC Investor, the CM Investor, the Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor or the CCBI Investor, respectively.

7.3 Permitted Disclosures. Notwithstanding anything to the contrary in this Section 7, any party may disclose any of the Confidential Information to a Representative or bona fide prospective investor(s), purchaser(s) or lender(s), in each case only where such Person is under appropriate nondisclosure obligations.

7.4 Legally Compelled Disclosure. In the event that any party becomes legally required (including without limitation, pursuant to securities laws and regulations) to disclose any of the Confidential Information in contravention of the provisions of this Section 7, such party (the “**Disclosing Party**”) shall provide the other parties (the “**Non-Disclosing Parties**”) with prompt written notice of that fact and use all reasonable efforts to seek (with the cooperation and reasonable efforts of the other parties) a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing Party.

7.5 Financial Information. The financial and operational information of the Group Companies any party obtains pursuant to Section 6.1 shall be considered confidential information (together with the Financing Terms, the “**Confidential Information**”) and shall not be disclosed by such other party to any third party without prior approval from the Company; provided that such Confidential Information shall not include any information that is in the public domain other than by reason of the breach of the confidentiality obligations hereunder.

## 8. APPROVALS AND CONSENTS.

### 8.1 Matters Requiring Approval by Shareholders.

In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of a majority (unless the relevant statutes in Cayman Islands and/or other jurisdiction, and/or the Stock Exchange of Hong Kong Limited require a higher percentage) of the Shares then issued and outstanding, voting together as a single class on an as-converted basis:

(a) any action that authorizes, creates, issues, make any change to, cancel, increase or decrease any class of securities, including without limitation, any and all capital stock, membership interests, units, profits interests, ownership interests, equity interests, registered capital of the Group Companies, or any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing, or any contract providing for the acquisition of any of the foregoing;



(b) any action that repurchases, redeems or retires any of the Group Companies' voting securities other than pursuant to contractual rights to repurchase any shares of the Company from employees, directors or consultants of the Group Companies upon termination of their employment or services or pursuant to the exercise of a contractual right of first refusal held by the Company provided under this Agreement, the Officer Restricted Share Agreement, the Management Restricted Share Agreement or otherwise;

(c) acquisition of any share capital or other securities of any body corporate; merge or consolidation or other business combination of any Group Company with or into any other business entity; acquisition or disposal of any interest in any other company, partnership, or business entity (including the incorporation of a company); enter into any partnership, profit sharing agreement or joint venture; acquire any material stock or assets of any Person; any transaction or a series of transactions immediately after which the shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the such Group Company; any Trade Sale;

(d) any action that capitalize the profits or reserves of any Group Company; authorize, create, allot, issue or place under option of the share, convertible loan stock or debentures of any Group Company; bond or note financing;

(e) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions on any securities or registered capital of the Group Companies;

(f) any increase or decrease of the size of the Board or the board of directors of other Group Companies not provided for in this Agreement;

(g) any amendment to the power of the Board or the board of directors of other Group Companies;

(h) any amendment of the Restated Articles or any constitutional documents of the Group Companies;

(i) any amendment to the Restructuring Documents; and

(j) passing any resolution or taking any action for the winding up, termination or similar insolvency or bankruptcy proceedings of any Group Company or undertaking any merger, reconstruction or liquidation exercise or make any composition or arrangement with creditors concerning any Group Company or applying for the appointment of a receiver, manager or judicial manager or like officer.

#### 8.2 Matters Requiring Approval by Series A Preferred Holders.

In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of a majority (unless the relevant statutes in Cayman Islands and/or other jurisdiction, and/or the Stock Exchange of Hong Kong Limited require a higher percentage) of the Series A Preferred Shares then issued and outstanding, voting as a separate class:

- (a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series A Preferred Shares (including any additional Series A Preferred Shares authorized, created or issued after the date hereof);
- (b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series A Preferred Shares;
- (c) merger or consolidation or other business combination of any Group Company with or into any other business entity, immediately after which the shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; entering into any partnership agreement, profit sharing agreement or joint venture agreement, the value of which exceeds US\$3,000,000; any transaction or a series of transactions immediately after which the shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; any Trade Sale;
- (d) entering into transactions, or amending or terminating existing transactions, between any Group Company on the one hand and any of its “connected persons” (as defined in the Listing Rules) (excluding any other Group Company) on the other hand, the value of which exceeds or is reasonably likely to exceed US\$5,000,000;
- (e) any amendment of the Restated Articles or any other constitutional documents of the Company;
- (f) any material amendment to the Restructuring Documents;
- (g) any amendment to the ESOP to increase the size of the option pool or the adoption of any employee share incentive plan other than the existing ESOP;
- (h) other matters that require class voting under the law of the Cayman Islands;
- (i) the authorization, creation, issuance or sale of any additional Series A Preferred Shares;
- (j) the authorization, creation, issuance or sale of any Additional Ordinary Shares for a consideration per share less than the then existing Conversion Price of Series A Preferred Shares; and
- (k) the authorization, creation, issuance or sale of any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than the then existing Conversion Price of Series A Preferred Shares.

For the purpose of determining the consideration to be received by the Company under subsections (j) and (k) above and under Sections 8.3(j), 8.3(k), 8.5(i) and 8.5(j) below:

(i) To the extent it consists of cash, the consideration received by the Company for any issue or sale of securities shall be computed at the net amount of cash received by the Company after deduction of any expenses payable directly or indirectly by the Company and any underwriting or similar commissions, compensations, discounts or concessions paid or allowed by the Company in connection with such issue or sale;

(ii) To the extent it consists of property other than cash, the consideration other than cash received by the Company for any issue or sale of securities shall be computed at the fair market value thereof, as determined in good faith by the Board as of the date of the adoption of the resolution specifically authorizing such issue or sale, irrespective of any accounting treatment of such property; and

(iii) If such Additional Ordinary Shares or Ordinary Share Equivalents are issued together with other Shares or securities or other assets of the Company for consideration which covers both such Additional Ordinary Shares or Ordinary Share Equivalents and such other Shares or securities or other assets, the consideration received by the Company shall be the proportion of such consideration so received with respect to such Additional Ordinary Shares or Ordinary Share Equivalents, as determined in good faith by the Board.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (k) above requires a Special Resolution (as defined in the Restated Articles), and if the Members vote in favor of such act but the approval by holders of a majority of the Series A Preferred Shares has not yet been obtained, the holders of the Series A Preferred Shares, in such vote, hold one hundred (100) votes per Series A Preferred Share for the relevant Series A Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

### 8.3 Matters Requiring Approval by Series B Preferred Holders.

In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series B Preferred Shares, voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO, and (ii) in the event that any holder of the then issued and outstanding Series B Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series B Preferred Shares held by such holder shall not be included in calculating the percentage of Series B Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:

(a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series B Preferred Shares (including any additional Series B Preferred Shares authorized, created or issued after the date hereof);

(b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series B Preferred Shares;

(c) merger or consolidation or restructuring or other business combination of any Group Company with or into any other business entity, immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; any transaction or a series of transactions immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; any Trade Sale;

(d) redemption, repurchase or cancellation of any Share or other equity securities of the Company or any amendment to terms of such redemption, repurchase or cancellation, other than (i) as provided under any Transaction Document, or (ii) any transfer under Section 4.4(a), or (iii) any transfer by any Management or participant of the ESOP other than the Officer under Section 4.4(b) so long as the holders of the Series B Preferred Shares are entitled to the tag-along right under Section 4.4(b) with respect to such transfer;

(e) any amendment of the Restated Articles or any other constitutional documents of the Company;

(f) dissolution, liquidation or bankruptcy of any Group Company;

(g) any change to the Company's policy of making dividend distributions in proportion to shareholding percentages on an as-converted basis;

(h) any change to the composition of the Board;

(i) any material amendment to the Restructuring Documents;

(j) the authorization, creation, issuance or sale of any Additional Ordinary Shares for a consideration per share less than the then existing Conversion Price of Series B Preferred Shares;

(k) the authorization, creation, issuance or sale of any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than the then existing Conversion Price of Series B Preferred Shares;

(l) establishment of or any amendment to the terms of, or the number of Shares or their equivalent covered under, any equity incentive plan for employees or directors of the Company, for which, together with any other such plan, the number of Shares reserved after the date hereof exceeds 5% of the Total Share Capital of the Company as of Closing on a fully diluted and as-converted basis; for the avoidance of doubt, (i) the reservation of certain number of additional Shares which is no more than 5% of the Total Share Capital of the Company as of Closing on a fully diluted and as-converted basis for any equity incentive plan for employees or directors of the Company, and (ii) any grant of awards under such plan, any grant of options, awards or restricted shares pursuant to the ESOP and the issuance of Ordinary Shares under such plan or the ESOP, shall not be subject to the approval of holders of the Series B Preferred Shares in this Section 8.3(1); and

- (m) other matters that require class voting under the law of the Cayman Islands.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (m) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the then issued and outstanding Series B Preferred Shares has not yet been obtained, the holders of the Series B Preferred Shares, in such vote, hold one hundred (100) votes per Series B Preferred Share for the relevant Series B Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

#### 8.4 Matters Requiring Approval by Series C Preferred Holders.

In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series C Preferred Shares, voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO and/or pre-IPO financing, and (ii) in the event that any holder of the then issued and outstanding Series C Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series C Preferred Shares held by such holder shall not be included in calculating the percentage of Series C Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:

- (a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series C Preferred Shares (including any additional Series C Preferred Shares authorized, created or issued after the date hereof);
- (b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series C Preferred Shares;
- (c) merger or consolidation or restructuring or other business combination of any Group Company with or into any other business entity, immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; any transaction or a series of transactions immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; any Trade Sale;
- (d) any amendment of the Restated Articles or any other constitutional documents of the Company;
- (e) dissolution, liquidation or bankruptcy of any Group Company;
- (f) any change to the Company's policy of making dividend distributions in proportion to shareholding percentages on an as-converted basis;

- (g) any material amendment to the Restructuring Documents;
- (h) any declaration or payment of dividends to the holders of Ordinary Shares; and
- (i) other matters that require class voting under the law of the Cayman Islands.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (i) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the then issued and outstanding Series C Preferred Shares has not yet been obtained, the holders of the Series C Preferred Shares, in such vote, hold one hundred (100) votes per Series C Preferred Share for the relevant Series C Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

#### 8.5 Matters Requiring Approval by Series D Preferred Holders and Series D+ Preferred Shares.

In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis), voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO and/or pre-IPO financing, and (ii) in the event that any holder of the then issued and outstanding Series D Preferred Shares or Series D+ Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series D Preferred Shares or Series D+ Preferred Shares held by such holder shall not be included in calculating the percentage of Series D Preferred Shares and Series D+ Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:

(a) the authorization, creation or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Series D Preferred Shares or the Series D+ Preferred Shares (including any additional Series D Preferred Shares or Series D+ Preferred Shares authorized, created or issued after the date hereof but excluding the Series D+ Preferred Shares issued pursuant to Section 13.15);

(b) any change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Series D Preferred Shares or the Series D+ Preferred Shares;

(c) merger or consolidation or restructuring or other business combination of any Group Company with or into any other business entity, immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving company; any transaction or a series of transactions immediately after which the existing shareholders of any Group Company hold shares representing less than a majority of the voting power of the outstanding share capital of such Group Company; any Trade Sale;

- (d) any amendment of the Restated Articles or any other constitutional documents of the Company;
- (e) dissolution, liquidation or bankruptcy of any Group Company;
- (f) any change to the Company's policy of making dividend distributions in proportion to shareholding percentages on an as-converted basis;
- (g) any material amendment to the Restructuring Documents;
- (h) any declaration or payment of dividends to the holders of Ordinary Shares;
- (i) the authorization, creation, issuance or sale of any Additional Ordinary Shares for a consideration per share less than the then existing Conversion Price of Series D+ Preferred Shares;
- (j) the authorization, creation, issuance or sale of any Ordinary Share Equivalents exercisable, convertible or exchangeable for Additional Ordinary Shares and the Effective Conversion Price of such Ordinary Share Equivalents is less than the then existing Conversion Price of Series D+ Preferred Shares;
- (k) any change to the composition of the Board; and
- (l) other matters that require class voting under the law of the Cayman Islands.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (l) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the then issued and outstanding Series D Preferred Shares and Series D+ Preferred Shares (voting together on an as-converted basis) has not yet been obtained, the holders of the Series D Preferred Shares and Series D+ Preferred Shares, in such vote, hold one hundred (100) votes per Series D Preferred Share and Series D+ Preferred Shares for the relevant Series D Preferred Shares and Series D+ Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

#### 8.6 Matters Requiring Approval by Series D+ Preferred Holders.

In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the vote or written consent of the holders of at least 66% of the then issued and outstanding Series D+ Preferred Shares, voting as a separate class; provided that (i) such vote or written consent shall not be required if such actions are for the purpose of completing an IPO and/or pre-IPO financing, and (ii) in the event that any holder of the then issued and outstanding Series D+ Preferred Shares fails to participate in the general meeting duly called to approve such action after being notified of the meeting and the agenda in writing by the Company in accordance with the Restated Articles, the number of Series D+ Preferred Shares held by such holder shall not be included in calculating the percentage of Series D+ Preferred Shares the vote or consent of whose holders is required with respect to actions on the agenda:

- (a) any change in the liquidation preference of the holders of Series D+ Preferred Shares provided under the Restated Articles; and

- (b) any change in the exit right of the holders of Series D+ Preferred Shares under Section 9.2.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (b) above requires a Special Resolution, and if the Members vote in favor of such act but the approval by holders of at least 66% of the then issued and outstanding Series D+ Preferred Shares on a fully diluted basis has not yet been obtained, the holders of the Series D+ Preferred Shares, in such vote, hold one hundred (100) votes per Series D+ Preferred Share for the relevant Series D+ Preferred Shares held thereby and all the other Members shall have one (1) vote for each share held by the respective holder.

#### 8.7 Matters Requiring Approval by the Board.

In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first being approved by a majority of votes of the Directors (as defined in the Restated Articles) and alternate Directors present at a meeting of the Board at which there is a quorum (unless the relevant statutes in the Cayman Islands and/or other jurisdiction, and/or the Stock Exchange of Hong Kong Limited require a higher percentage):

- (a) declaration or payment of any dividend or distribution in cash or species on any class of shares by any Group Company;
- (b) appointment and removal of the chief executive officer and the chief financial officer, any managing (or executive) director, general manager, chairman, financial controller or other senior management at the level equivalent of or above vice president of any Group Company, and determination of and any change to the terms of employment and compensation of the foregoing;
- (c) establishment of any new direct or indirect Subsidiary and branch of any Group Company;
- (d) adoption and administration of, and any change to the ESOP or any other employee incentive plan of the Group Companies;
- (e) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding RMB 1,000,000, except for the employment by any Group Company of such directors, officers and employees; provided, however, that any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value not more than RMB 1,000,000 other than employment by any Group Company of such directors, officers and employees, and the extension of loans to the employees in the ordinary course of business by the Group Companies, shall be reviewed and approved by the chief executive officer of the Company;



(f) the entry into any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in which the aggregate payment obligation of the Group Companies thereunder is in excess of RMB30,000,000; provided, however, that (i) the entry into any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in which the aggregate payment obligation of the Group Companies thereunder is not more than RMB30,000,000 but in excess of RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company and the chief financial officer of Kingsoft, and (ii) the entry into any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in which the aggregate payment obligation of the Group Companies thereunder is not more than RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company; provided further, that the aforesaid amounts are only applicable to the year of 2019, and such standard shall be adjusted annually at the meeting of the Board for the subsequent year;

(g) the approval and amendment to any Group Companies’ annual capital expenditure and operations budgets and strategic plan, which shall be submitted to the Board for review and approval within forty-five (45) days prior to the end of each fiscal year;

(h) any expense or capital expenditure that’s beyond the amount of deviations for any single or series of items of the budgets as may be allowed in writing by the Board in its approval of the annual or quarterly budgets, or absent of such amount of deviation, any expense or capital expenditure that’s beyond annual or quarterly budgets;

(i) the cease of or any material change to any Group Company’s business as it now conducts, or any change to the scope of business of any Group Company materially different from that described in the then current business plan, or any change to the business undertakings of the Group Companies;

(j) the sale or disposal of the whole or a substantial part of the undertaking, goodwill, material permits or assets of any Group Company;

(k) the approval and alteration of the terms of any bonus or profit sharing scheme; and the approval, administration and alteration of any employee share option or share participation schemes;

(l) incurrence of indebtedness of borrowed money or any financial facilities except pursuant to trade facilities obtained from banks or other financial institutions in the ordinary course of business;

(m) extension of any loan or provision of any security, guarantee, indemnity or undertaking to any Person other than a Group Company, except for trade credit and loans to the employees incurred in the ordinary course of business by the Group Companies;

(n) without prejudice to (j) and (o), any sale, transfer, or disposal of assets of the Group Companies beyond the ordinary course of business, or by any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in the ordinary course of business in which the aggregate consideration thereunder is in excess of RMB30,000,000; provided, however, that (i) any sale, transfer, or disposal of assets of the Group Companies by any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in the ordinary course of business in which the aggregate consideration thereunder is not more than RMB30,000,000 but in excess of RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company and the chief financial officer of Kingsoft, and (ii) any sale, transfer, or disposal of assets of the Group Companies by any single transaction or series of transactions (other than the “connected transaction” (as defined in the Listing Rules) and capital expenditure) in the ordinary course of business in which the aggregate consideration thereunder is not more than RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company; provided further, that the aforesaid amounts are only applicable to the year of 2019, and such standard shall be adjusted annually at the meeting of the Board for the subsequent year;

(o) any sale, transfer, license, charge, encumbrance or otherwise disposal of any trademarks, patents or other intellectual property owned by any Group Company, other than non-exclusive licenses granted in the ordinary course of business;

(p) purchase of any real property by the Group Companies in excess of RMB2,000,000 during any fiscal year;

(q) any mergers or acquisitions of business or entities by the Group Companies;

(r) any capital commitment or expenditure, including without limitation to that in connection with construction of property, purchase of material assets and disposal of fixed assets, by any Group Company in excess of RMB30,000,000; provided, however, that (i) any capital commitment or expenditure, including without limitation to that in connection with construction of property, purchase of material assets and disposal of fixed assets, by any Group Company not more than RMB30,000,000 but in excess of RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company and the chief financial officer of Kingsoft, and (ii) any capital commitment or expenditure, including without limitation to that in connection with construction of property, purchase of material assets and disposal of fixed assets, by any Group Company not more than RMB10,000,000 shall be reviewed and approved by the chief executive officer of the Company; provided further, that the aforesaid amounts are only applicable to the year of 2019, and such standard shall be adjusted annually at the meeting of the Board for the subsequent year;

(s) selection of the listing exchange and approval of the valuation and terms and conditions for the Series B Qualified Public Offering and/or Series C Qualified Public Offering and/or Series D Qualified Public Offering or other public offering of the shares of the Group Companies;

(t) adoption of or any amendment to the accounting and financial policies of the Group Companies or any change to the financial year of the Group Companies;

(u) appointment or removal of the underwriter and/or the auditor of any Group Company;

(v) approval of any transfer of shares in any Group Company other than any indirect transfer of shares in the Company through any share transfer in the Management Holdco Restructuring and duly approved transfer of Tranche 2 Management Shares; and

(w) disposal or dilution of any Group Company's direct or indirect interests in any other Group Company.

#### 8.8 Matters Requiring Approval by IDG Director.

(a) In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, so long as IDG Investor collectively hold Shares representing no less than 3% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the IDG Director has been designated by the IDG Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the IDG Director:

(i) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or financial institution(s) for the operation of the Group Companies;

(ii) any transaction with any shareholder, director, officer or key management of any Group Company or any other "connected person" (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions, except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 hereof; and

(iii) an IPO, the selection of the stock exchange other than the Main Board of the Stock Exchange of Hong Kong Limited, the New York Stock Exchange or the Nasdaq National Market, or setting the valuation of the Group Companies for the purpose of an IPO, in each case without satisfying the following conditions:

(A) the pre-IPO market value of the Company or the Listing Vehicle (based upon the price at which shares were offered in the IPO) is no less than US\$1,000,000,000 or its equivalent in other currency; and

(B) such offering results in gross proceeds of no less than US\$100,000,000 to the Company.

Whether such the conditions are satisfied shall be determined based on the written analysis of a Qualified Investment Bank.

(b) The approval of the IDG Director set forth in Section 8.8(a) shall not be required if (i) any of the actions set forth in Sections 8.8(a) other than those set forth in Section 8.8(a)(iii) are for the purpose of completing an IPO or (ii) the IDG Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Restated Articles together with a meeting agenda that included such action.

#### 8.9 Matters Requiring Approval by AMC Director.

(a) In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, so long as AMC Investor holds Shares representing no less than 3% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the AMC Director has been designated by the AMC Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the AMC Director:

(i) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;

(ii) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions, except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 hereof; and

(iii) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series C Qualified Public Offering.

(b) The approval of the AMC Director set forth in Section 8.9(a) shall not be required if (i) any of the actions set forth in Sections 8.9(a) are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Sections 8.9(a)(i) and 8.9(a)(ii) are for the purpose of completing an IPO, or (ii) the AMC Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Restated Articles together with a meeting agenda that included such action.

#### 8.10 Matters Requiring Approval by Minsheng Director.

(a) In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, so long as Minsheng Investor holds Shares representing no less than 4% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the Minsheng Director has been designated by the Minsheng Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the Minsheng Director:

(i) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;

(ii) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions, except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 hereof; and

(iii) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series D Qualified Public Offering.

(b) The approval of the Minsheng Director set forth in Section 8.10(a) shall not be required if (i) any of the actions set forth in Sections 8.10(a) are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Sections 8.10(a)(i) and 8.10(a)(ii) are for the purpose of completing an IPO, or (ii) the Minsheng Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Restated Articles together with a meeting agenda that included such action.

#### 8.11 Matters Requiring Approval by Metawit Director.

(a) In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, so long as Metawit Investor holds Shares representing no less than 4% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the Metawit Director has been designated by the Metawit Investor, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the Metawit Director:

(i) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;

(ii) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions, except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 hereof; and

(iii) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series D Qualified Public Offering.

(b) The approval of the Metawit Director set forth in Section 8.11(a) shall not be required if (i) any of the actions set forth in Sections 8.11(a) are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Sections 8.11(a)(i) and 8.11(a)(ii) are for the purpose of completing an IPO, or (ii) the Metawit Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Restated Articles together with a meeting agenda that included such action.

#### 8.12 Matters Requiring Approval by FutureX Director.

(a) In addition to such other limitation as may be provided in the Restated Articles and subject to applicable laws, so long as FutureX Capital holds Shares representing no less than 4% of the total number of Shares of the Company on a fully-diluted and as-converted basis and the FutureX Director has been designated by Future X Capital, no Group Company shall cause or permit any resolution at any meeting of its board or shareholders to approve, authorize or ratify, or any agreement or commitment to engage, or otherwise effect or consummate any of the following actions (either directly or by amendment, merger, consolidation, or otherwise) without first obtaining the prior approval of the FutureX Director:

(i) the sale, exclusive license or otherwise disposal of the whole or a substantial part of the assets of the Group Companies as a whole in a single or a series of transactions, or creation of any pledge or any other encumbrance over such assets, except for any creation of security interest over fixed assets or any financial leasing arrangement for the purpose of obtaining debt financing from bank(s) or other financial institution(s) for the operation of the Group Companies;

(ii) any transaction with any shareholder, director, officer or key management of any Group Company or any other “connected person” (as defined in the Listing Rules) of the Group Companies of a value exceeding US\$5,000,000, any amendment to terms of such transactions or termination of such transactions, except for transactions among the Group Companies and the cooperation with Xiaomi Group as contemplated in Section 12 hereof; and

(iii) the selection of the stock exchanges in a jurisdiction other than the U.S. (e.g., the New York Stock Exchange or the Nasdaq National Market, etc.) or Hong Kong (e.g., the Main Board of the Stock Exchange of Hong Kong Limited, etc.) or setting the valuation of the Group Companies for the purpose of an IPO that do not meet the requirements of Series D Qualified Public Offering.

(b) The approval of the FutureX Director set forth in Section 8.12(a) shall not be required if (i) any of the actions set forth in Sections 8.12(a) are for the purpose of completing a pre-IPO financing, or any of the actions set forth in Sections 8.12(a)(i) and 8.12(a)(ii) are for the purpose of completing an IPO, or (ii) the FutureX Director fails to participate in the board meeting duly called to approve such action after being duly notified in writing by the Company in accordance with the Restated Articles together with a meeting agenda that included such action.

8.13 Any transaction involving any Group Company shall be subject to the Listing Rules as applicable to Kingsoft until such Group Company ceases to be a Subsidiary of Kingsoft under the Listing Rules.

8.14 Term. Other than Section 8.13 above, the provisions of this Section 8 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO.

## 9. LIQUIDITY.

9.1 Series B Qualified Public Offering. The Company or the Listing Vehicle shall engage a Qualified Investment Bank for the purpose of analyzing whether the Company or the Listing Vehicle meets the requirements of the Series B Qualified Public Offering if the IDG Investor reasonably believes that the Company or the Listing Vehicle has met the requirements of the Series B Qualified Public Offering and makes such request, but no more than once a year. If (a) the Company or the Listing Vehicle meets the requirements of the Series B Qualified Public Offering according to the written analysis of such Qualified Investment Bank and (b) the IDG Investor requests that the Group Companies initiate the preparation for an IPO, the Group Companies shall use their best efforts to prepare and consummate a Series B Qualified Public Offering in the best interest of the Group Companies and each of the shareholders of the Company shall, and shall procure that its Affiliates and the director(s) it appointed will, do and perform, or cause to be done and performed, all such acts and things, and shall execute and deliver all such agreements, certificates, instruments or documents, as the Group Companies may reasonably request in order to prepare and consummate the Series B Qualified Public Offering, including, without limitation, promptly furnishing necessary information, signing lock-up letters as reasonably requested by the underwriters and making reasonable efforts to cooperate with the Company to apply for all approvals, consents, registrations or filings from any relevant governmental authority and listing exchange.

### 9.2 Exit Right.

#### (a) Exit Right of Holders of the Series B Preferred Shares

(i) In the event that the Company or the Listing Vehicle meets the requirements of the Series B Qualified Public Offering according to the written analysis of a Qualified Investment Bank, and such Series B Qualified Public Offering has failed to be consummated as a result of Kingsoft's voluntary refusal to approve or consent to such offering for any reason other than the reasons of the market, price, compliance requirements applicable to Kingsoft as a Hong Kong Main Board listing company (including but not limited to the failure to obtain the approval of the majority shareholders of Kingsoft (without any fault of Kingsoft) if required under the Listing Rules) or any other objective cause (due to such reasons, consummating such offering as then proposed is reasonably expected not to be in the best interest of the Company and its shareholders), the IDG Investor, in its capacity as a holder of the Series B Preferred Shares, shall have the right, but not the obligation, within fifteen (15) Business Days after the date on which Kingsoft refuses to approve or consent to such offering, to require Kingsoft to purchase all of the Series B Preferred Shares held by the IDG Investor at the Series B Fair Market Value of such Series B Preferred Shares. Kingsoft shall complete such purchase and make full payment to the IDG Investor within thirty (30) Business Days after the date on which the IDG Investor delivers a notice of exercise of its right under this Section 9.2(a) to Kingsoft.

(ii) In the event that the Company or the Listing Vehicle meets the requirements of the Series B Qualified Public Offering according to the written analysis of a Qualified Investment Bank, if the proposal of an IPO (the “**IPO Proposal**”) needs to be approved by the shareholders of Kingsoft under the Listing Rules (in which case the shareholders of Kingsoft shall have the absolute rights to approve or disapprove the IPO Proposal) after other applicable corporate approvals of the Company have been obtained, Kingsoft shall convene a shareholders’ meeting as soon as possible when such written analysis of a Qualified Investment Bank is provided to the Company, and shall convene the second and third shareholders’ meetings promptly after a shareholders meeting if the IPO Proposal is not approved at such shareholders’ meeting. Kingsoft shall use its best efforts to convene such shareholders’ meetings as soon as practicable in compliance with the applicable laws. In the event that the IPO Proposal is not approved by the shareholders of Kingsoft as required under the Listing Rules for three times, the IDG Investor shall have the right, but not the obligation, within fifteen (15) Business Days after the date on which such IPO Proposal fails to be approved by the shareholders of Kingsoft for the third time, to require the Company to procure, by coordinating with other shareholders of the Company, securing other investors or otherwise, the purchase of all of the Series B Preferred Shares held by the IDG Investor at a price per share (“**Series B Redemption Price**”) equal to the lower of (i) the Series B Fair Market Value of such Series B Preferred Share or (ii) the applicable Preferred Shares Issue Price (as defined in the Restated Articles) of such Series B Preferred Shares. The Company shall take all actions necessary in order to procure the completion of such purchase and the making of full payment to the IDG Investor, within one hundred and eighty (180) days after the date on which the IPO Proposal fails to be approved by the shareholders of Kingsoft for the third time. In the event that such share purchase has not been completed by one hundred and eighty (180) days after the date on which the IPO Proposal fails to be approved by the shareholders of Kingsoft for the third time, Kingsoft shall purchase all the Series B Preferred Shares held by the IDG Investor at the above-mentioned price within thirty (30) Business Days after the expiration of such one hundred and eighty (180) day period.

(iii) The Independent Valuer shall determine the fair market value on the basis of an arms-length transaction on the open market between a willing buyer and a willing seller; provided, further, that the determination of the Independent Valuer shall, in the absence of manifest error or fraud, be binding upon the parties and the cost thereof shall be borne by the Company.

(b) Exit Right of Holders of Series C Preferred Shares

(i) Prior to an IPO, if (x) an IPO has yet to complete (if the IPO is proposed to be undertaken in the Chinese A Share Market, then the application has yet to be submitted) within five (5) years upon the May 16, 2016; or (y) any of the holders of the Series B Preferred Shares has requested the Company to purchase the Series B Preferred Shares held by it pursuant to Section 9.2(a), then holders of the Series C Preferred Shares shall be entitled to request the Company to, in case of (x) above, purchase the Series C Preferred Shares held by them respectively within six (6) months upon the fifth (5<sup>th</sup>) anniversary of May 16, 2016, or, in case of (y) above, purchase the Series C Preferred Shares held by them respectively within six (6) months upon the date on which any of the holders of the Series B Preferred Shares has requested the Company the purchase the Series B Preferred Shares held by it pursuant to Section 9.2(a).



(ii) If the IPO is proposed to be undertaken in the Chinese A Share Market and the application for such IPO has been submitted within five (5) years upon May 16, 2016 but the approval for such IPO has not been approved by the competent PRC governmental authority, then the Company shall promptly seek other applicable stock exchange in other jurisdictions to undertake the IPO pursuant to the Board's instructions and complete the restructuring as well as the IPO as soon as possible. If such IPO has yet to be completed within twenty-four (24) months upon the date on which the approval of the IPO application in the Chinese A Share Market is confirmed as not being able to be secured, then holders of the Series C Preferred Shares shall be entitled to request the Company to purchase the Series C Preferred Shares held by them respectively within three (3) months upon the expiration of the aforementioned twenty-four (24) months period.

(iii) The purchase price per share (the "**Series C Redemption Price**") for the Company to purchase the Series C Preferred Shares upon exercising the exit right by the holders of the Series C Preferred Shares respectively pursuant to Section 9.2(b) shall be the applicable Preferred Shares Issue Price of the Series C Preferred Shares and a return at the compound rate of 8% per annum calculated from the date of the actual issuance of such Series C Preferred Shares to the date on which such holder of the Series C Preferred Shares elects to exercise its exit right pursuant to this Section 9.2(b) plus all declared but unpaid dividends on the respective Series C Preferred Shares held by the holder thereof requested to be purchased pursuant to this Section 9.2(b). The Company shall make the full payment of the purchase price in cash to the holders of the Series C Preferred Shares within twenty (20) Business Days upon exercising of the exit right by them pursuant to this Section 9.2(b). If the Company does not have sufficient funds to make full payment of the purchase price within twenty (20) Business Days upon exercising of the exit right by them pursuant to this Section 9.2(b), then (A) the holders of the Series C Preferred Shares shall have the right to sell the Series C Preferred Shares requested by such holders to be purchased by the Company but the corresponding consideration has yet to be paid-up pursuant to this Section 9.2(b) respectively to any third party buyer other than the Competitor or any Person in competition with Kingsoft and its Subsidiaries (other than the Group Companies) without being subject to Section 4.2 and 4.3 hereof; provided that such third party buyer shall agree in writing to be bound by the Transaction Documents and replace such holders as a party to such Transaction Documents with respect to the Series C Preferred Shares purchased by such third party buyer, and (B) the unpaid portion of the purchase price plus the corresponding late payment interests (at an annual single interest rate of 8%) shall be fully paid up within eighteen (18) months upon exercising of the exit right by the holders of the Series C Preferred Shares pursuant to Section 9.2(b). However, if the purchase price plus the corresponding late payment interests have yet to be fully paid up upon the expiration of the aforementioned eighteen (18)-month period, the holders of the Series C Preferred Shares shall have the right to request the Company to immediately enter into a liquidation process and make distributions subject to Section 2 of Schedule A under the Restated Articles.

(c) Exit Right of Holders of Series D Preferred Shares

(i) If (x) Series D Qualified Public Offering has not completed on or prior to the fifth (5th) anniversary of May 16, 2016; or (y) any of the holders of the Series B Preferred Shares has requested the Company to purchase the Series B Preferred Shares held by it pursuant to Section 9.2(a); or (z) any of the holders of the Series C Preferred Shares has requested the Company to purchase the Series C Preferred Shares held by it pursuant to Section 9.2(b), then each holder of the Series D Preferred Shares shall be entitled to request the Company to, in case of (x) above, purchase the Series D Preferred Shares held by it within six (6) months after the fifth (5<sup>th</sup>) anniversary of May 16, 2016, or, in case of (y) above, purchase the Series D Preferred Shares held by it within six (6) months after the date any of the holders of the Series B Preferred Shares has requested the Company to purchase the Series B Preferred Shares held by it pursuant to Section 9.2(a), or in case of (z) above, purchase the Series D Preferred Shares held by it within six (6) months after the date any of the holders of the Series C Preferred Shares has requested the Company to purchase the Series C Preferred Shares held by it pursuant to Section 9.2(b).

(ii) The purchase price per share (the “**Series D Redemption Price**”) for the Company to purchase the Series D Preferred Shares upon exercising the exit right by any holder of the Series D Preferred Shares pursuant to Section 9.2(c) shall be the applicable Preferred Shares Issue Price of the Series D Preferred Shares and a return at the compound rate of 8% per annum calculated from the date of the actual issuance of such Series D Preferred Shares (with respect to the Series D Preferred Shares acquired by the holder thereof by exercise of the Minsheng Warrant, from the effective date of the Minsheng Warrant) to the date on which such holder of the Series D Preferred Shares elects to exercise its exit right pursuant to this Section 9.2(c) plus all declared but unpaid dividends on the respective Series D Preferred Shares held by the holder thereof requested to be purchased pursuant to this Section 9.2(c). The Company shall make the full payment of the purchase price in cash to each holder of the Series D Preferred Shares within twenty (20) Business Days after the exercise of the exit right by such holder pursuant to this Section 9.2(c).

(iii) If the Company’s assets or funds which are legally available on the date any redemption payment under this Section 9.2(c) is due are insufficient to pay in full all redemption payments to be paid within the period ascribed herein, the redemption right of Series D Preferred Shares shall be senior and in preference to, and shall be satisfied before the redemption right of the Series C Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares, the Ordinary Shares and any other securities of the Company (other than the Series D+ Preferred Shares).

(iv) If the Company does not have sufficient funds to make full payment of the Series D Redemption Price within twenty (20) Business Days upon exercising of the exit right by them pursuant to this Section 9.2(c), then (A) the holders of the Series D Preferred Shares shall have the right to sell the Series D Preferred Shares requested by such holders to be purchased by the Company but the corresponding consideration has yet to be paid-up pursuant to this Section 9.2(c) respectively to any third party buyer other than the Competitor or any Person in competition with Kingsoft and its Subsidiaries (other than the Group Companies) without being subject to Section 4.2 and 4.3 hereof; provided that such third party buyer shall agree in writing to be bound by the Transaction Documents and replace such holders as a party to such Transaction Documents with respect to the Series D Preferred Shares purchased by such third party buyer, and (B) the unpaid portion of the purchase price plus the corresponding late payment interests (at an annual single interest rate of 8%) shall be fully paid up within eighteen (18) months after the exercise of the exit right by the holders of the Series D Preferred Shares pursuant to Section 9.2(c). However, if the purchase price plus the corresponding late payment interests have yet to be fully paid up upon the expiration of the aforementioned eighteen (18)-month period, the holders of the Series D Preferred Shares shall have the right to request the Company to immediately enter into a liquidation process and make distributions subject to Section 2 of Schedule A under the Restated Articles.

(d) Exit Right of Holders of Series D+ Preferred Shares

(i) If (w) Series D Qualified Public Offering has not completed on or prior to the fifth (5<sup>th</sup>) anniversary of May 16, 2016; or (x) any of the holders of the Series B Preferred Shares has requested the Company to purchase the Series B Preferred Shares held by it pursuant to Section 9.2(a); or (y) any of the holders of the Series C Preferred Shares has requested the Company to purchase the Series C Preferred Shares held by it pursuant to Section 9.2(b); or (z) any of the holders of the Series D Preferred Shares has requested the Company to purchase the Series D Preferred Shares held by it pursuant to Section 9.2(c), then each holder of the Series D+ Preferred Shares shall be entitled to request the Company to, in case of (w) above, purchase the Series D+ Preferred Shares held by it within six (6) months after the fifth (5<sup>th</sup>) anniversary of May 16, 2016, or, in case of (x) above, purchase the Series D+ Preferred Shares held by it within six (6) months after the date any of the holders of the Series B Preferred Shares has requested the Company to purchase the Series B Preferred Shares held by it pursuant to Section 9.2(a), or in case of (y) above, purchase the Series D+ Preferred Shares held by it within six (6) months after the date any of the holders of the Series C Preferred Shares has requested the Company to purchase the Series C Preferred Shares held by it pursuant to Section 9.2(b), or in case of (z) above, purchase the Series D+ Preferred Shares held by it within six (6) months after the date any of the holders of the Series D Preferred Shares has requested the Company to purchase the Series D Preferred Shares held by it pursuant to Section 9.2(c).

(ii) The purchase price per share (the “**Series D+ Redemption Price**”) for the Company to purchase the Series D+ Preferred Shares upon exercising the exit right by any holder of the Series D+ Preferred Shares pursuant to Section 9.2(d) shall be the applicable Preferred Shares Issue Price of the Series D+ Preferred Shares and a return at the compound rate of 8% per annum 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 pursuant to this Section 9.2(d) plus all declared but unpaid dividends on the respective Series D+ Preferred Shares held by the holder thereof requested to be purchased pursuant to this Section 9.2(d). The Company shall make the full payment of the purchase price in cash to each holder of the Series D+ Preferred Shares within twenty (20) Business Days after the exercise of the exit right by such holder pursuant to this Section 9.2(d).

(iii) If the Company’s assets or funds which are legally available on the date any redemption payment under this Section 9.2(d) is due are insufficient to pay in full all redemption payments to be paid within the period ascribed herein, the redemption right of Series D+ Preferred Shares shall be senior and in preference to, and shall be satisfied before the redemption right of the Series D Preferred Shares, the Series C Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares, the Ordinary Shares and any other securities of the Company.

(iv) If the Company does not have sufficient funds to make full payment of the Series D+ Redemption Price within twenty (20) Business Days upon exercising of the exit right by them pursuant to this Section 9.2(d), then (A) the holders of the Series D+ Preferred Shares shall have the right to sell the Series D+ Preferred Shares requested by such holders to be purchased by the Company but the corresponding consideration has yet to be paid-up pursuant to this Section 9.2(c) respectively to any third party buyer other than the Competitor or any Person in competition with Kingsoft and its Subsidiaries (other than the Group Companies) without being subject to Sections 4.2 and 4.3 hereof; provided that such third party buyer shall agree in writing to be bound by the Transaction Documents and replace such holders as a party to such Transaction Documents with respect to the Series D+ Preferred Shares purchased by such third party buyer, and (B) the unpaid portion of the purchase price plus the corresponding late payment interests (at an annual single interest rate of 8%) shall be fully paid up within eighteen (18) months after the exercise of the exit right by the holders of the Series D+ Preferred Shares pursuant to Section 9.2(d). However, if the purchase price plus the corresponding late payment interests have yet to be fully paid up upon the expiration of the aforementioned eighteen (18)-month period, the holders of the Series D+ Preferred Shares shall have the right to request the Company to immediately enter into a liquidation process and make distributions subject to Section 2 of Schedule A under the Restated Articles.

(e) The parties hereby agree that if the Board, acting in good faith, reasonably believes that undertaking an IPO of the Company in the main board of the Chinese A Share Market will be to the best interests of the Company, then the Company shall as soon as practicable undertake the relevant restructuring pursuant to the Board decisions.

(f) The Company hereby agrees to use its commercially best efforts to (i) perform its obligations under this Section 9.2, and (ii) ensure that each holder of a particular series or class of Shares will be treated fairly and equitably with the other holder(s) of such series or class of Shares for purposes of this Section 9.2.

9.3 Term. The provisions of this Section 9 shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO.

10. [Intentionally Left Blank]

11. ESOP.

11.1 The parties acknowledge that the Company has (i) established the ESOP with the approval of the Board in accordance with the Prior Shareholders Agreement, (ii) reserved for issuance or issued as restricted shares or share options an aggregate of 425,126,304 Ordinary Shares under the ESOP, of which (a) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme (including 28,674,875 Ordinary Shares held by the Trustee and 33,605,125 Ordinary Shares held by the Officer Holdco pursuant to the ESOP), (b) 211,776,304 Ordinary Shares have been issued to the Trustee as restricted shares pursuant to the Share Award Scheme, and (c) 3,600,000 Ordinary Shares have been issued to the Management Holdco and indirectly held by Mr. Wang Yulin (王允林) as restricted shares pursuant to the Share Award Scheme. Subject to the terms and conditions of the Share Option Scheme approved by the Board, the price at which a grantee may subscribe for shares on exercise of any share option issued under the Share Option Scheme shall be determined based on the valuation of the Company at the time of the grant of such share option.

11.2 The parties acknowledge that the Officer Holdco and the Management Holdco collectively hold 33,605,125 Ordinary Shares awarded to the Officer under the Share Award Scheme or acquired by the Officer through exercise of the option granted to him under the Share Option Scheme (collectively, the “**Officer ESOP Shares**”). Notwithstanding anything to the contrary contained herein, the transfer restrictions specifically imposed on the Officer Holdco or the Management Holdco under Section 4.5 shall not apply to the transfer or other disposal of the Officer ESOP Shares for so long as the transfer or other disposal of such Officer ESOP Shares is subject to the Share Award Scheme or the Share Option Scheme.

12. ADDITIONAL COVENANTS.

12.1 The Group Companies hereby agree and promise to provide cloud storage and cloud computing services to Xiaomi and its Subsidiaries (the “**Xiaomi Group**”), and shall use their best commercial efforts to maintain the stability and sustainability of such services, with the reasonable price determined:

- (a) based on the fair market price determination methods in the cloud storage and cloud computing industry;
- (b) based on the total cost of the Group Companies incurred in provision of such services plus reasonable profits; and/or
- (c) with reference to the prices and/or reasonable profits of independent third parties.

12.2 Subject to the Group Companies’ due provision of cloud storage and cloud computing service to Xiaomi Group with reasonable prices determined pursuant to Section 12.1 above, Xiaomi shall procure and ensure that seventy percent (70%) of the cloud storage and cloud computing services used by Xiaomi Group in their MIUI image storage business are purchased from the Group Companies.

13. GENERAL PROVISIONS.

13.1 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit B hereto, upon receipt of confirmation of error-free transmission; (c) when sent by email, on the date of successful transmission at the email address set forth in Exhibit B hereto, provided that the sending party’s system indicated successful transmission or the sending party has not received a system message within 24 hours indicating failure of delivery or return of email; (d) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit B; or (e) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit B with next Business Day delivery guaranteed; provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 13.1 by giving the other party written notice of the new address in the manner set forth above.

13.2 Entire Agreement. This Agreement, together with all the exhibits hereto and other Transaction Documents, constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties respecting the subject matter hereof. This Agreement supersedes and replaces the Prior Shareholders Agreement in its entirety.

13.3 Right of Shareholders. For the avoidance of doubt, (i) Kingsoft shall be deemed as a holder of Ordinary Shares only with respect to the Ordinary Shares held by it, and shall be deemed as a holder of Series A Preferred Shares or Series A Preferred Holder only with respect to the Series A Preferred Shares held by it, and shall be deemed as a holder of Series B Preferred Shares or Series B Preferred Holder only with respect to the Series B Preferred Shares held by it, and shall be deemed as a holder of Series C Preferred Shares or Series C Preferred Holder only with respect to the Series C Preferred Shares held by it, and shall be deemed as a holder of Series D Preferred Shares or Series D Preferred Holder only with respect to the Series D Preferred Shares held by it; (ii) Xiaomi shall be deemed as a holder of Ordinary Shares only with respect to the Ordinary Shares held by it, and shall be deemed as a holder of Series A Preferred Shares or Series A Preferred Holder only with respect to the Series A Preferred Shares held by it; (iii) the IDG Investor shall be deemed as a holder of Series B Preferred Shares or Series B Preferred Holder only with respect to the Series B Preferred Shares held by it, and shall be deemed as a holder of Series C Preferred Shares or Series C Preferred Holder only with respect to the Series C Preferred Shares held by it; and (iv) FutureX Capital shall be deemed as a holder of Series C Preferred Shares or Series C Preferred Holder only with respect to the Series C Preferred Shares held by it, and shall be deemed as a holder of Series D Preferred Shares or Series D Preferred Holder only with respect to the Series D Preferred Shares held by it; provided that each of Kingsoft, Xiaomi and the IDG Investor shall not be deemed as a Right Holder or Tag-Along Right Holder under Sections 4.1, 4.2 and 4.3, as applicable, if it is a Selling Shareholder or Selling Preferred Shareholder under Sections 4.1 and 4.2, as applicable. For the purpose of an IPO, any or all of the preferred or special rights hereunder of the Preferred Holders shall terminate upon the earlier of the completion of an IPO or the date required by the applicable securities laws and the listing rules in the jurisdiction where the Company conducts an IPO (the "**Termination Date**"); provided that, in the event that the IPO does not complete within twelve (12) months after the Termination Date, each of the Group Companies shall take all such actions as necessary or desirable to restore all the rights and privileges of the Preferred Holders contained herein, including without limitation (i) causing the Company to amend the Restated Articles, (ii) causing the Company to issue to the Preferred Holders applicable class and number of shares of the Company, and (iii) entering into agreements containing substantially the same terms and conditions hereof.

13.4 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

13.5 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

13.6 Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any Person, other than the parties hereto and their permitted successors and assigns any rights or remedies under or by reason of this Agreement.

13.7 Successors and Assigns. Except otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties.

13.8 Interpretation; Captions. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The captions to sections of this Agreement have been inserted for identification and reference purposes only and shall not be used to construe or interpret this Agreement.

13.9 Counterparts. This Agreement may be executed in eighteen counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

13.10 Adjustments for Share Splits, etc. Wherever in this Agreement there is a reference to a specific number of Shares, then, upon the occurrence of any subdivision, combination or share dividend of the Ordinary Shares, the specific number of Shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the issued and outstanding Shares of such class or series of Shares by such subdivision, combination or share dividend (calculated on an as-converted basis).

13.11 Aggregation of Shares. All Ordinary Shares held or acquired by affiliated entities or Persons shall be aggregated together for the purpose of determining the availability of any rights under the Transaction Documents or any applicable laws; provided that the Ordinary Shares held or acquired by Xiaomi and those held or acquired by Kingsoft, Mr. ZHANG Hongjiang, the Officer Holdco and the Management Holdco shall not be aggregated together for the purpose of determining the availability of any rights under the Transaction Documents or any applicable laws. All Shares held or acquired by FutureX Capital 1, FutureX Capital 2, FutureX Capital 3 and FutureX Capital 4 shall be aggregated together for the purpose of determining the availability of any rights to FutureX Capital under the Transaction Documents or under any applicable laws.

13.12 Shareholders Agreement to Control. If and to the extent that there are inconsistencies between the provisions of this Agreement and those of the Restated Articles and any other Transaction Document, the terms of this Agreement shall control among the parties to this Agreement (other than the Company). The parties (other than the Company) hereto agree to take all actions necessary or advisable, as promptly as practicable after the discovery of such inconsistency, to amend the Restated Articles to the fullest extent permissible by law so as to eliminate such inconsistency.

13.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the “**UNCITRAL Rules**”) in effect, which rules are deemed to be incorporated by reference into this Section 13.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that the IDG Investor and/or the AMC Investor is acting as one of the Claimants or Respondents, the arbitrator selected by such Claimants or Respondents shall be subject to the prior approval of the IDG Investor and/or the AMC Investor. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

13.14 **FutureX Proxy.** FutureX Capital 1, FutureX Capital 2, FutureX Capital 3 and FutureX Capital 4 hereby agree and jointly and severally undertake and covenant to the other parties that:

(a) by signing this Agreement, each of FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4 hereby irrevocably and unconditionally designates and appoints FutureX Capital 2 its true and lawful attorney, in its name, execute, sign and file any agreements, instruments, documents or certificates and do all acts and things that FutureX Capital 2 may consider, in its sole discretion, to be necessary or desirable for purposes of carrying out the intent of, and giving full effect to, the provisions and purposes of the Transaction Documents, including without limitation the exercise of any right and the performance of any obligation of FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4 under the Transaction Documents and any applicable laws, and the sale, transfer or otherwise disposal of any and all Shares held by FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4;

(b) by signing this Agreement, each of FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4 hereby irrevocably and unconditionally appoints and constitutes FutureX Capital 1 or any person nominated by FutureX Capital 2, as its proxy, to vote all Shares then held by FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4 on behalf of FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4 at any shareholder meeting of the Company (and at any adjournment thereof) held at any time and in any manner or direction as FutureX Capital 2 may deem fit in its sole discretion;

(c) the power of attorney and proxy constituted and granted pursuant to this Section 13.14 are coupled with an interest, shall extend to the successors and assigns of FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4, and shall not be revoked without the prior written consent of the Company; and

(d) the parties hereto other than FutureX Capital shall be entitled to rely, without further enquiry or investigation, on all documents supplied or acts done by FutureX Capital 2 pursuant to the power of attorney and proxy constituted and granted above which shall be conclusively binding on FutureX Capital 1, FutureX Capital 3 and FutureX Capital 4.

— **REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK** —



**GROUP COMPANIES**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ Ng Yuk Keung

Name: Ng Yuk Keung

Title: Director

**KINGSOFT CLOUD INC.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD. (北京金山云科技股份有限公司)**

**/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**BEIJING YUNXIANGZHISHENG TECHNOLOGY CO., LTD (北京云翔智胜科技股份有限公司)**

**/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**JINSHANYUN (BEIJING) INFORMATION  
TECHNOLOGY CO., LTD.** (□□□(□□)□□□□□□□□)

**/s/ Seal of Kingsoft Cloud (Beijing) Information  
Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**BEIJING JINSHANYUN INTERNET TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**BEIJING JINXUN RUIBO INTERNET  
TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

**/s/ Seal of Beijing Jinxun Ruibo Network Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY  
CO., LTD. (XXXXXXXXXXXX)**

**/s/ Seal of Shanghai Ruidian Network Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (XXXXXXXXXXXX)**

**/s/ Seal of Nanjing Qianyi Shixun Information  
Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**SUZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (XXXXXXXXXXXX)**

**/s/ Seal of Suzhou Yunxiang Zhisheng Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**HAINAN CHENGMAI YUNXIANG ZHISHENG  
INTERNET TECHNOLOGY CO., LTD. (XXXXXXXXXXXX  
XXXX)**

**/s/ Seal of Hainan Chengmai Yunxiang Zhisheng Network  
Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**MAJORITY SHAREHOLDERS:**

**KINGSOFT CORPORATION LIMITED**

By: /s/ Ng Yuk Keung

Name: Ng Yuk Keung

Title: Director

**ZHANG HONGJIANG (张洪江)**

By: /s/ Hongjiang Zhang

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

**WANG Yulin (王允林)**

By: /s/ WANG Yulin

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**TMF Trust (HK) Limited**

By: /s/ Yeu Chi Fai / Liu Kin Wai

Name: Yeu Chi Fai / Liu Kin Wai

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**MANAGEMENT HOLDCO:**

**RIVER JADE HOLDINGS LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin (王允林)

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**XIAOMI CORPORATION**

By: /s/ Chew Shou Zi

Name: Chew Shou Zi

Title: CFO

**KINGSOFT CLOUD HOLDINGS LIMITED**

SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**IDG INVESTOR:**

**CELESTIAL POWER LIMITED**

By: /s/ Chi Sing Ho

Name: Chi Sing Ho

Title: Authorised Signatory

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**AMC INVESTOR:**

**CHINAAMC SPECIAL INVESTMENT LIMITED**

By: /s/ Xiaoling Zhang

Name: Xiaoling Zhang

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**CM INVESTOR:**

**BUDDIES TEAM LIMITED**

By: /s/ Vivien Wong

Name: Vivien Wong

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**METAWIT INVESTOR:**

**METAWIT Capital L.P.**

(□□□□□□□□)

By: /s/ Tseng, Kuo-Lung

Name: Tseng, Kuo-Lung

Title: Authorized Signatory of METAWIT Management Ltd  
acting as General Partner for and on behalf of METAWIT  
Capital L.P.

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**MINSHENG INVESTOR:**

**NEW CLOUD LTD.**

By: /s/ Dingzhe Liu

Name: Dingzhe Liu

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**SHUNWEI INVESTOR:**

**Shunwei Growth III Limited**

By: /s/ Tuck Lye KOH

Name: Tuck Lye KOH

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**FOREBRIGHT INVESTOR:**

**PRECIOUS STEED LIMITED**

By: /s/ Ip Kun Wan

Name: Ip Kun Wan

Title: Authorised Signature

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**FUTUREX CAPITAL:**

**FUTUREX INNOVATION SPC - Special Opportunity Fund VI SP**

By: /s/ Zhang Qian

Name: Zhang Qian

Title: Director

**FutureX AI Opportunity Fund LP** (acting through FutureX Innovation Limited as its general partner)

By: /s/ Zhang Qian

Name: Zhang Qian

Title: Director

**FutureX Innovation SPC** (acting for and on behalf of **New Technology Fund I SP** as one of its segregated portfolios)

By: /s/ Zhang Qian

Name: Zhang Qian

Title: Director

**Howater Innovation I Limited Partnership**

By: /s/ Zhang Qian

Name: Zhang Qian

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**CIIF INVESTOR:**

**China Internet Investment Fund. (□□□□□□□□(□□□□))**

Seal: /s/ Seal of China Internet Investment Fund.

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**CCBI Investor:**

**DESIGN TIME LIMITED**

By: /s/ Li Ngai

Name: Li Ngai

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
SIGNATURE PAGE TO NINITH AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

---

**LIST OF SCHEDULE AND EXHIBITS**

|            |                            |
|------------|----------------------------|
| Schedule A | List of Major Subsidiaries |
| Exhibit A  | List of Management         |
| Exhibit B  | Notices                    |
| Exhibit C  | Schedule of Competitors    |

**SCHEDULE A**

**LIST OF MAJOR SUBSIDIARIES**

1. Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of Hong Kong;
2. Kingsoft Cloud INC. (the “**US Company**”), a limited liability company organized under the laws of the State of Washington, United States;
3. Beijing Jinshanyun Technology Co., Ltd. (北京金山云科技股份有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
4. Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜科技股份有限公司) (the “**PRC Subsidiary 2**”, the PRC Subsidiary 1 and the PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
5. Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云科技股份有限公司) (the “**Domestic Enterprise 1**”), a limited liability company established under the laws of the PRC;
6. Jinshanyun (Beijing) Information Technology Co., Ltd. (金山云(北京)信息技术有限公司) (the “**Domestic Enterprise 2**”, the Domestic Enterprise 1 and the Domestic Enterprise 2 are collectively referred to as the “**Domestic Enterprises**”), a limited liability company established under the laws of the PRC;
7. Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网科技股份有限公司) (“**ICP Co 1**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of Domestic Enterprise 1;
8. Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯瑞博互联网科技股份有限公司) (the “**ICP Co 2**”, the ICP Co 1 and the ICP Co 2 are collectively referred to as the “**ICP Cos**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of Domestic Enterprise 2;
9. Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司), a joint venture company established under the laws of the PRC;
10. Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息技术有限公司), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co1;
11. Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网科技股份有限公司), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co 1; and

- 
12. Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智生互联网技术股份有限公司), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co 1.

---

**EXHIBIT A**

**LIST OF MANAGEMENT**

---

**EXHIBIT B**

**NOTICES**

---

**EXHIBIT C**

**SCHEDULE OF COMPETITORS**

---

---

**REGISTRATION RIGHTS AGREEMENT**

**among**

**KINGSOFT CLOUD HOLDINGS LIMITED**

**CHINAAMC SPECIAL INVESTMENT LIMITED**

**CELESTIAL POWER LIMITED**

**METAWIT CAPITAL L.P. (□□□□□□□□)**

**NEW CLOUD LTD.**

**PRECIOUS STEED LIMITED**

**SHUNWEI GROWTH III LIMITED**

**FUTUREX INNOVATION SPC – Special Opportunity Fund VI SP**

**FUTUREX AI OPPORTUNITY FUND LP**  
**(acting through FutureX Innovation Limited as its general partner)**

**FUTUREX INNOVATION SPC**  
**(acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios)**

**HOWATER INNOVATION I LIMITED PARTNERSHIP**

**FUTUREX INNOVATION SPC**  
**(for the account of and on behalf of Special Opportunity Fund V SP)**

**CHINA INTERNET INVESTMENT FUND. (□□□□□□□□□□□□□□)**

**DESIGN TIME LIMITED**

**XIAOMI CORPORATION**

**and**

**KINGSOFT CORPORATION LIMITED**

\_\_\_\_\_  
**Dated April 7, 2020**  
\_\_\_\_\_

---

---



TABLE OF CONTENTS

|            | <u>Page</u>   |    |
|------------|---|----|
| SECTION 1  | INTERPRETATION  | 3  |
| SECTION 2  | GENERAL; SECURITIES SUBJECT TO THIS AGREEMENT                       | 9  |
| SECTION 3  | DEMAND REGISTRATION   | 9  |
| SECTION 4  | INCIDENTAL OR "PIGGY-BACK" REGISTRATION                             | 10 |
| SECTION 5  | FORM F-3 REGISTRATION   | 11 |
| SECTION 6  | PROVISIONS APPLICABLE TO DEMAND REGISTRATIONS AND F-3 REGISTRATIONS | 12 |
| SECTION 7  | HOLDBACK AGREEMENTS   | 13 |
| SECTION 8  | REGISTRATION PROCEDURES   | 14 |
| SECTION 9  | INDEMNIFICATION; CONTRIBUTION                                       | 18 |
| SECTION 10 | RULE 144  | 22 |
| SECTION 11 | NON-U.S. LISTINGS   | 22 |
| SECTION 12 | MISCELLANEOUS   | 22 |

## REGISTRATION RIGHTS AGREEMENT

(this "Agreement") made on April 7, 2020

### AMONG:

- (1) Kingsoft Cloud Holdings Limited, a limited liability company organized under the laws of the Cayman Islands (the "Company");
- (2) Celestial Power Limited, company limited by shares incorporated under the laws of the British Virgin Islands (the "IDG Investor");
- (3) ChinaAMC Special Investment Limited, a company incorporated under the laws of the British Virgin Islands (the "AMC Investor");
- (4) METAWIT CAPITAL L.P. (□□□□□□□□), an exempted limited partnership registered under the laws of the Cayman Islands (the "Metawit Investor");
- (5) New Cloud Ltd., a business company incorporated and existing under the laws of the British Virgin Islands (the "Minsheng Investor");
- (6) Shunwei Growth III Limited, a company incorporated and existing under the laws of the British Virgin Islands (the "Shunwei Investor");
- (7) Precious Steed Limited, a company incorporated and existing under the laws of the British Virgin Islands (the "Forebright Investor");
- (8) FUTUREX INNOVATION SPC - Special Opportunity Fund VI SP, a company incorporated and existing under the laws of the Cayman Islands ("FutureX Capital 1");
- (9) FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner), an exempted limited partnership registered and existing under the laws of the Cayman Islands ("FutureX Capital 2");
- (10) FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), an exempted segregated portfolio company incorporated and existing under the laws of the Cayman Islands ("FutureX Capital 3");
- (11) Howater Innovation I Limited Partnership, a limited partnership organized and existing under the laws of the Cayman Islands ("FutureX Capital 4");
- (12) FUTUREX INNOVATION SPC (for the account of and on behalf of Special Opportunity Fund V SP), a company incorporated and existing under the laws of the Cayman Islands ("FutureX Capital 5"; together with FutureX Capital 1, FutureX Capital 2, FutureX Capital 3 and FutureX Capital 4, "FutureX Capital");

- (13) China Internet Investment Fund. (中国网信基金), a limited partnership duly organized and validly existing under the laws of the PRC (the “CIIF Investor”);
- (14) DESIGN TIME LIMITED, a company incorporated and existing under the laws of the British Virgin Islands (the “CCBI Investor”);
- (15) Xiaomi Corporation, a company incorporated and existing under the laws of the Cayman Islands (“Xiaomi”);and
- (16) Kingsoft Corporation Limited, a limited liability company organized under the laws of the Cayman Islands (“Kingsoft”);
- (collectively, the “Parties” and each a “Party”).

**WHEREAS:**

- (A) Kingsoft and Xiaomi hold certain number of Ordinary Shares prior to the date hereof.
- (B) Kingsoft and Xiaomi hold certain number of Series A Preferred Shares prior to the date hereof.
- (C) Kingsoft and the IDG Investor hold certain number of Series B Preferred Shares prior to the date hereof.
- (D) Kingsoft, the IDG Investor, the AMC Investor, FutureX Capital 1 and FutureX Capital 5 hold certain number of Series C Preferred Shares prior to the date hereof.
- (E) Kingsoft, the Metawit Investor, the Minsheng Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital 2, FutureX Capital 3 and FutureX Capital 4 hold certain number of Series D Preferred Shares on or prior to the date hereof.
- (F) The CIIF Investor and the CCBI Investor hold certain number of Series D+ Preferred Shares on or prior to the date hereof.
- (G) The Series A Preferred Shares, the Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares are convertible into Ordinary Shares in accordance with the terms of the Company’s seventeenth amended and restated memorandum of association and articles of association (the “Restated Articles”).
- (H) In order to permit the Investors and their respective transferees to freely sell the Ordinary Shares and the Ordinary Shares into which Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares are convertible, it may be necessary for such sale to be “registered” by the Company pursuant to United States federal and state securities laws.

- (I) The parties hereto have agreed that the Investors will be granted certain registration rights as provided in this Agreement.
- (J) BUDDIES TEAM LIMITED and the Parties other than FutureX Capital 5 and Xiaomi are parties to that certain Registration Rights Agreement dated December 27, 2019 (the "Prior Registration Agreement"), which shall be replaced and superseded in its entirety by this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

## SECTION 1 INTERPRETATION

1.1 **Definitions.** In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

"**Affiliate**" of a Person (the "**Subject Person**") means (i) in the case of a Person other than a natural person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with the Subject Person and (ii) in the case of a natural person, any other Person that is directly or indirectly Controlled by the Subject Person or is a Relative of the Subject Person.

"**Board**" means the board of directors of the Company.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in New York, the Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

"**Closing Price**" means, with respect to the Registrable Securities, as of the date of determination,

- (a) if the Registrable Securities are listed on a national securities exchange, the closing price per share of a Registrable Security on such date published in The Wall Street Journal (National Edition) or, if no such closing price on such date is published in The Wall Street Journal (National Edition), the average of the closing bid and asked prices on such date, as officially reported on the principal national securities exchange on which the Registrable Securities are then listed or admitted to trading; or
- (b) if the Registrable Securities are not then listed or admitted to trading on any national securities exchange but are designated as national market system securities pursuant to Section 11A(a)(2) of the Exchange Act and the rules thereunder, the last trading price per share of a Registrable Security on such date; or

- (c) if there shall have been no trading on such date or if the Registrable Securities are not designated as national market system securities pursuant to Section 11A(a)(2) of the Exchange Act and the rules thereunder, the average of the reported closing bid and asked prices of the Registrable Securities on such date as shown by The Nasdaq Stock Market, Inc. (or its successor) and reported by any member firm of The New York Stock Exchange, Inc. selected by the Company; or
- (d) if none of (a), (b) or (c) is applicable, a market price per share determined in good faith by the Board or, if such determination is not satisfactory to the Holder for whom such determination is being made, by an internationally recognized investment banking firm jointly selected by the Company and such Holder, the expenses for which shall be borne by the Company.

If trading is conducted on a continuous basis on any exchange, then the closing price shall be at 4:00 P.M. New York City time.

“Commission” means the Securities and Exchange Commission of the United States or any similar agency then having jurisdiction to enforce the Securities Act.

“Control” of a Person means (i) ownership of more than 50% of the shares in issue or other equity interests or registered capital of such Person or (ii) the power to direct the management or policies of a Person, whether through the ownership or voting proxy of the voting power of such Person, through the power to appoint a majority of the members of the board of directors or similar governing body of such Person, through contractual arrangements or otherwise.

“Conversion Shares” means the Ordinary Shares issued upon conversion of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares, as the case may be.

“Exchange Act” means the Securities Exchange Act of 1934 of the United States, as amended, and the rules and regulations of the Commission thereunder.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Form F-3” means Form S-3 or Form F-3 under the Securities Act or any successor form thereto.

“Form F-4” means Form S-4 or Form F-4 under the Securities Act or any successor form thereto.

“Governmental Authority” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“Holder” means a holder of Registrable Securities.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Initial Public Offering” or “IPO” means the initial public offering of Ordinary Shares pursuant to an effective Registration Statement.

“Investor” means (i) the IDG Investor, (ii) the AMC Investor, (iii) Kingsoft, (iv)Xiaomi, (v) the Metawit Investor, (vi) the Minsheng Investor, (vii) the Shunwei Investor, (viii) the Forebright Investor, (ix) FutureX Capital, (x) the CIIF Investor, (xi) the CCBI Investor and (xii) any other Person who acquires Registrable Securities from the IDG Investor, the AMC Investor, Kingsoft, Xiaomi, the Minsheng Investor, the Metawit Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor or the CCBI Investor, in each case for so long as such Person remains a holder of Registrable Securities, and in the case of any Investor that is a natural person shall be deemed to include the estate of such Investor and the executor, conservator, committee or other similar legal representative of such Investor or such Investor’s estate following the death or incapacitation of such Investor.

“Investor Affiliate” means any Affiliate of any Investor.

“IPO Effectiveness Date” means the date upon which the Company completes an Initial Public Offering.

“Market Price” means, on any date of determination, the weighted average of the daily Closing Price of the Registrable Securities for the immediately preceding thirty (30) days on which the national securities exchanges are open for trading.

“Ordinary Shares” means the ordinary shares, par value US\$0.001 per share, of the Company.

“Party” shall mean each of the Company, the AMC Investor, the IDG Investor, Kingsoft, Xiaomi, the Minsheng Investor, the Metawit Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital, the CIIF Investor, the CCBI Investor and any Person that subsequently becomes a party to this Agreement pursuant to the terms hereof.

“Person” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“Registrable Securities” means (a) the Ordinary Shares held by the Investors, (b) the Conversion Shares, and (c) any Ordinary Shares issued or issuable with respect to the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series D+ Preferred Shares or the Conversion Shares by way of share dividend or share split or in connection with any combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise; excluding in all cases, however, (i) any Registrable Securities sold by an Investor in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Section 12.7, (ii) any securities for which registration rights have terminated pursuant to Section 12.1 of this Agreement and (iii) any securities when a Registration Statement covering such securities has been declared effective under the Securities Act by the Commission and such securities have been disposed of pursuant to such effective Registration Statement.

“Registration Statement” means a Registration Statement filed pursuant to the Securities Act.

“Relative” of a natural Person means the spouse of such Person and any parent, grandparent, sibling or child of such Person.

“Securities Act” means the Securities Act of 1933 of the United States, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Securities Holders” means holders of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares.

“Series A Preferred Shares” means the series A convertible preferred shares, par value US\$0.001 per share, of the Company.

“Series B Preferred Shares” means the series B convertible preferred shares, par value US\$0.001 per share, of the Company.

“Series C Preferred Shares” means the series C convertible preferred shares, par value US\$0.001 per share, of the Company.

“Series D Preferred Shares” means the series D convertible preferred shares, par value US\$0.001 per share, of the Company.

“Series D+ Preferred Shares” means the series D+ convertible preferred shares, par value US\$0.001 per share, of the Company.

“Shareholders Agreement” means the ninth amended and restated shareholders agreement dated December 27, 2019 among the Company, the AMC Investor, the IDG Investor, Kingsoft, Xiaomi, the Minsheng Investor, the Metawit Investor, the Shunwei Investor, the Forebright Investor, FutureX Capital (other than FutureX Capital 5), the CIIF Investor, the CCBI Investor and certain other parties thereto.

“Underwriter” means a Company Underwriter or an Approved Underwriter.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|   |                     |
|---|---------------------|
| “ <u>Agreement</u> ”                            | Preamble            |
| “ <u>AMC Investor</u> ”                         | Preamble            |
| “ <u>Approved Underwriter</u> ”                 | Section 6.2         |
| “ <u>Arbitration Agreement</u> ”                | Section 12.11(h)    |
| “ <u>Arbitration Notice</u> ”                   | Section 12.11(a)    |
| “ <u>CCBI Investor</u> ”                        | Preamble            |
| “ <u>CIIF Investor</u> ”                        | Preamble            |
| “ <u>Company</u> ”                              | Preamble            |
| “ <u>Company Underwriter</u> ”                  | Section 4.2         |
| “ <u>Demand Registration</u> ”                  | Section 3.1         |
| “ <u>F-3 Initiating Holders</u> ”               | Section 5.1         |
| “ <u>F-3 Registration</u> ”                     | Section 5.1         |
| “ <u>Forebright Investor</u> ”                  | Preamble            |
| “ <u>FutureX Capital</u> ”                      | Preamble            |
| “ <u>HKIAC</u> ”                                | Section 12.11(b)    |
| “ <u>Holders’ Counsel</u> ”                     | Section 8.1(a)      |
| “ <u>IDG Investor</u> ”                         | Preamble            |
| “ <u>Incidental Registration</u> ”              | Section 4.1         |
| “ <u>Indemnified Party</u> ”                    | Section 9.3         |
| “ <u>Indemnifying Party</u> ”                   | Section 9.3         |
| “ <u>Initiating Holders</u> ”                   | Section 3.1         |
| “ <u>Inspector</u> ” and “ <u>Inspectors</u> ”  | Section 8.1(g)      |
| “ <u>Kingsoft</u> ”                             | Preamble            |
| “ <u>Liability</u> ” and “ <u>Liabilities</u> ” | Section 9.1         |
| “ <u>Metawit Investor</u> ”                     | Preamble            |
| “ <u>Minsheng Investor</u> ”                    | Preamble            |
| “ <u>Party</u> ” and “ <u>Parties</u> ”         | Preamble            |
| “ <u>Principal Tribunal</u> ”                   | Section 12.11(i)(i) |
| “ <u>Records</u> ”                              | Section 8.1(g)      |
| “ <u>Registration Expenses</u> ”                | Section 8.3         |
| “ <u>Restated Articles</u> ”                    | Recitals            |
| “ <u>Shunwei Investor</u> ”                     | Preamble            |
| “ <u>Valid Business Reason</u> ”                | Section 6.3         |
| “ <u>Xiaomi</u> ”                               | Preamble            |

1.3 Interpretation.

- (a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.
- (b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (c) Headings. Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.
- (d) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”



- (e) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.
- (f) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- (g) Statutory References. A reference to a statute or statutory provision includes, to the extent applicable at any relevant time:
  - (i) that statute or statutory provision as from time to time consolidated, modified, re-enacted or replaced by any other statute or statutory provision;
  - (ii) any repealed statute or statutory provision which it re-enacts (with or without modification); and
  - (iii) any subordinate legislation or regulation made under the relevant statute or statutory provision.
- (h) Share Calculations. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share split, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.
- (i) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a Business Day, that payment must be made on or by the Business Day immediately following such day.
- (j) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.
- (k) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

**SECTION 2**  
**GENERAL; SECURITIES SUBJECT TO THIS AGREEMENT**

- 2.1 Grant of Rights. The Company hereby grants registration rights to the Holders upon the terms and conditions set forth in this Agreement.
- 2.2 Holders of Registrable Securities. A Person is deemed to be a holder of Registrable Securities whenever such Person owns of record Registrable Securities, or holds an option to purchase, or a security convertible into or exercisable or exchangeable for, Registrable Securities whether or not such acquisition or conversion has actually been effected. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company may act upon the basis of the instructions, notice or election received from the registered owner of such Registrable Securities. Registrable Securities issuable upon exercise of an option or upon conversion of another security shall be deemed outstanding for the purposes of this Agreement.

**SECTION 3**  
**DEMAND REGISTRATION**

- 3.1 Request for Demand Registration. At any time commencing on or after the later of (a) the fourth (4<sup>th</sup>) anniversary of the Closing (as defined in the Shareholders Agreement) and (b) the first anniversary of the IPO Effectiveness Date, Holder(s) holding in the aggregate not less than 30% of the Registrable Securities then outstanding (the “Initiating Holders”) may make a written request to the Company to register, and the Company shall use its best efforts to register, under the Securities Act (a “Demand Registration”) the number of Registrable Securities specified in such requests; provided, however, that (i) the Company shall not be obligated to effect more than two such Demand Registrations and (ii) the Company shall not be obligated to effect a Demand Registration if the Initiating Holders propose to sell their Registrable Securities in an amount less than 30% of the Registrable Securities then outstanding. For purposes of the preceding sentence, the filing of two or more Registration Statements in response to one demand shall be counted as one Demand Registration. Each request for a Demand Registration by the Initiating Holders shall state the amount of the Registrable Securities proposed to be sold and the intended method of disposition thereof.
- 3.2 Inclusion of Registrable Securities in Demand Registration. Each Holder other than Initiating Holders in respect of any Demand Registration shall have the right to have all or any portion of its Registrable Securities, included in such Demand Registration as provided in this Section 3.2. Within seven (7) days after the receipt of a request for a Demand Registration from the Initiating Holder, the Company shall (x) give written notice thereof to all of the Holders (other than such Initiating Holders) and (y) subject to Section 6.1, include in such registration the number of Registrable Securities specified in each written request for inclusion therein delivered by any Holder to the Company not later than fifteen (15) days after delivery to such Holders of the written notice referred to in clause (x) above. The failure of any Holder to respond within such 15-day period referred to in clause (y) above shall be deemed to be a waiver of such Holder’s rights under this Section 3 with respect to such Demand Registration.

- 3.3 **Effective Demand Registration.** The Company shall use its commercially reasonable efforts to cause a Registration Statement in respect of any Demand Registration to become effective and remain effective as soon as practicable after the Company receives a request under Section 3.1. A registration shall not constitute a Demand Registration satisfying the Company's obligations hereunder until the relevant Registration Statement has become effective and remained continuously effective for the lesser of (x) the period during which all Registrable Securities registered in the Demand Registration are sold and (y) 120 days; provided, however, that a registration shall not constitute a Demand Registration satisfying the Company's obligations hereunder if (A) after the relevant Registration Statement has become effective, such registration or the related offer, sale or distribution of Registrable Securities thereunder is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason not attributable to the Initiating Holders and such interference is not thereafter eliminated or (B) the conditions specified in the underwriting agreement, if any, entered into in connection with such Demand Registration are not satisfied or waived, other than by reason of a failure by the Initiating Holder; provided further, if the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Section 3, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Section 3.3.

#### **SECTION 4 INCIDENTAL OR "PIGGY-BACK" REGISTRATION**

- 4.1 **Request for Incidental Registration.** If at any time after the IPO Effectiveness Date the Company proposes to register any Ordinary Shares in connection with an offering by the Company for its own account (other than a registration utilizing Form F-4 or F-8 or any successor thereto) or for the account of any shareholder of the Company other than a Holder, then each Holder shall have the right to have all or any portion of its Registrable Securities included in such registration as provided in this Section 4.1 (an "Incidental Registration"). The Company shall (x) give written notice of such proposed registration to each such Holder at least twenty (20) days before the anticipated filing date of the relevant Registration Statement, which notice shall describe the proposed registration and distribution, and (y) include in such registration the number of Registrable Securities specified in each written request for inclusion therein delivered by any Holder to the Company not later than fifteen (15) days of the receipt by such Holders of such written notice referred to in clause (x) above. The failure of any Holder to respond within such 15-day period referred to in clause (y) above shall be deemed to be a waiver of such Holder's rights under this Section 4 with respect to such registration.

- 4.2 Underwritten Offering. In connection with any Incidental Registration under Section 4.1 involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the Holders thereof accept the terms of the underwritten offering as agreed upon between the Company, such other shareholders, if any, and the managing underwriter of such offering (the “Company Underwriter”); provided, that no such terms shall impair the indemnification rights of the Holders granted under Section 9. If the Company Underwriter determines that the registration of all or part of the Registrable Securities which the Holders have requested to be included would materially adversely affect the success of such offering, then the Company shall be required to include in such Incidental Registration, to the extent of the amount that the Company Underwriter believes may be sold without causing such adverse effect, first, all of the securities to be offered for the account of the Company; second, the Registrable Securities to be offered for the account of the Holders pursuant to this Section 4, pro rata based on the number of Registrable Securities owned by each such Holder; and third, any other securities requested to be included in such offering.

## SECTION 5 FORM F-3 REGISTRATION

- 5.1 Request for a Form F-3 Registration. At any time following the consummation of an IPO, after the Company becomes eligible to use Form F-3 in connection with a public offering of its securities, Holder(s) holding in the aggregate not less than 30% of the Registrable Securities (the “F-3 Initiating Holders”) may make a written request to the Company to register, and the Company shall use its commercially reasonable efforts to register, under the Securities Act on Form F-3 (an “F-3 Registration”) the number of Registrable Securities specified in such request; provided, however, that the Company shall not be required to effect any registration pursuant to this Section 5.1:
- (a) within ninety (90) days after the effective date of any other Registration Statement of the Company;
  - (b) if within the twelve (12) month period preceding the date of such request, the Company has effected two (2) registrations on Form F-3 pursuant to this Section 5.1;
  - (c) if Form F-3 is not available for such offering by the F-3 Initiating Holders; or
  - (d) if Holders requesting inclusion of Registrable Securities in such registration propose to sell such Registrable Securities at an aggregate price (calculated based upon the Market Price of the Registrable Securities on the date on which the Company receives a request under Section 5.1) to the public of less than US\$2,000,000.

- 5.2 Inclusion of Registrable Securities in F-3 Registration. Each Holder other than the F-3 Initiating Holders shall have the right to have all or any portion of its Registrable Securities included in such F-3 Registration as provided in this Section 5.2. Within ten (10) days after the receipt of a request for a F-3 Registration from the F-3 Initiating Holders, the Company shall (x) give written notice thereof to all of the Holders (other than such F-3 Initiating Holders) and (y) subject to Section 6.1, include in such registration such number of Registrable Securities specified in each written request for inclusion therein delivered by any Holder to the Company not later than ten (10) days after delivery to such Holders of the written notice referred to in clause (x) above. The failure of any Holder to respond within such 10-day period referred to in clause (y) above shall be deemed to be a waiver of such Holder's rights under this Section 5 with respect to such F-3 Registration.
- 5.3 Effective F-3 Registration. The Company shall use its commercially reasonable efforts to cause a Registration Statement to become effective in respect of any F-3 Registration not later than sixty (60) days after the Company receives a request under Section 5.1.
- 5.4 No Demand Registration. No registration requested by any Holder pursuant to this Section 5 shall be deemed a Demand Registration pursuant to Section 3.1.

## SECTION 6 PROVISIONS APPLICABLE TO DEMAND REGISTRATIONS AND F-3 REGISTRATIONS

- 6.1 Underwriting Procedures. If the Initiating Holders or the F-3 Initiating Holders, as the case may be, holding not less than 30% of the Registrable Securities held by all of the Initiating Holders or F-3 Initiating Holders, as the case may be, so elect, the Company shall use its commercially reasonable efforts to cause the relevant Demand Registration or F-3 Registration to be in the form of a firm commitment underwritten offering and the managing underwriter or underwriters selected for such offering shall be the Approved Underwriter selected in accordance with Section 6.2. In connection with any Demand Registration or F-3 Registration involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the Holders thereof accept the terms of the underwritten offering as agreed upon among the Company, the Approved Underwriter and the Initiating Holders or F-3 Initiating Holders, as the case may be, and then only in such quantity as such underwriter believes will not jeopardize the success of such offering by the Holders. If the Approved Underwriter believes that the registration of all or part of the Registrable Securities which the Holders have requested to be included would materially adversely affect the success of such public offering, then the Company shall be required to include in the underwritten offering, to the extent of the amount that the Approved Underwriter believes may be sold without causing such adverse effect, first, all of the Registrable Securities to be offered for the account of the Holders, pro rata based on the number of Registrable Securities owned by such Holders; and second, any other securities requested to be included in such offering.

- 6.2 **Selection of Underwriters.** If any Demand Registration or F-3 Registration, as the case may be, of Registrable Securities is in the form of an underwritten offering, the Company shall select an investment banking firm of international reputation to act as the managing underwriter of the offering (the “Approved Underwriter”); provided, however, that the Approved Underwriter shall, in any case, also be approved by the Initiating Holders or F-3 Initiating Holders, as the case may be, such approval not to be unreasonably withheld.
- 6.3 **Delay or Withdrawal for Valid Business Reasons.** If the Board, in its good faith judgment, determines that any Demand Registration or F-3 Registration would (A) materially interfere with a material financing, acquisition, corporate reorganization or merger or other material transaction involving the Company; (B) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (C) render the Company unable to comply with requirements under the Securities Act or Exchange Act, and that it is therefore essential in the interests of the Company that such registration not proceed (each, a “Valid Business Reason”), the Company may (a) postpone filing a Registration Statement until such Valid Business Reason no longer exists, but in no event for more than (i) ninety (90) days, in the case of a Registration Statement relating to a Demand Registration or (ii) sixty (60) days, in the case of a Registration Statement relating to a F-3 Registration, and (b) in case a Registration Statement has been filed relating to a Demand Registration, if the Valid Business Reason has not resulted from actions taken by the Company, the Company, upon the approval of a majority of the Board, such majority to include at least the IDG Director, the AMC Director, the Minsheng Director and the Metawit Director (each as defined in the Shareholders Agreement), may cause such Registration Statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such Registration Statement. The Company shall give written notice of its determination to postpone or withdraw a Registration Statement and of the fact that the Valid Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof. Notwithstanding anything to the contrary contained herein, the Company may not postpone or withdraw a filing under this Section 6.3 more than once in any twelve (12) month period.

## SECTION 7 HOLDBACK AGREEMENTS

- 7.1 **Restrictions on Public Sale by Holders.** If (x) requested (A) by the Company, the Initiating Holders or the F-3 Initiating Holders, as the case may be, in the case of a non-underwritten public offering or (B) by the Approved Underwriter or the Company Underwriter, as the case may be, in the case of an underwritten public offering and (y) all of the Company’s officers and directors, and all of the Company’s shareholders holding more than one percent (1%) of the Company’s outstanding capital stock, execute agreements setting forth restrictions identical to those referred to in this Section 7.1, no Holder shall, during the ninety (90) day period commencing on the effective date of any Registration Statement filed by the Company in connection with any public offering of Ordinary Shares, (x) effect any public sale or distribution of any Registrable Securities or of any securities convertible into or exchangeable or exercisable for such Registrable Securities (including without limitation a sale pursuant to Rule 144 under the Securities Act), except pursuant to such registration, or (y) make any request for a Demand Registration or F-3 Registration under this Agreement. No Holder or officer, director or other shareholder shall be released from any obligation under this Section 7.1 or under any agreement setting forth restrictions similar to those set forth in this Section 7.1 unless all other Holders are also released from their obligations under this Section 7.1.

- 7.2 **Restrictions on Public Sale by the Company.** The Company agrees not to effect any public sale or distribution of any of its securities, or any securities convertible into or exchangeable or exercisable for such securities (except pursuant to registrations on Form F-4 or F-8 or any successor thereto), during the period beginning on the effective date of any Registration Statement in which the Holders of Registrable Securities are participating and ending on the earlier of (x) the date on which all Registrable Securities registered pursuant to such Registration Statement are sold and (y) 120 days after the effective date of such Registration Statement (except as part of the registration effected pursuant to such Registration Statement).

## SECTION 8 REGISTRATION PROCEDURES

- 8.1 **Obligations of the Company.** Whenever registration of Registrable Securities has been requested pursuant to Section 3, Section 4 or Section 5, the Company shall use its commercially reasonable efforts to effect the registration and sale of such Registrable Securities in accordance with the intended method of distribution thereof as quickly as practicable, and in connection with any such request, the Company shall, as expeditiously as possible:
- (a) prepare and file with the Commission a Registration Statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of such Registrable Securities in accordance with the intended method of distribution thereof, and cause such Registration Statement to become effective; provided, however, that (x) before filing a Registration Statement or prospectus or any amendments or supplements thereto, the Company shall provide counsel selected by the Holders holding a majority of the Registrable Securities being registered in such registration ("Holders' Counsel") and any other Inspector with an adequate and appropriate opportunity to review and comment on such Registration Statement and each prospectus included therein (and each amendment or supplement thereto) to be filed with the Commission, subject to such documents being under the Company's control, and (y) the Company shall notify the Holders' Counsel and each seller of Registrable Securities of any stop order issued or threatened by the Commission and take all action required to prevent the entry of such stop order or to remove it if entered;
  - (b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for the lesser of (x) 120 days and (y) such shorter period which will terminate when all Registrable Securities covered by such Registration Statement have been sold, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement;

- (c) furnish to each seller of Registrable Securities, prior to filing a Registration Statement, at least one copy of such Registration Statement as is proposed to be filed, and thereafter such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto), and the prospectus included in such Registration Statement (including each preliminary prospectus) and any prospectus filed under Rule 424 under the Securities Act as each such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;
- (d) register or qualify such Registrable Securities under such other securities or “blue sky” laws of such jurisdictions as any seller of Registrable Securities may request, and to continue such qualification in effect in such jurisdiction for as long as permissible pursuant to the laws of such jurisdiction, or for as long as any such seller requests or until all of such Registrable Securities are sold, whichever is shortest, and do any and all other acts and things which may be reasonably necessary or advisable to enable any such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided, however, that the Company shall not be required to (x) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 8.1(d), (y) subject itself to taxation in any such jurisdiction or (z) consent to general service of process in any such jurisdiction;
- (e) notify each seller of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Company shall, if required by rules and regulations of the relevant exchange or applicable securities law, promptly prepare a supplement or amendment to such prospectus and furnish to each seller of Registrable Securities a reasonable number of copies of such supplement to or an amendment of such prospectus as may be necessary so that, after delivery to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;



- (f) enter into and perform customary agreements (including an underwriting agreement in customary form with the Underwriter, if any) and take such other actions as are prudent and reasonably required in order to expedite or facilitate the disposition of such Registrable Securities, including causing its officers to participate in “road shows” and other information meetings organized by the Approved Underwriter or Company Underwriter;
- (g) make available at reasonable times for inspection by any seller of Registrable Securities, any managing underwriter participating in any disposition of such Registrable Securities pursuant to a Registration Statement, Holders’ Counsel and any attorney, accountant or other agent retained by any such seller or any managing underwriter (each, an “Inspector” and collectively, the “Inspectors”), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the “Records”) as shall be reasonably necessary to enable them to exercise their due diligence responsibilities, and cause the Company’s and its subsidiaries’ officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspector in connection with such Registration Statement; provided, that records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (x) the disclosure of such Records is necessary, in the Company’s judgment, to avoid or correct a misstatement or omission in the Registration Statement, (y) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction after exhaustion of all appeals therefrom or (z) the information in such Records was known to the Inspectors prior to its disclosure by the Company from sources not subject to any confidentiality obligation to the Company with respect to such information or such information has been made generally available to the public; and provided, further, that each seller of Registrable Securities shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company’s expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential;
- (h) if such sale is pursuant to an underwritten offering, obtain “cold comfort” letters, dated the effective date of the Registration Statement and the date of the closing under the underwriting agreement, from the Company’s independent public accountants in customary form and covering such matters of the type customarily covered by “cold comfort” letters as the managing underwriter reasonably requests;

- (i) comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable but no later than fifteen (15) months after the effective date of the Registration Statement, an earnings statement covering a period of twelve (12) months beginning after the effective date of the Registration Statement, in a manner which satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;
  - (j) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed, provided that the applicable listing requirements are satisfied;
  - (k) keep Holders' Counsel advised in writing as to the initiation and progress of any registration under Section 3, Section 4 or Section 5 hereunder;
  - (l) cooperate with each seller of Registrable Securities and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the FINRA; and
  - (m) take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby.
- 8.2 Notice to Discontinue. Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 8.1(e), such Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 8.1(e) and, if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities which is current at the time of receipt of such notice. If the Company shall give any such notice, the Company shall extend the period during which such Registration Statement shall be maintained effective pursuant to this Agreement (including, without limitation, the period referred to in Section 8.1(b)) by the number of days during the period from and including the date of the giving of such notice pursuant to Section 8.1(e) to and including the date when sellers of such Registrable Securities under such Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by and meeting the requirements of Section 8.1(e).
- 8.3 Registration Expenses. The Company shall pay all expenses arising from or incident to its performance of, or compliance with, this Agreement, including, without limitation,
- (a) Commission, stock exchange and FINRA registration and filing fees;
  - (b) all fees and expenses incurred in complying with securities or "blue sky" laws (including reasonable fees, charges and disbursements of counsel to any underwriter incurred in connection with "blue sky" qualifications of the Registrable Securities as may be set forth in any underwriting agreement);

- (c) all printing, messenger and delivery expenses;
- (d) the fees, disbursements and other charges of counsel to the Company and of the Company's independent public accountants and any other accounting fees, charges and expenses incurred by the Company (including, without limitation, any expenses arising from any "cold comfort" letters or any special audits incident to or required by any registration or qualification), provided that in respect of each Demand Registration, expenses of any special audit shall be subject to a maximum of US\$25,000; and
- (e) any liability insurance or other premiums for insurance obtained in connection with any Demand Registration, Incidental Registration or F-3 Registration pursuant to the provisions set forth in this Agreement, regardless of whether the relevant Registration Statement is declared effective.

All of the expenses described above in this Section 8.3 are referred to herein as "Registration Expenses". The Holders of Registrable Securities sold pursuant to a Registration Statement shall bear the expense of any broker's commission or underwriter's discount or commission relating to registration and sale of such Holders' Registrable Securities and, except as provided above, shall bear the fees, disbursements and other charges of their own counsel. Each Holder participating in a registration shall bear such Holder's proportionate share (based on the total number of securities sold in such registration other than for the account of the Company) of (a) all discounts, commissions or other amounts payable to underwriters, brokers or special counsel in connection with the relevant offering and (b) expenses exceeding the maximum amounts stated in the proviso in paragraph (d) above; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Sections 3 and 5, if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Section 3.

## SECTION 9 INDEMNIFICATION; CONTRIBUTION

- 9.1 Indemnification by the Company. To the extent permitted by law, the Company shall indemnify and hold harmless each Holder, its partners, directors, officers and Affiliates and each Person who controls (within the meaning of Section 15 of the Securities Act) such Holder from and against any and all losses, claims, damages, liabilities and reasonable expenses, including without limitation fees, disbursements and other charges of counsel and costs of investigation (each, a "Liability" and collectively, "Liabilities") arising out of or based upon:
- (a) any untrue, or allegedly untrue, statement of a material fact contained in any Registration Statement, prospectus, preliminary prospectus, notification or offering circular (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto);

- (b) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading under the circumstances such statements were made; or
- (c) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, or any other securities or other law of any jurisdiction, common law or otherwise, or any rule or regulation promulgated under the Securities Act, the Exchange Act or any such other laws, in connection with any offering of Registrable Securities pursuant to a Registration Statement;

except in each case insofar as such Liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission contained in such Registration Statement, preliminary prospectus or final prospectus in reliance and in conformity with information concerning such Holder furnished in writing to the Company by such Holder expressly for use therein. The Company shall also indemnify, to the same extent as provided above with respect to the indemnification of the Holders of Registrable Securities and otherwise as may be customary in connection with similar underwritings, each underwriter of the Registrable Securities, its officers, directors and employees and each Person who controls (within the meaning of Section 15 of the Securities Act) such underwriter; provided, however, that the indemnity agreement contained in this Section 9.1 shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Losses to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

9.2 Indemnification by Holders. In connection with any Registration Statement in which a Holder is participating pursuant to Section 3, Section 4 or Section 5 hereof, such Holder shall promptly furnish to the Company in writing such information with respect to such Holder as the Company may reasonably request or as may be required by law for use in connection with any such Registration Statement or prospectus and all information with respect to such Holder required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading or necessary to cause such Registration Statement not to omit a material fact with respect to such Holder necessary in order to make the statements therein not misleading. Each Holder shall indemnify and hold harmless the Company, any underwriter underwriting a distribution of securities by the Company and each Person who controls (within the meaning of Section 15 of the Securities Act) the Company or such underwriter from and against any Liabilities arising out of or based upon:

- (a) any untrue, or allegedly untrue, statement of a material fact contained in any Registration Statement, prospectus, preliminary prospectus, notification or offering circular (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto); or

- (b) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading under the circumstances such statements were made, but in each case only to the extent that such statement, omission or alleged omission was made in reliance upon and in conformity with information with respect to such Holder furnished in writing to the Company by such Holder expressly for use in such Registration Statement, prospectus, preliminary prospectus, notification or offering circular;

provided, however, that the total amount to be indemnified by such Holder pursuant to this Section 9.2 shall be limited to the net proceeds received by such Holder in the offering to which the Registration Statement or prospectus relates.

### 9.3 Conduct of Indemnification Proceedings.

Any Person entitled to indemnification hereunder (the “Indemnified Party”) shall give prompt written notice to the indemnifying party (the “Indemnifying Party”) after the receipt by the Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided, however, that the failure so to notify the Indemnifying Party shall not relieve the Indemnifying Party of any Liability that it may have to the Indemnified Party hereunder (except to the extent that the Indemnifying Party is materially prejudiced or otherwise forfeits substantive rights or defenses by reason of such failure). If notice of commencement of any such action is given to the Indemnifying Party as above provided in this Section 9.3, the Indemnifying Party shall be entitled to participate in and, to the extent it may elect, jointly with any other Indemnifying Party similarly notified, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such Indemnified Party; provided, that the Indemnifying Party shall not have the right to assume the defense of any such action if (a) the named parties to such action (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and the Indemnified Party has been advised by counsel that representation of the Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct or that there may be one or more legal defenses available to the Indemnified Party that are different from or additional to those available to the Indemnifying Party, (b) the Indemnifying Party fails to assume the defense of such action promptly with counsel approved by the Indemnified Party as provided above or (c) the Indemnifying Party is unable to provide evidence reasonably satisfactory to the Indemnified Party of its financial capacity to fulfill its indemnification obligations hereunder. If the Indemnifying Party assumes the defense of any such action, the Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party except in the circumstances described in clause (a) of the immediately preceding sentence. If the Indemnifying Party does not assume the defense of any such action, it shall not be liable for the fees, disbursements and other charges of more than one separate firm of attorneys (in addition to local counsel) for all Indemnified Parties similarly situated in such action, except to the extent that any Indemnified Party is advised by counsel that representation of all Indemnified Parties by the same counsel would be inappropriate under applicable standards of professional conduct or that there may be one or more legal defenses available to such Indemnified Party that are inconsistent with those available to other Indemnified Parties. No Indemnifying Party shall be liable for any settlement entered into without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the consent of such Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which such Indemnified Party is a Party and has sought indemnification hereunder unless such settlement includes an unconditional release of such Indemnified Party from all liability for claims that are the subject matter of such proceeding.

9.4 Contribution.

- (a) If the indemnification provided for in this Section 9 from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any Liabilities referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such Liabilities, as well as any other relevant equitable considerations. The relative faults of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a Party as a result of the Liabilities referred to above shall be deemed to include, subject to the limitations set forth in Sections 9.1, 9.2 and 9.3, any legal or other fees, charges or expenses reasonably incurred by such Party in connection with any investigation or proceeding; provided that the total amount to be contributed by such Holder shall be limited to the net proceeds received by such Holder in the offering.
- (b) The Parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

**SECTION 10**  
**RULE 144**

- 10.1 From and after the IPO Effectiveness Date, the Company shall (a) file any reports required to be filed by it under the Exchange Act, (b) make and keep public information available, as those terms are understood or defined under Rule 144 and (c) take such further action as each Holder of Registrable Securities may reasonably request (including providing any information necessary to comply with Rule 144 under the Securities Act), all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such rule may be amended from time to time, or Regulation S under the Securities Act or (b) any similar rules or regulations hereafter adopted by the Commission. The Company shall, upon the request of any Holder, deliver to such Holder a written statement as to whether it has complied with such requirements.

**SECTION 11**  
**NON-U.S. LISTINGS**

In the event that the Ordinary Shares are listed on any securities exchange outside the United States, the Company shall (a) use all reasonable and diligent efforts to cause all Conversion Shares to be approved for listing and freely tradable on such stock exchange, subject to any lock-ups required pursuant to the rules and regulations of the relevant exchange or applicable securities law and (b) furnish to the Holders such number of copies of prospectuses and such other documents as they may reasonably request to facilitate the disposition of Conversion Shares by the Holders on such exchange.

**SECTION 12**  
**MISCELLANEOUS**

- 12.1 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Sections 3, 4, and 5 shall terminate upon the earliest to occur of: (a) the fifth anniversary of the IPO Effectiveness Date; or (b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's Registrable Securities without limitation during a thirty-day period without registration.
- 12.2 Recapitalizations, Exchanges, etc. The provisions of this Agreement shall apply to the full extent set forth herein with respect to (a) the Ordinary Shares, (b) any and all ordinary or ordinary shares of common stock of the Company into which the Ordinary Shares are converted, exchanged or substituted in any recapitalization or other capital reorganization by the Company and (c) any and all equity securities of the Company, any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in conversion of, in exchange for or in substitution of, the Ordinary Shares. The Company shall cause any successor or assign (whether by merger, consolidation, sale of assets or otherwise) to enter into a registration rights agreement with the Holders on terms substantially the same as this Agreement as a condition of any such transaction.

- 12.3 No Inconsistent Agreements. The Company represents and warrants that it has not granted to any Person the right to request or require the Company to register any securities issued by the Company, other than the rights granted to the Holders herein. Without the prior written consent of Holders holding in aggregate not less than 66% of the Registrable Securities then outstanding, the Company shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or grant any additional registration rights (including any incidental or piggyback registration right that is in any respect superior to the right to Incidental Registration to which the Holders are entitled) to any Person or with respect to any securities which are not Registrable Securities which are prior in right to or inconsistent with the rights granted in this Agreement.
- 12.4 Remedies. The Holders, in addition to being entitled to exercise all rights granted by law, including recovery of damages, shall be entitled to specific performance of their rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive in any action for specific performance the defense that a remedy at law would be adequate.
- 12.5 Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, waived, modified or supplemented without the written consent of each Party.



12.6 Notice Addresses and Method of Delivery. The initial address and facsimile for each Party for the purposes of this Agreement are:

**the Company:** Attention: Yulin WANG  
Address: Kingsoft Tower, No 33 Xiao Ying West Road, Haidian District, Beijing (100085)  
Electronic Mail: WangYulin@kingsoft.com

**the IDG Investor:** Attention: Chi Sing HO  
Address: c/o IDG Capital Management (HK) Ltd.  
Unit 5505, The Center 99 Queen's Road Central, Hong Kong  
Fax: 852-2529 1619  
With a copy to:  
Attention: Ms. Bin Li/Ms. Mi Zhou  
Address: Room 616, Tower A, COFCO Plaza, 8 Jianguomennei Dajie Beijing, 100005, P.R. China  
Fax: 8610-8512 0225

**Kingsoft:** Attention: Francis NG  
Address: Building D, Xiaomi Campus, No. 33 Xi erqi Middle Road, Haidian District, Beijing, 100085, China.  
Electronic Mail: Francis.NG@kingsoft.com

**the AMC Investor:** Attention: Zhang Xiaoling  
Address: P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands  
Fax: +852 3406 8500

**Xiaomi:** Attention: Lei Jun  
Address: Xiaomi Campus, No. 33 Xi erqi Middle Road, Haidian District, Beijing, 100085, China  
Electronic Mail: lejun@xiaomi.com

**the Metawit Investor:** Attention: Tseng, Kuo-Lung  
Address: Suite 1603, 135 Trade Center, 135 Bonham Strand, Sheung Wan, Hong Kong  
Electronic Mail: gordon@liyuecapital.com

**the Minsheng Investor:** Attention: Zheng Cao  
Address: 18/F, Tower C, Minsheng Financial Center, No.28 Jianguomennei Avenue, Beijing, China  
Electronic Mail: caozheng@msxt.com

**the Shunwei Investor:** Attention: MR. TUCK LYE KOH (柯達)  
Address: Vistra Corporate Services Center, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands  
Electronic Mail: tlkoh@shunwei.com; [legal@shunwei.com](mailto:legal@shunwei.com); [finance@shunwei.com](mailto:finance@shunwei.com)  
With a copy to:  
Attention: Mr. Tuck Lye Koh (柯達)  
Address: Unit 1309A, 13/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, N.T., Hong Kong  
Email: tlkoh@shunwei.com; [legal@shunwei.com](mailto:legal@shunwei.com); [finance@shunwei.com](mailto:finance@shunwei.com)  
Telephone: +852 24050088  
Fax: +852 24050003

|                                 |                  |   |
|---------------------------------|------------------|---|
| <b>the Forebright Investor:</b> | Attention:       | the Board of Director   |
|                                 | Address:         | C/O Forebright Capital Management Limited, Suite 3720 Jardine House,<br>1 Connaught Place, Central, Hong Kong                     |
|                                 | Electronic Mail: | kiril.ip@forebrightcapital.com  |
| <b>FutureX Capital:</b>         | Attention:       | Laurel Rong   |
|                                 | Address:         | Units 2401-03, 24/F., Grand Millennium Plaza, 181 Queen's Road Central, Hong<br>Kong  |
|                                 | Electronic Mail: | ryq@futurexcapital.com  |
| <b>the CIIF Investor</b>        | Attention:       | CHENG Fan (程帆)  |
|                                 | Address:         | Building 20, No. 1 Tianning Cultural and Technological Innovation Park, No. 16<br>Lianhuachi East Road, Xicheng District, Beijing |
|                                 | Fax:             | 83257671  |
|                                 | Email:           | cf@ciifund.cn   |
| <b>the CCBI Investor</b>        | Attention:       | Ricky Gao   |
|                                 | Address:         | 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong   |
|                                 | Fax:             | +852 2140 6088  |
|                                 | Email:           | rickyg@ccbintl.com  |
|                                 | Attention:       | Jason Han   |
|                                 | Address:         | 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong   |
|                                 | Fax:             | +852 2140 6088  |
|                                 | Email:           | Jasonhan@ccbintl.com  |

12.7 Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the heirs, legatees, legal representatives, successors and permitted assigns of each of the Parties hereto, including without limitation, and without the need for an express assignment, subsequent Holders of Registrable Securities; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms hereof or of the Shareholders Agreement. If any transferee of any Holder shall acquire Registrable Securities in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement and, by taking and holding such Registrable Securities, such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and shall be entitled to receive the benefits hereof, provided that the Holder has given written notice to the Company in respect of the transfer and that such transfer (a) is in connection with a transfer of all of its Registrable Securities, (b) involves a transfer of at least 100,000 Registrable Securities or (c) is made to institutional partner(s) of the Holder or any transferees who agreed to act through a single representative. Except as provided in Section 9, no Person other than the parties hereto and their heirs, legatees, legal representatives, successors and permitted assigns is intended to be a beneficiary of any of the rights granted hereunder.

- 12.8 Counterparts. This Agreement may be executed in fifteen counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.
- 12.9 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.
- 12.10 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW OF ANY JURISDICTION.
- 12.11 Arbitration.
- (a) Any dispute, controversy or claim arising out of, in connection with or relating to this Agreement (or the interpretation, breach, termination or validity thereof) shall be resolved through arbitration. A dispute may be submitted to arbitration upon the request of either Party with written notice to the other (the "Arbitration Notice").
  - (b) The arbitration shall be conducted in Hong Kong and administered by the Hong Kong International Arbitration Centre (the "HKIAC") under the UNCITRAL Arbitration Rules in force at the time of the initiation of the arbitration. There shall be three (3) arbitrators. The claimants to the dispute shall collectively choose one arbitrator, and the respondents shall collectively choose one arbitrator, within thirty (30) days after the delivery of the Notice to the other Party. Both arbitrators shall agree on the third arbitrator within thirty (30) days of their appointment. If any of the members of the arbitral tribunal have not been appointed within thirty (30) days after the Arbitration Notice is given, the relevant appointment shall be made by the Secretary General of the HKIAC. The arbitration shall be conducted in the English language.
  - (c) Each Party shall cooperate with the other in making full disclosure of and providing complete access to all information and documents requested by the other in connection with such arbitration proceedings, subject only to any doctrine of legal privilege or any confidentiality obligations binding on such Party.
  - (d) The costs of arbitration shall be borne by the losing Party, unless otherwise determined by the arbitration tribunal.

- (e) When any dispute occurs and when any dispute is under arbitration, except for the matters in dispute, the Parties shall continue to fulfill their respective obligations and shall be entitled to exercise their rights under this Agreement.
- (f) The award of the arbitration tribunal shall be final and binding upon the Parties, and the prevailing Party may apply to a court of competent jurisdiction for enforcement of such award.
- (g) Either Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction pending the constitution of the arbitration tribunal.
- (h) The Parties to this Agreement are bound by this arbitration agreement (the "Arbitration Agreement"), each to each other, provided they have signed this Agreement.
- (i) The Parties to this Arbitration Agreement agree to the consolidation of arbitrations in accordance with the provisions of this Section 12.11.
  - (i) In the event of two or more arbitrations having been commenced under the Arbitration Agreement, the tribunal in the arbitration first filed (the "Principal Tribunal") may in its sole discretion, upon the application of any Party to the arbitrations, order that the proceedings be consolidated before the Principal Tribunal if (1) there are issues of fact and/or law common to the arbitrations, (2) the interests of justice and efficiency would be served by such a consolidation, and (3) no prejudice would be caused to any Party in any material respect as a result of such consolidation, whether through undue delay or otherwise. Such application shall be made as soon as practicable and the Party making such application shall give notice to the other Parties to the arbitrations.
  - (ii) The Principal Tribunal shall be empowered to (but shall not be obliged to) order at its discretion, after inviting written (and where desired oral) representations from the Parties that all or any of such arbitrations shall be consolidated or heard together and/or that the arbitrations be heard immediately after another and shall establish a procedure accordingly. All Parties shall take such steps as are necessary to give effect and force to any orders of the Principal Tribunal.
  - (iii) If the Principal Tribunal makes an order for consolidation, it: (1) shall thereafter, to the exclusion of other arbitral tribunals, have jurisdiction to resolve all disputes forming part of the consolidation order; (2) shall order that notice of the consolidation order and its effect be given immediately to any arbitrators already appointed in relation to the disputes that were consolidated under the consolidation order; and (3) may also give such directions as it considers appropriate (i) to give effect to the consolidation and make provision for any costs which may result from it (including costs in any arbitration rendered *functus officio* under this Section 12.11); and (ii) to ensure the proper organization of the arbitration proceedings and that all the issues between the Parties are properly formulated and resolved.

- (iv) Upon the making of the consolidation order, any appointment of arbitrators relating to arbitrations that have been consolidated by the Principal Tribunal (except for the appointment of the arbitrators of the Principal Tribunal itself) shall for all purposes cease to have effect and such arbitrators are deemed to be *functus officio*, on and from the date of the consolidation order. Such cessation is without prejudice to (1) the validity of any acts done or orders made by such arbitrators before termination, (2) such arbitrators' entitlement to be paid their proper fees and disbursements and (3) the date when any claim or defense was raised for the purpose of applying any limitation period or any like rule or provision.
- (v) The Parties hereby waive any objections they may have as to the validity and/or enforcement of any arbitral awards made by the Principal Tribunal following the consolidation of disputes or arbitral proceedings in accordance with this Section 12.11 where such objections are based solely on the fact that consolidation of the same has occurred.

12.12 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, it being intended that all of the rights and privileges of the Holders shall be enforceable to the fullest extent permitted by law.

12.13 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and in the other Transaction Documents (as defined in the Shareholders Agreement, except for the Prior Registration Agreement). This Agreement supersedes all prior agreements and understandings among the parties with respect to such subject matter including the Prior Registration Agreement.

12.14 Further Assurances. Each of the Parties shall execute such documents and perform such further acts as may be reasonably required or necessary to carry out or to perform the provisions of this Agreement.

12.15 Other Agreements. Nothing contained in this Agreement shall be deemed to be a waiver of, or release from, any obligations any party hereto may have under, or any restrictions on the transfer of Registrable Securities or other securities of the Company imposed by, any other agreement including, but not limited to the Shareholders Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

KINGSOFT CLOUD HOLDINGS LIMITED

By: /s/ Yulin Wang

Name: Yulin Wang

Title: Director, Chief Executive Officer

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CELESTIAL POWER LIMITED

By: /s/ Chi Sing Ho

Name: Chi Sing Ho

Title: Authorized Signatory

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]



IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

KINGSOFT CORPORATION LIMITED

By: /s/ Yuk Keung Ng

Name: Yuk Keung Ng

Title: CFO

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CHINAAMC SPECIAL INVESTMENT LIMITED

By: /s/ Xiaoling Zhang

Name: Xiaoling Zhang

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

XIAOMI CORPORATION

By: /s/ Shou Zi Chew

Name: Shou Zi Chew

Title: CFO

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

METAWIT Capital L.P.  
(□□□□□□□□)

By: /s/ Tseng, Kuo-Lung  
Name: Tseng, Kuo-Lung  
Title: Authorized Signatory of METAWIT Management  
Ltd acting as General Partner for and on behalf of  
METAWIT Capital L.P.

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

NEW CLOUD LTD.

By: /s/ Dingzhe Liu

Name: Dingzhe Liu

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

SHUNWEI GROWTH III LIMITED

By: /s/ Tuck Lye KOH

Name: Tuck Lye KOH

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

PRECIOUS STEED LIMITED

By: /s/ Ip Kun Wan

Name: Ip Kun Wan

Title: Authorised Signature

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

FUTUREX INNOVATION SPC – Special Opportunity Fund VI SP

By: /s/ Zhang Qian  
Name: Zhang Qian  
Title: Director

FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner)

By: /s/ Zhang Qian  
Name: Zhang Qian  
Title: Director

FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios)

By: /s/ Zhang Qian  
Name: Zhang Qian  
Title: Director

Howater Innovation I Limited Partnership

By: /s/ Zhang Qian  
Name: Zhang Qian  
Title: Authorize Signer

FUTUREX INNOVATION SPC (for the account of and on behalf of Special Opportunity Fund V SP)

By: /s/ Zhang Qian  
Name: Zhang Qian  
Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]



IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

CHINA INTERNET INVESTMENT FUND.  
( )

Seal: /s/ Seal of China Internet Investment Fund.

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

DESIGN TIME LIMITED

By: /s/ Li Ngai

Name: Li Ngai

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED  
[SIGNATURE PAGE TO REGISTRATION RIGHTS AGREEMENT]

**SHARE PURCHASE AGREEMENT**

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of September 12, 2017 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China;
- (3) Beijing Jinshanyun Technology Co., Ltd. (北京金山云技术有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (4) Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜技术有限公司) (the “**PRC Subsidiary 2**”, PRC Subsidiary 1 and PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (5) Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云技术有限公司) (the “**ICP Hold Co**”), a limited liability company established under the laws of the PRC;
- (6) Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网技术有限公司) (the “**ICP Co**”);
- (7) Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 1**”), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co;
- (8) Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯睿博互联网技术有限公司) (the “**ICP Co Subsidiary 2**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (9) Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 3**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (10) Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司) (the “**ICP Co Subsidiary 4**”), a joint venture company established under the laws of the PRC;
- (11) Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息技术有限公司) (the “**ICP Co Subsidiary 5**”, together with ICP Co, ICP Hold Co, ICP Co Subsidiary 1, ICP Co Subsidiary 2, ICP Co Subsidiary 3 and ICP Co Subsidiary 4, the “**Domestic Enterprises**”, and each a “**Domestic Enterprise**”; the PRC Subsidiaries and the Domestic Enterprises are collectively referred to as the “**PRC Companies**”, and each a “**PRC Company**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;

- (12) Kingsoft Corporation Limited (“**Kingsoft**”), a limited liability company organized under the laws of the Cayman Islands;
- (13) Autogold Limited (the “**Officer Holdco**”, together with Kingsoft, the “**Existing Shareholders**”, and each an “**Existing Shareholder**”), a limited liability company organized under the laws of the British Virgin Islands;
- (14) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (15) LIYUE JINSHI INVESTMENT L.P. (利悦金石投资有限合伙), an exempted limited partnership registered and existing under the laws of the Cayman Islands (the “**Liyue Investor**”, together with Kingsoft, the “**Purchasers**”, and each, a “**Purchaser**”).

RECITALS:

A. The Existing Shareholders, the Management Holdco, Core Pacific-Yamaichi International (H.K.) Nominees Limited, Mr. ZHANG Hongjiang (张洪江), Celestial Power Limited (the “**IDG Investor**”), ChinaAMC Special Investment Limited (the “**AMC Investor**”), Xiaomi Corporation (“**Xiaomi**”) and Buddies Team Limited (the “**CM Investor**”), collectively own 100% of the issued and outstanding shares of the Company prior to the Closing.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprises through a captive structure by virtue of the Restructuring Documents (as defined below).

C. Mr. WANG Yulin owns 100% of the issued and outstanding shares of the Officer Holdco. The Management collectively own 100% of the issued and outstanding shares of the Management Holdco.

D. Mrs. QIU Weiqin and Kingsoft Digital Entertainment Technology Co., Ltd. (腾讯互动娱乐科技有限公司) collectively own 100% of the registered capital of ICP Hold Co, which is the sole shareholder of ICP Co.

E. The Domestic Enterprises are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

F. The Company desires to issue, sell and allot to each Purchaser, and each Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.

The Company, the HK Company, the PRC Subsidiaries, ICP Hold Co, ICP Co, and each subsidiary of the foregoing, either Controlled by contractual commitment or equity ownership, are hereinafter referred to as the “**Group Companies**” collectively, and each, a “**Group Company**”.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; and (ii) in the case of a Subject Person other than a natural person, any other person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**business day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2016 and the period commencing on January 1, 2017 to March 31, 2017 and the audited financial statements of the PRC Subsidiary 1 for the year of 2016, the audited financial statements of the ICP Hold Co for the year of 2016 and the audited financial statements of the ICP Co for the year of 2016.

“**Control**” of a given person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the appointment of a majority of the board of directors of such person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the fourth amended and restated shareholders agreement dated May 16, 2016 entered into by and among the Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, CM Investor and certain other parties thereto and the amendment thereto dated December 1, 2016 entered into by and among the Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, CM Investor and certain other parties thereto.

“**Financial Statements Date**” means March 31, 2017.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Intellectual Property License Agreement**” means an intellectual property license agreement entered into by and among Beijing Jinshan Digital Entertainment Technology Co., Ltd (金闪数字娱乐科技)(“**Jinshan Digital**”), Zhuhai Jinshan Software Co., Ltd (珠海金闪软件)(“**Zhuhai Jinshan**”), Beijing Jinshan Software Co., Ltd (北京金闪软件)(“**Beijing Jinshan**”), PRC Subsidiary 1 and ICP Co. on November 9, 2012 in respect of license of certain trademarks and patents to be used by PRC Subsidiary 1 and ICP Co.

“**Kingsoft Deed of Guarantee**” means the deed of guarantee (保证书) entered into by and among Kingsoft, the Company, the HK Company, the ICP Holdco, the ICP Co, the PRC Subsidiaries and other parties named therein on June 1, 2016, pursuant to which the applicable Group Companies agree to provide counter security to guarantee provided by a subsidiary of Kingsoft to secure the repayment of the loan provided by the Zhongguancun sub-branch of the Bank of Beijing to the ICP Co with an aggregate principal amount of up to RMB400,000,000 (the “**Beijing Bank Loan**”).

“**Loan Agreement**” means the loan agreement dated December 1, 2014 entered into by and among the Company, Kingsoft and Xiaomi, pursuant to which Kingsoft agrees to provide to the Company loan up to an aggregate principal amount of US\$500,000,000.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to each Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Mr. Zhang’s Agreements**” means the restricted share agreement dated February 28, 2015 by and among the Company, Mr. ZHANG Hongjiang, the Officer, the Officer Holdco, Kingsoft and other parties named therein and the supplemental agreement thereto dated December 1, 2016 by and among the parties thereto.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

“**Related Party**” means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any person in which any such person in any of (i) to (iv) above has Control, joint Control or significant influence over such person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other person that Controls or is Controlled by or under common Control with any such person in any of (i) to (v) above.

“**Restated Articles**” means the thirteenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

“**Restated Shareholders Agreement**” means the fifth amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.

“**Restructuring Documents**” means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprises through the PRC Subsidiary 1, as amended.

“**Series A Preferred Shares**” means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series B Preferred Shares**” means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series C Preferred Shares**” means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series D Preferred Shares**” means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Share Award Scheme**” means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

“**Liyue Series D Share Charge**” means a deed of share charge to be entered into by the Company and Kingsoft with the Liyue Investor at the Closing and substantially in the form attached hereto as Exhibit F (the “**Liyue Series D Share Charge**”).

“**Share Option Scheme**” means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

“**Shares**” means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Transaction Documents**” means this Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Liyue Series D Share Charge, the Restructuring Documents and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|  |             |
|--|-------------|
| “ <b>Agreement</b> ”   | Preamble    |
| “ <b>AMC Investor</b> ”  | Preamble    |
| “ <b>Closing</b> ”   | Section 3.1 |
| “ <b>Closing Date</b> ”  | Section 3.1 |
| “ <b>CM Investor</b> ”   | Preamble    |
| “ <b>Company</b> ”   | Preamble    |
| “ <b>Disclosure Schedule</b> ”                                     | Section 4   |
| “ <b>Domestic Enterprise</b> ” and “ <b>Domestic Enterprises</b> ” | Preamble    |



|  |               |
|--|---------------|
| “Existing Shareholder” and “Existing Shareholders” | Preamble      |
| “Group Company” and “Group Companies”              | Recitals      |
| “Government Official”                              | Section 4.7   |
| “Hong Kong”  | Preamble      |
| “HK Company”                                       | Preamble      |
| “ICP Co”   | Preamble      |
| “ICP Hold Co”                                      | Preamble      |
| “ICP Co Subsidiary 1”                              | Preamble      |
| “ICP Co Subsidiary 2”                              | Preamble      |
| “ICP Co Subsidiary 3”                              | Preamble      |
| “ICP Co Subsidiary 4”                              | Preamble      |
| “ICP Co Subsidiary 5”                              | Preamble      |
| “IDG Investor”                                     | Preamble      |
| “Indemnified Person”                               | Section 9.1   |
| “Indemnifiable Losses”                             | Section 9.1   |
| “Key Employees”                                    | Section 6.9   |
| “Kingsoft”   | Preamble      |
| “Kingsoft Purchase Price”                          | Section 2.2   |
| “knowledge”  | Section 4     |
| “Liabilities”                                      | Section 4.10  |
| “Licenses”   | Section 4.6   |
| “Liyue Investor”                                   | Preamble      |
| “Liyue Purchase Price”                             | Section 2.2   |
| “Material Adverse Effect”                          | Section 4     |
| “Material Contracts”                               | Section 4.16  |
| “Officer”  | Preamble      |
| “Officer Holdco”                                   | Preamble      |
| “PRC Company” and “PRC Companies”                  | Preamble      |
| “PRC Subsidiary 1”                                 | Preamble      |
| “PRC Subsidiary 2”                                 | Preamble      |
| “PRC Subsidiaries”                                 | Preamble      |
| “Principal Business”                               | Recitals      |
| “Proprietary Assets”                               | Section 4.13  |
| “Purchase Price”                                   | Section 2.2   |
| “Purchased Shares”                                 | Section 2.1   |
| “Purchaser” and “Purchasers”                       | Preamble      |
| “Related Party Transaction”                        | Section 4.18  |
| “SEC”  | Section 5.1   |
| “Tax Returns”                                      | Section 4.19  |
| “UNCITRAL Rules”                                   | Section 10.13 |
| “Xiaomi”   | Recitals      |

### 1.3 Interpretation.

(a) Directly or Indirectly. The phrase “directly or indirectly” means directly or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.

(b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

(c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, excluding any shares of the Company issuable to each of Kingsoft and Xiaomi upon exercise of its respective conversion right pursuant to the Loan Agreement or issuable to each of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor upon exercise of its conversion right pursuant to the Restated Shareholders Agreement so long as such conversion right has not been exercised. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a business day, that payment must be made on or by the business day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance of 117,845,456 Series D Preferred Shares (the “**Purchased Shares**”).

2.2 Agreement to Purchase and Sell. All the parties hereto agree the pre-money valuation of the Company is US\$1,600,000,000. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each of Kingsoft and the Liyue Investor, and (a) Kingsoft hereby agrees to purchase from the Company, 58,922,728 Purchased Shares, at an aggregate purchase price of US\$50,000,000 (the “**Kingsoft Purchase Price**”), (b) the Liyue Investor hereby agrees to purchase from the Company, 58,922,728 Purchased Shares, at an aggregate purchase price of US\$50,000,000 (the “**Liyue Purchase Price**”, together with the Kingsoft Purchase Price, the “**Purchase Price**” of each Purchaser). At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the relevant Purchaser by wire transfer of immediately available funds to an account designated by the Company.

3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchasers may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than September 25, 2017 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date. The Closing of the purchase and sale of the Purchased Shares by the Purchasers shall occur simultaneously.

3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to each Purchaser a copy of the Company’s register of members, updated to show the Purchasers as the holders of the relevant number of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchasers. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, (a) Kingsoft shall pay the Kingsoft Purchase Price, and (b) the Liyue Investor shall pay the Liyue Purchase Price, in each case by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company. If any portion of the Purchase Price 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 Closing Date.

4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to each Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party’s “**knowledge**” means such party’s actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to “**Material Adverse Effect**” means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital Immediately Prior to the Closing. Immediately prior to the Closing, the authorized share capital of the Company consists of a total of (i) 1,430,699,348 Ordinary Shares of which 872,955,476 are issued (including 69,925,476 Ordinary Shares issued to Core Pacific-Yamaichi International (H.K.) Nominees Limited as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, and (v) 377,105,460 Series D Preferred Shares, none of which are issued and outstanding.

(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents, (ii) up to an aggregate of 285,112,976 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme, (y) 69,925,476 Ordinary Shares have been issued to the trustee named Core Pacific-Yamaichi International (H.K.) Nominees Limited as restricted shares pursuant to the Share Award Scheme, and (z) 5,437,500 Ordinary Shares have been reserved to be used solely for future award under the ESOP, (iii) the options to purchase the equity interest in the ICP Holdco as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement and Mr. Zhang's Agreements, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, (vii) the conversion right of Kingsoft and Xiaomi provided in the Loan Agreement and the conversion right of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor provided in the Restated Shareholders Agreement, (viii) the rights to enforce the charge over the relevant Shares under the Mr. Wang's Share Charges, Mr. Zhang's Share Charge and the Management Holdco's Share Charge (each as defined in the Restated Shareholders Agreement), and (ix) the rights to enforce the charge over the Shares granted to the participants of the ESOP pursuant to the undertaking letters executed by such participants in favor of Kingsoft to secure the repayment of the loan under the Loan Agreement, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in Schedule 1 are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights With Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) immediately prior to and after the Closing is set out in Exhibit A.

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;

(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, “**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 No Bribery. No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a “**Government Official**”) for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 Financial Statements. The Company Financial Statements have been provided to the Purchasers and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the People’s Republic of China, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 No Acceleration of Borrowings. There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 No Undisclosed Liabilities. Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 Tangible Personal Property. The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.

4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies' right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies' confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies' businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company's businesses by its employees, nor the conduct of the any Group Company's businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.



4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) involves total payments in excess of RMB5,000,000 (iii) is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (iv) is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) restricts its freedom of action in relation to its normal business activities; (vii) cannot be terminated without penalty or other compensation on less than twelve months' notice; (viii) is a loan, a guarantee, an equity transfer or other financing agreement; (ix) is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (x) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (xi) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to each Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended December 31, 2016, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a "**Related Party Transaction**"), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.

4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.

4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies’ respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares.



5.3 No Public Market. Such Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company's securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for such Purchaser's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. Such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. Such Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by such Purchaser. The Transaction Documents, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

5.6 Investment Experience. Such Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Agreements by each Purchaser and the performance by each Purchaser of its obligations under each of the Transaction Agreements to which it is a party will not (a) result in a breach of any provision of such Purchaser's charter documents; (b) result in a breach of, or constitute a default under, any instrument by which such Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which such Purchaser is bound.

5.8 Governmental and Third Party Consents. Except for filings as necessary to perform disclosure obligations required by stock exchanges, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of each Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

6. CONDITIONS TO PURCHASERS' OBLIGATIONS AT THE CLOSING

The obligation of each Purchaser to purchase the relevant number of the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of such Purchaser, or otherwise waived by such Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body, including a waiver to be issued by Kingsoft and Xiaomi that the Liyue Investor is not obligated to provide guarantee in favor of Kingsoft in connection with the Loan Agreement.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 Employment Agreements. The Company shall have delivered to such Purchaser copies of duly executed employment agreements with each of the key employees of the Group Companies as set forth in Schedule 2 hereto (the "**Key Employees**"), containing, among other things, provisions regarding the terms of employment, non-competition, confidentiality and invention assignment, each in form and substance satisfactory to such Purchaser.

6.10 Closing Certificate. The Company shall have delivered a certificate to such Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

6.11 Supplemental Agreement to the Intellectual Property License Agreement. The Company shall have executed and delivered a supplemental agreement to the Intellectual Property License Agreement to the effect that (a) the scope of the authorized party shall be extended to the Group Companies, (b) the Group Companies shall be granted a license to use the trademarks relating to “□□□” in the operation of the Principal Business and Kingsoft and its subsidiaries (other than the Group Companies) will not use such trademarks in the business falling into the scope of the Principal Business, (c) Kingsoft shall treat the Company and other subsidiaries of Kingsoft equally in respect of licensing of intellectual property rights by Kingsoft, and (c) Jinshan Digital, Beijing Jinshan and Zhuhai Jinshan shall use commercially reasonable efforts to apply for the renewal of trademark registration and pay patent annual fee on time.

## 7. CONDITIONS TO COMPANY’S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the relevant number of Purchased Shares set forth in Section 2.2 to each Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by each Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. Each Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of each Purchaser in connection with the transactions contemplated hereby shall have been completed.

7.4 Consents and Waivers. Each Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by each Purchaser.

7.6 Execution of Liyue Series D Share Charge. The Liyue Series D Share Charge shall have been duly executed and delivered by the Liyue Investor.

## 8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to each Purchaser a certificate registered in the name of such Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by such Purchaser pursuant to Section 2.2.

8.2 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, (iii) repayment of the outstanding principal amount and any accrued but unpaid interest thereon under the Loan Agreement and the Beijing Bank Loan, (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.

8.3 Obtaining of IDC License. ICP Co shall obtain the Internet Data Center Business License (in regard of Internet resource collaboration business) (互联网数据中心业务经营许可证) as soon as possible but in any event no later than six (6) months after the Closing.

8.4 Increase the Authorized Area Under the IDC License. ICP Co shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.5 Obtaining the Business Licenses. ICP Co Subsidiary 2 shall obtain the Value-Added Telecommunications Permit (增值电信业务经营许可证) covering Internet Data Center Business (互联网数据中心业务), Internet Access Service Business (互联网接入服务业务), IP-VPN Service (互联网协议网络接入服务业务) and Content Distribution Network Business (内容分发网络业务) as soon as possible but in any event no later than twelve (12) months after the Closing.

8.6 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.7 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than three (3) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.8 Registered Address and Lease. PRC Companies (other than ICP Co and ICP Co Subsidiary 2) shall renew the lease agreements for their respective registration address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws as soon as possible but in any event no later than six (6) months after the Closing.

8.9 Subsidiaries and Branches. The ICP Co shall establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities within one (1) year after the Closing as the ICP Co deems necessary after business assessment.

## 9. INDEMNIFICATION.

### 9.1 General Indemnity.

(a) The Group Companies shall jointly and severally indemnify and hold harmless each Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an “**Indemnified Person**”) from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the “**Indemnifiable Losses**”). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless each Purchaser (other than Kingsoft) from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or such Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement (“**Restructuring Losses**”); provided that the Company shall not be obligated to indemnify such Purchaser under this Section 9.1(b) if such Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.



(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to a Purchaser under this Section 9 shall be limited to one-hundred (100%) of the Purchase Price actually paid by such Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons' claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

(e) Notwithstanding anything to the contrary herein, the Group Companies shall not indemnify the Indemnified Persons for any Indemnifiable Losses arising from or in connection with the matters disclosed in the Disclosure Schedule.

9.2 Without limiting the generality of the foregoing the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company's service, which misuse involved obscenity and eroticism, and (b) any Related Party Transaction conducted before the Closing not on fair and arm's-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchasers by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchasers; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchasers.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit G; or (c) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit G with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the "**UNCITRAL Rules**") in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchasers are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 *Intentionally Left Blank.*

10.15 Termination. This Agreement may be terminated by any party hereto after September 25, 2017, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

10.16 No Exclusivity. For the avoidance of doubt, notwithstanding anything contained herein, within six (6) months after the Closing, the Company shall have the right to, without the consent of any of the Purchasers, solicit and accept offers for purchase of new equity securities of the Company or debt financing or negotiate or enter into discussion with any other person with respect to such transactions (where the pre-money valuation of the Company shall be no less than US\$1,600,000,000 (assuming the Closing has not occurred) and the proceeds of the Company from such transaction shall be no more than US\$420,000,000) on terms and conditions not favorable than those applicable to the Purchasers contained in the Transaction Documents other than those provided to the new investor(s) in such transaction in respect of Board seat(s) and protective provisions provided to director(s) appointed by such new investor(s); provided that the foregoing restrictions on valuation, proceeds and transaction terms shall not apply to any such transaction where the pre-money valuation of the Company in such transaction is more than US\$1,600,000,000 (assuming the Closing has not occurred).

— **REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK** —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin

Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ LEI Jun \_\_\_\_\_

Name: LEI Jun

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□)

**/s/ Seal of Beijing Yunxiang Zhisheng Technology  
Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP HOLD CO:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP CO:**

**BEIJING JINSHANYUN INTERNET TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Network Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP Co Subsidiary 1:**

**HAINAN CHENGMAI YUNXIANG ZHISHENG INTERNET TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

**/s/ Seal of Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP Co Subsidiary 2:**

**BEIJING JINXUN RUIBO INTERNET TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

**/s/ Seal of Beijing Jinxun Ruibo Network Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP Co Subsidiary 3:**

**SU ZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (XXXXXXXXXXXXXXXXXX)**

/s/ Seal of Suzhou Yunxiang Zhisheng Network Technology  
Co., Ltd.

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

---

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP Co Subsidiary 4:**

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY CO.,  
LTD. (XXXXXXXXXXXXXX)**

***/s/ Seal of Shanghai Ruidian Network Technology Co., Ltd.***

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 5:**

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (XXXXXXXXXXXXXX)**

***/s/ Seal of Nanjing Qianyi Shixun Information Technology  
Co., Ltd.***

By: /s/ LIN Song

Name: LIN Song

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin (王云林)

Title: Director

**WANG Yulin (王云林)**

By: /s/ WANG Yulin

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the date herein first written above.

**KINGSOFT**

**KINGSOFT CORPORATION LIMITED**

By: /s/ ZOU Tao \_\_\_\_\_

Name: ZOU Tao

Title: CEO

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**Liye Investor:**

**LIYUE JINSHI INVESTMENT L.P. (□□□□□□□□□□)**

By: /s/ Tseng, Kuo-Lung

Name: Tseng, Kuo-Lung

Title: Sole Director of LIYUE INVESTMENT MANAGEMENT LTD. acting as General Partner for and on behalf of LIYUE JINSHI INVESTMENT L.P.

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

---

## EXHIBITS

|           |   |
|-----------|---|
| Exhibit A | Capitalization Table                    |
| Exhibit B | Disclosure Schedule                     |
| Exhibit C | Form of Restated Shareholders Agreement |
| Exhibit D | Form of Restated Articles               |
| Exhibit E | Form of Registration Rights Agreement   |
| Exhibit F | Form of Liyue Series D Share Charge     |
| Exhibit G | Notices                                 |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**

---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**



---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**

---

**EXHIBIT F**

**FORM OF LIYUE SERIES D SHARE CHARGE**

---

**EXHIBIT G**

**NOTICES**

---

**SCHEDULE 1**

**PARTICULARS OF GROUP COMPANIES**

---

**SCHEDULE 2**

**LIST OF KEY EMPLOYEES**

## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of October 11, 2017 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China;
- (3) Beijing Jinshanyun Technology Co., Ltd. (北京金山云技术有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (4) Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜技术有限公司) (the “**PRC Subsidiary 2**”, PRC Subsidiary 1 and PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (5) Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云技术有限公司) (the “**ICP Hold Co**”), a limited liability company established under the laws of the PRC;
- (6) Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网技术有限公司) (the “**ICP Co**”);
- (7) Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 1**”), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co;
- (8) Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯睿博互联网技术有限公司) (the “**ICP Co Subsidiary 2**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (9) Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 3**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (10) Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司) (the “**ICP Co Subsidiary 4**”), a joint venture company established under the laws of the PRC;
- (11) Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息技术有限公司) (the “**ICP Co Subsidiary 5**”, together with ICP Co, ICP Hold Co, ICP Co Subsidiary 1, ICP Co Subsidiary 2, ICP Co Subsidiary 3 and ICP Co Subsidiary 4, the “**Domestic Enterprises**”, and each a “**Domestic Enterprise**”; the PRC Subsidiaries and the Domestic Enterprises are collectively referred to as the “**PRC Companies**”, and each a “**PRC Company**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;

- (12) Kingsoft Corporation Limited (“**Kingsoft**”), a limited liability company organized under the laws of the Cayman Islands;
- (13) Autogold Limited (the “**Officer Holdco**”, together with Kingsoft, the “**Existing Shareholders**”, and each an “**Existing Shareholder**”), a limited liability company organized under the laws of the British Virgin Islands;
- (14) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (15) New Cloud Ltd., a business company incorporated and existing under the laws of the British Virgin Islands (the “**Minsheng Investor**”, together with Kingsoft, the “**Purchasers**”, and each, a “**Purchaser**”).

RECITALS:

A. The Existing Shareholders, the Management Holdco, Core Pacific-Yamaichi International (H.K.) Nominees Limited, Mr. ZHANG Hongjiang (张洪江), Celestial Power Limited (the “**IDG Investor**”), ChinaAMC Special Investment Limited (the “**AMC Investor**”), Xiaomi Corporation (“**Xiaomi**”), Buddies Team Limited (the “**CM Investor**”) and LIYUE JINSHI INVESTMENT L.P. (力跃金石股权投资合伙企业(有限合伙)) (the “**Liyue Investor**”) collectively own 100% of the issued and outstanding shares of the Company prior to the Closing.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprises through a captive structure by virtue of the Restructuring Documents (as defined below).

C. Mr. WANG Yulin owns 100% of the issued and outstanding shares of the Officer Holdco. The Management collectively own 100% of the issued and outstanding shares of the Management Holdco.

D. Mrs. QIU Weiqin and Kingsoft Digital Entertainment Technology Co., Ltd. (奇趣互动娱乐科技有限公司) collectively own 100% of the registered capital of ICP Hold Co, which is the sole shareholder of ICP Co.

E. The Domestic Enterprises are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

F. The Company desires to issue, sell and allot to each Purchaser, and each Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.



G. China Minsheng Trust Co., Ltd. (中国民生信托有限公司), ICP Co and the Company entered into that certain Investment Framework Agreement dated as of the date hereof (the “**Investment Framework Agreement**”), which provides for arrangements in respect of the Minsheng Investor’s investment in the Company in connection with the transaction contemplated hereby.

The Company, the HK Company, the PRC Subsidiaries, ICP Hold Co, ICP Co, and each subsidiary of the foregoing, either Controlled by contractual commitment or equity ownership, are hereinafter referred to as the “**Group Companies**” collectively, and each, a “**Group Company**”.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; and (ii) in the case of a Subject Person other than a natural person, any other person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**business day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Charge over Account**” means a charge over bank account to be entered into by and between the Company and Kingsoft at the Closing in the form to the reasonable satisfaction of Kingsoft.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2016 and the period commencing on January 1, 2017 to March 31, 2017 and the audited financial statements of the PRC Subsidiary 1 for the year of 2016, the audited financial statements of the ICP Hold Co for the year of 2016 and the audited financial statements of the ICP Co for the year of 2016.

“**Control**” of a given person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the appointment of a majority of the board of directors of such person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the fifth amended and restated shareholders agreement dated September 21, 2017 entered into by and among the Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, CM Investor, the Liyue Investor and certain other parties thereto.

“**Financial Statements Date**” means March 31, 2017.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Intellectual Property License Agreement**” means an intellectual property license agreement entered into by and among Beijing Jinshan Digital Entertainment Technology Co., Ltd (北京金山数字娱乐科技有限公司)(“**Jinshan Digital**”), Zhuhai Jinshan Software Co., Ltd (珠海金山软件有限公司) (“**Zhuhai Jinshan**”), Beijing Jinshan Software Co., Ltd (北京金山软件有限公司)(“**Beijing Jinshan**”), PRC Subsidiary 1 and ICP Co. on November 9, 2012 in respect of license of certain trademarks and patents to be used by PRC Subsidiary 1 and ICP Co.

“**Kingsoft Deed of Guarantee**” means the deed of guarantee (保证书) entered into by and among Kingsoft, the Company, the HK Company, the ICP Holdco, the ICP Co, the PRC Subsidiaries and other parties named therein on June 1, 2016, pursuant to which the applicable Group Companies agree to provide counter security to guarantee provided by a subsidiary of Kingsoft to secure the repayment of the loan provided by the Zhongguancun sub-branch of the Bank of Beijing to the ICP Co with an aggregate principal amount of up to RMB400,000,000 (the “**Beijing Bank Loan**”).

“**Loan Agreement**” means the loan agreement dated December 1, 2014 entered into by and among the Company, Kingsoft and Xiaomi, pursuant to which Kingsoft agrees to provide to the Company loan up to an aggregate principal amount of US\$500,000,000.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to each Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Minsheng Term Sheet**” means the letter of intent regarding the proposed investment dated June 23, 2017 entered into by and among ChinaAMC International Capital Management Limited, the Company and Kingsoft.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Mr. Zhang’s Agreements**” means the restricted share agreement dated February 28, 2015 by and among the Company, Mr. ZHANG Hongjiang, the Officer, the Officer Holdco, Kingsoft and other parties named therein and the supplemental agreement thereto dated December 1, 2016 by and among the parties thereto.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

**“Related Party”** means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any person in which any such person in any of (i) to (iv) above has Control, joint Control or significant influence over such person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other person that Controls or is Controlled by or under common Control with any such person in any of (i) to (v) above.

**“Restated Articles”** means the fourteenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

**“Restated Shareholders Agreement”** means the sixth amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.

**“Restructuring Documents”** means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprises through the PRC Subsidiary 1, as amended.

**“Series A Preferred Shares”** means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series B Preferred Shares”** means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series C Preferred Shares”** means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series D Preferred Shares”** means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Share Award Scheme”** means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

**“Share Option Scheme”** means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

**“Shares”** means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

**“Transaction Documents”** means this Agreement, the Investment Framework Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Restructuring Documents, the Warrant and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

**“Warrant”** means the Preferred Share Purchase Warrant to be issued by the Company to the Minsheng Investor pursuant to the Investment Framework Agreement, if applicable.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|  |               |
|--|---------------|
| “Agreement”  | Preamble      |
| “AMC Investor”                                     | Recitals      |
| “Closing”  | Section 3.1   |
| “Closing Date”                                     | Section 3.1   |
| “CM Investor”                                      | Recitals      |
| “Company”  | Preamble      |
| “Disclosure Schedule”                              | Section 4     |
| “Domestic Enterprise” and “Domestic Enterprises”   | Preamble      |
| “Existing Shareholder” and “Existing Shareholders” | Preamble      |
| “Fees and Expenses”                                | Section 10.14 |
| “Group Company” and “Group Companies”              | Recitals      |
| “Government Official”                              | Section 4.7   |
| “Hong Kong”  | Preamble      |
| “HK Company”                                       | Preamble      |
| “ICP Co”   | Preamble      |
| “ICP Hold Co”                                      | Preamble      |
| “ICP Co Subsidiary 1”                              | Preamble      |
| “ICP Co Subsidiary 2”                              | Preamble      |
| “ICP Co Subsidiary 3”                              | Preamble      |
| “ICP Co Subsidiary 4”                              | Preamble      |
| “ICP Co Subsidiary 5”                              | Preamble      |
| “IDG Investor”                                     | Preamble      |
| “Indemnified Person”                               | Section 9.1   |
| “Indemnifiable Losses”                             | Section 9.1   |
| “Investment Framework Agreement”                   | Recitals      |
| “Key Employees”                                    | Section 6.9   |
| “Kingsoft”   | Preamble      |
| “Kingsoft Purchase Price”                          | Section 2.2   |
| “knowledge”  | Section 4     |
| “Liabilities”                                      | Section 4.10  |
| “Licenses”   | Section 4.6   |
| “Liyue Investor”                                   | Recitals      |
| “Material Adverse Effect”                          | Section 4     |
| “Material Contracts”                               | Section 4.16  |
| “Minsheng Investor”                                | Preamble      |
| “Minsheng Purchase Price”                          | Section 2.2   |
| “Officer”  | Preamble      |
| “Officer Holdco”                                   | Preamble      |
| “PRC Company” and “PRC Companies”                  | Preamble      |
| “PRC Subsidiary 1”                                 | Preamble      |
| “PRC Subsidiary 2”                                 | Preamble      |
| “PRC Subsidiaries”                                 | Preamble      |
| “Principal Business”                               | Recitals      |
| “Proprietary Assets”                               | Section 4.13  |

|                              |               |
|------------------------------|---------------|
| “Purchase Price”             | Section 2.2   |
| “Purchased Shares”           | Section 2.1   |
| “Purchaser” and “Purchasers” | Preamble      |
| “Related Party Transaction”  | Section 4.18  |
| “SEC”                        | Section 5.1   |
| “Tax Returns”                | Section 4.19  |
| “UNCITRAL Rules”             | Section 10.13 |
| “Xiaomi”                     | Recitals      |

### 1.3 Interpretation.

(a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.

(b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

(c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, excluding any shares of the Company issuable to each of Kingsoft and Xiaomi upon exercise of its respective conversion right pursuant to the Loan Agreement or issuable to each of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor upon exercise of its conversion right pursuant to Section 10 of the Restated Shareholders Agreement so long as such conversion right has not been exercised. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a business day, that payment must be made on or by the business day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, of an aggregate number of 235,690,912 Series D Preferred Shares (the “**Purchased Shares**”).

2.2 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each of Kingsoft and the Minsheng Investor, and (a) Kingsoft hereby agrees to purchase from the Company, 117,845,456 Purchased Shares, at an aggregate purchase price of US\$100,000,000 (the “**Kingsoft Purchase Price**”), (b) the Minsheng Investor hereby agrees to purchase from the Company, 117,845,456 Purchased Shares, at an aggregate purchase price of US\$100,000,000 (subject to Investment Framework Agreement, the “**Minsheng Purchase Price**”, together with the Kingsoft Purchase Price, the “**Purchase Price**” of each Purchaser). At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the relevant Purchaser by wire transfer of immediately available funds to an account designated by the Company, subject to Investment Framework Agreement.

## 3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchasers may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than November 30, 2017 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date; provided that the Minsheng Investor may purchase a portion of its Purchased Shares in accordance with the Investment Framework Agreement and pay the corresponding portion of Minsheng Purchase Price at the Closing. The Closing of the purchase and sale of the Purchased Shares by the Purchasers shall occur simultaneously.

3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to each Purchaser a copy of the Company’s register of members, updated to show the Purchasers as the holders of the relevant number of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchasers. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, (a) Kingsoft shall pay the Kingsoft Purchase Price, and (b) the Minsheng Investor shall pay the corresponding portion of Minsheng Purchase Price, if applicable, in each case by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company. If any portion of the Purchase Price 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 Closing Date.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to each Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party’s “**knowledge**” means such party’s actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to “**Material Adverse Effect**” means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

#### 4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital Immediately Prior to Closing. Immediately prior to the Closing, the authorized share capital of the Company consists of a total of (i) 1,430,699,348 Ordinary Shares of which 872,955,476 are issued (including 69,925,476 Ordinary Shares issued to Core Pacific-Yamaichi International (H.K.) Nominees Limited as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, and (v) 377,105,460 Series D Preferred Shares, of which 117,845,456 are issued and outstanding.



(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents (including the Warrant), (ii) up to an aggregate of 285,112,976 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme, (y) 69,925,476 Ordinary Shares have been issued to the trustee named Core Pacific-Yamaichi International (H.K.) Nominees Limited as restricted shares pursuant to the Share Award Scheme, and (z) 5,437,500 Ordinary Shares have been reserved to be used solely for future award under the ESOP, (iii) the options to purchase the equity interest in the ICP Holdco as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement and Mr. Zhang's Agreements, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, (vii) the conversion right of Kingsoft and Xiaomi provided in the Loan Agreement and the conversion right of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor provided in Section 10 of the Restated Shareholders Agreement, (viii) the rights to enforce the charge over the relevant Shares under the Mr. Wang's Share Charges, Mr. Zhang's Share Charge and the Management Holdco's Share Charge (each as defined in the Restated Shareholders Agreement), and (ix) the rights to enforce the charge over the Shares granted to the participants of the ESOP pursuant to the undertaking letters executed by such participants in favor of Kingsoft to secure the repayment of the loan under the Loan Agreement, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in Schedule 1 are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights with Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

#### 4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) immediately prior to and after the Closing is set out in Exhibit A.

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;

(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, "**Licenses**" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 **No Bribery.** No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a “**Government Official**”) for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 **Financial Statements.** The Company Financial Statements have been provided to the Purchasers and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the People’s Republic of China, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 **No Acceleration of Borrowings.** There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 **No Undisclosed Liabilities.** Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 **Tangible Personal Property.** The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.

4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies’ right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies’ confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies’ businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company’s businesses by its employees, nor the conduct of the any Group Company’s businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.

4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) involves total payments in excess of RMB5,000,000 (iii) is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (iv) is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) restricts its freedom of action in relation to its normal business activities; (vii) cannot be terminated without penalty or other compensation on less than twelve months' notice; (viii) is a loan, a guarantee, an equity transfer or other financing agreement; (ix) is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (x) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (xi) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to each Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended December 31, 2016, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a “**Related Party Transaction**”), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm’s-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.

4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.

4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies’ respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares.

4.24 Disclosure.

(a) No Misrepresentation. No representation, warranty or statement by the Group Companies in this Agreement, or in any exhibit, schedule, statement or certificate furnished to the Purchasers pursuant to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

(b) Full Disclosure. To the best knowledge of the Group Companies, there is no fact or circumstance relating to the affairs of the Group Companies which has not been disclosed to the Purchasers and which if disclosed might reasonably have been expected to influence the decision of the Purchasers to enter into this Agreement.

4.25 SAFE Registration. Each of the incumbent Management who is a domestic resident as defined in the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Financing and Inbound Investment through Offshore Special Purpose Companies by PRC Residents* (国家外汇管理局关于境内居民通过境外特殊目的公司融资和返程投资外汇管理有关问题的通知) effective as of July 4, 2014 issued by the State Administration of Foreign Exchange (国家外汇管理局, the “SAFE”) on July 4, 2014 (together with any rule or regulation interpreting or setting forth provisions for implementation of any of the foregoing, the “SAFE Circular”) has completed the registration with the competent local branch of SAFE for their respective direct holding of any equity interests in the intermediary, through which the Management holds the Management Holdco, which in turn holds equity securities of the Company, in accordance with the SAFE Circular and other applicable SAFE rules and regulations.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Each Purchaser represents and warrants, severally and not jointly, to the Group Companies as follows as of the date hereof and the Closing Date. Each Purchaser and its advisors have been afforded the opportunity to interview the representatives of the Group Companies as such Purchaser deems necessary in connection with its decision to subscribe for the Purchased Shares. Regardless of the foregoing, each party acknowledges and agrees that the foregoing shall not in any way limit, reduce or affect the representations and warranties provided by the Group Companies in this Agreement or the rights of such Purchaser to rely thereon. No information relating to the Group Companies or the Officer Holdco of which any Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of any Purchaser shall prejudice any claim made by such Purchaser under the indemnity contained in Section 9 or operate to reduce any amount recoverable thereunder except if and to the extent such information is disclosed in the Disclosure Schedule.

5.1 Status of Purchaser. Such Purchaser is either (i) an “accredited investor” within the meaning of Securities and Exchange Commission (“SEC”) Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a “U.S. person” as defined in Rule 902 of Regulation S of the Securities Act. Such Purchaser has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the Purchased Shares and can bear the economic risk of its investment in the relevant number of Purchased Shares set forth in Section 2.2.

5.2 Restricted Securities. Such Purchaser understands that the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act, that the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

5.3 No Public Market. Such Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company’s securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for such Purchaser’s own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. Such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. Such Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by such Purchaser. The Transaction Documents, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights generally and to general equitable principles.

5.6 Investment Experience. Such Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Agreements by each Purchaser and the performance by each Purchaser of its obligations under each of the Transaction Agreements to which it is a party will not (a) result in a breach of any provision of such Purchaser’s charter documents; (b) result in a breach of, or constitute a default under, any instrument by which such Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which such Purchaser is bound.



5.8 Governmental and Third Party Consents. Except for filings as necessary to perform disclosure obligations required by stock exchanges, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of each Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

## 6. CONDITIONS TO PURCHASERS' OBLIGATIONS AT THE CLOSING

The obligation of each Purchaser to purchase the relevant number of the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of such Purchaser, or otherwise waived by such Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body, including a waiver to be issued by Kingsoft and Xiaomi that the Minsheng Investor is not obligated to provide guarantee in favor of Kingsoft in connection with the Loan Agreement.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 Employment Agreements. The Company shall have delivered to such Purchaser copies of duly executed employment agreements with each of the key employees of the Group Companies as set forth in Schedule 2 hereto (the “**Key Employees**”), containing, among other things, provisions regarding the terms of employment, non-competition, confidentiality and invention assignment, each in form and substance satisfactory to such Purchaser.

6.10 Closing Certificate. The Company shall have delivered a certificate to such Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

6.11 Execution of Charge over Account. The Charge over Account shall have been duly executed and delivered by all parties thereto other than Kingsoft.

## 7. CONDITIONS TO COMPANY’S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the relevant number of Purchased Shares set forth in Section 2.2 to each Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by each Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. Each Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of each Purchaser in connection with the transactions contemplated hereby shall have been completed. For the avoidance of doubt, in respect of each Purchaser other than Kingsoft, all corporate and other proceedings on the part of Kingsoft in connection with the transactions contemplated hereby shall have been completed, which condition shall not be waived by the Company unless otherwise approved by Kingsoft.

7.4 Consents and Waivers. Each Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by each Purchaser.

7.6 Execution of Charge over Account. The Charge over Account shall have been duly executed and delivered by Kingsoft.

## 8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to each Purchaser a certificate registered in the name of such Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by such Purchaser pursuant to Section 2.2.

8.2 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, (iii) repayment of the outstanding principal amount and any accrued but unpaid interest thereon under the Loan Agreement and the Beijing Bank Loan, (iv) cash pledge in favor of Kingsoft to secure repayment of the loan under the Loan Agreement in accordance with the Charge over Account, or (v) the other purposes as approved by the Board.

8.3 Obtaining of IDC License. ICP Co shall obtain the Internet Data Center Business License (in regard of Internet resource collaboration business) (互联网资源协作业务) before the Closing.

8.4 Increase the Authorized Area Under the IDC License. ICP Co shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.5 Obtaining the Business Licenses. ICP Co Subsidiary 2 shall obtain the Value-Added Telecommunications Permit (增值电信业务经营许可证) covering Internet Data Center Business (互联网数据中心业务), Internet Access Service Business (互联网接入服务业务), IP-VPN Service (互联网协议网络接入服务业务) and Content Distribution Network Business (内容分发网络业务) as soon as possible but in any event no later than twelve (12) months after the Closing.

8.6 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.7 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than three (3) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.8 Registered Address and Lease. PRC Companies (other than ICP Co and ICP Co Subsidiary 2) shall renew the lease agreements for their respective registration address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws as soon as possible but in any event no later than six (6) months after the Closing.

8.9 Subsidiaries and Branches. The ICP Co shall establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities within one (1) year after the Closing as the ICP Co deems necessary after business assessment.

8.10 Charge over Account. The Company shall punctually perform the Charge over Account and perfect the charge created thereby.

## 9. INDEMNIFICATION.

### 9.1 General Indemnity.

(a) The Group Companies shall jointly and severally indemnify and hold harmless each Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an "**Indemnified Person**") from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the "**Indemnifiable Losses**"). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless each Purchaser (other than Kingsoft) from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or such Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement ("**Restructuring Losses**"); provided that the Company shall not be obligated to indemnify such Purchaser under this Section 9.1(b) if such Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.

(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to a Purchaser under this Section 9 shall be limited to one-hundred (100%) of the Purchase Price actually paid by such Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons' claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

9.2 Without limiting the generality of the foregoing and, notwithstanding anything disclosed in the Disclosure Schedule, the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company's service, which misuse involved obscenity and eroticism, and (b) any Related Party Transaction conducted before the Closing not on fair and arm's-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchasers by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchasers; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchasers.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit E; or (c) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit E with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the "**UNCITRAL Rules**") in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchasers are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 Expenses. The parties agree that the fees and expenses incurred by the Minsheng Investor in connection with its due diligence review and evaluation of the Group Companies and their business and the preparation and negotiation of this Agreement and the other Transaction Documents (the “**Fees and Expenses**”) shall be borne as follows:

(a) Upon the Closing, the Company shall bear the Fees and Expenses up to US\$50,000. The Parties agree that the Company shall pay the Fees and Expenses directly to the advisors engaged by the Minsheng Investor as soon as practicable after the Closing.

(b) If the Minsheng Investor fails to consummate the transactions contemplated hereunder in breach of this Agreement, the Minsheng Investor shall bear its own Fees and Expenses.

(c) If the Company or Kingsoft fail to consummate the transactions with respect to the Minsheng Investor contemplated hereunder in breach of this Agreement by the Company or Kingsoft, as the case may be, or if such transactions with respect to the Minsheng Investor are not consummated because the Company, Kingsoft or another party refuses to accept the draft Transaction Documents prepared in accordance with the Minsheng Term Sheet without any reasonable justification, the Company shall bear the Fees and Expenses up to US\$50,000. The Fees and Expenses shall be paid to the advisors engaged by the Minsheng Investor within three (3) days after the receipt of the relevant invoices from such advisors.

10.15 Termination. This Agreement may be terminated by any party hereto after November 30, 2017, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

10.16 No Exclusivity. For the avoidance of doubt, notwithstanding anything contained herein, within three (3) months after the Closing, the Company shall have the right to, without the consent of any of the Purchasers, solicit and accept offers for purchase of new equity securities of the Company or debt financing or negotiate or enter into discussion with any other person with respect to such transactions (where the pre-money valuation of the Company prior to issuance of any Series D Preferred Shares shall be no less than US\$1,600,000,000 and the proceeds of the Company from such transaction shall be no more than US\$300,000,000) on terms and conditions not favorable than those applicable to the Purchasers contained in the Transaction Documents.

— **REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK** —



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin

\_\_\_\_\_  
Name: WANG Yulin

Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ LEI Jun

\_\_\_\_\_  
Name: LEI Jun

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□)

**/s/ Seal of Beijing Yunxiang Zhisheng Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP HOLD CO:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP CO:**

**BEIJING JINSHANYUN INTERNET TECHNOLOGY  
CO., LTD. (□□□□□□□□□□□□)**

**/s/ Seal of Beijing Kingsoft Cloud Network  
Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 1:**

**HAINAN CHENGMAI YUNXIANG ZHISHENG  
INTERNET TECHNOLOGY CO., LTD. (□□□□□□□□□□  
□□□□)**

**/s/ Seal of Hainan Chengmai Yunxiang Zhisheng  
Network Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 2:**

**BEIJING JINXUN RUIBO INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

**/s/ Seal of Beijing Jinxun Ruibo Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP Co Subsidiary 3:**

**SU ZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

/s/ Seal of Suzhou Yunxiang Zhisheng Network  
Technology Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP Co Subsidiary 4:**

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY  
CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Shanghai Ruidian Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 5:**

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Nanjing Qianyi Shixun Information  
Technology Co., Ltd.**

By: /s/ LIN Song

Name: LIN Song

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin (王允)

Title: Director

**WANG Yulin (王允)**

By: /s/ WANG Yulin \_\_\_\_\_

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the date herein first written above.

**KINGSOFT**

**KINGSOFT CORPORATION LIMITED**

By: /s/ ZOU Tao \_\_\_\_\_

Name: ZOU Tao

Title: CEO

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**Minsheng Investor:**

**NEW CLOUD LTD.**

By: /s/ Dingzhe Liu

Name: Dingzhe Liu

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)



---

## EXHIBITS

|           |   |
|-----------|---|
| Exhibit A | Capitalization Table                    |
| Exhibit B | Disclosure Schedule                     |
| Exhibit C | Form of Restated Shareholders Agreement |
| Exhibit D | Form of Restated Articles               |
| Exhibit E | Form of Registration Rights Agreement   |
| Exhibit F | Notices                                 |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**

---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**

---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**

---

**EXHIBIT F**

**NOTICES**

---

**SCHEDULE 1**

**PARTICULARS OF GROUP COMPANIES**



---

**SCHEDULE 2**

**LIST OF KEY EMPLOYEES**

## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of December 28, 2017 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China;
- (3) Beijing Jinshanyun Technology Co., Ltd. (北京金山云技术有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (4) Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜技术有限公司) (the “**PRC Subsidiary 2**”, PRC Subsidiary 1 and PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (5) Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云技术有限公司) (the “**ICP Hold Co**”), a limited liability company established under the laws of the PRC;
- (6) Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网技术有限公司) (the “**ICP Co**”);
- (7) Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 1**”), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co;
- (8) Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯睿博互联网技术有限公司) (the “**ICP Co Subsidiary 2**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (9) Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 3**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (10) Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司) (the “**ICP Co Subsidiary 4**”), a joint venture company established under the laws of the PRC;
- (11) Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息技术有限公司) (the “**ICP Co Subsidiary 5**”, together with ICP Co, ICP Hold Co, ICP Co Subsidiary 1, ICP Co Subsidiary 2, ICP Co Subsidiary 3 and ICP Co Subsidiary 4, the “**Domestic Enterprises**”, and each a “**Domestic Enterprise**”; the PRC Subsidiaries and the Domestic Enterprises are collectively referred to as the “**PRC Companies**”, and each a “**PRC Company**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;

- (12) Kingsoft Corporation Limited (“**Kingsoft**”), a limited liability company organized under the laws of the Cayman Islands;
- (13) Autogold Limited (the “**Officer Holdco**”, together with Kingsoft, the “**Existing Shareholders**”, and each an “**Existing Shareholder**”), a limited liability company organized under the laws of the British Virgin Islands;
- (14) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (15) Precious Steed Limited, a company incorporated and existing under the laws of the British Virgin Islands (the “**GY Investor**”, together with Kingsoft, the “**Purchasers**”, and each, a “**Purchaser**”).

RECITALS:

A. The Existing Shareholders, the Management Holdco, Core Pacific-Yamaichi International (H.K.) Nominees Limited, Mr. ZHANG Hongjiang (张洪江), Celestial Power Limited (the “**IDG Investor**”), ChinaAMC Special Investment Limited (the “**AMC Investor**”), Xiaomi Corporation (“**Xiaomi**”), Buddies Team Limited (the “**CM Investor**”) and LIYUE JINSHI INVESTMENT L.P. (李月金时投资有限合伙企业) (the “**Liyue Investor**”) and New Cloud Ltd. (the “**Minsheng Investor**”) collectively own 100% of the issued and outstanding shares of the Company prior to the Closing.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprises through a captive structure by virtue of the Restructuring Documents (as defined below).

C. Mr. WANG Yulin owns 100% of the issued and outstanding shares of the Officer Holdco. The Management collectively own 100% of the issued and outstanding shares of the Management Holdco.

D. Mrs. QIU Weiqin and Kingsoft Digital Entertainment Technology Co., Ltd. (奇趣互动娱乐科技有限公司) collectively own 100% of the registered capital of ICP Hold Co, which is the sole shareholder of ICP Co.

E. The Domestic Enterprises are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

F. The Company desires to issue, sell and allot to each Purchaser, and each Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.

The Company, the HK Company, the PRC Subsidiaries, ICP Hold Co, ICP Co, and each subsidiary of the foregoing, either Controlled by contractual commitment or equity ownership, are hereinafter referred to as the “**Group Companies**” collectively, and each, a “**Group Company**”.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; and (ii) in the case of a Subject Person other than a natural person, any other person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**business day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Charge over Account**” means a charge over bank account entered into by and between the Company and Kingsoft on December 6, 2017.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2016 and the period commencing on January 1, 2017 to September 30, 2017 and the audited financial statements of the PRC Subsidiary 1 for the year of 2016, the audited financial statements of the ICP Hold Co for the year of 2016 and the audited financial statements of the ICP Co for the year of 2016.

“**Control**” of a given person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the appointment of a majority of the board of directors of such person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the sixth amended and restated shareholders agreement dated December 6, 2017 entered into by and among the Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, CM Investor, the Liyue Investor, the Minsheng Investor and certain other parties thereto.

“**Financial Statements Date**” means September 30, 2017.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Investment Framework Agreement**” means the investment framework agreement entered into by China Minsheng Trust Co., Ltd. (中国民生信托有限公司), ICP Co and the Company on October 11, 2017.

“**Kingsoft Deed of Guarantee**” means the deed of guarantee (保证书) entered into by and among Kingsoft, the Company, the HK Company, the ICP Holdco, the ICP Co, the PRC Subsidiaries and other parties named therein on June 1, 2016, pursuant to which the applicable Group Companies agree to provide counter security to guarantee provided by a subsidiary of Kingsoft to secure the repayment of the loan provided by the Zhongguancun sub-branch of the Bank of Beijing to the ICP Co with an aggregate principal amount of up to RMB400,000,000 (the “**Beijing Bank Loan**”).

“**Loan Agreement**” means the loan agreement dated December 1, 2014 entered into by and among the Company, Kingsoft and Xiaomi, pursuant to which Kingsoft agrees to provide to the Company loan up to an aggregate principal amount of US\$500,000,000.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to each Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Mr. Zhang’s Agreements**” means the restricted share agreement dated February 28, 2015 by and among the Company, Mr. ZHANG Hongjiang, the Officer, the Officer Holdco, Kingsoft and other parties named therein and the supplemental agreement thereto dated December 1, 2016 by and among the parties thereto.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

“**Related Party**” means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any person in which any such person in any of (i) to (iv) above has Control, joint Control or significant influence over such person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other person that Controls or is Controlled by or under common Control with any such person in any of (i) to (v) above.

“**Restated Articles**” means the fifteenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

“**Restated Shareholders Agreement**” means the seventh amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.

“**Restructuring Documents**” means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprises through the PRC Subsidiary 1, as amended.

“**Series A Preferred Shares**” means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series B Preferred Shares**” means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series C Preferred Shares**” means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series D Preferred Shares**” means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Share Award Scheme**” means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

“**Share Option Scheme**” means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

“**Shares**” means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Transaction Documents**” means this Agreement, the Investment Framework Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Restructuring Documents, the Warrant and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

“**Warrant**” means the Preferred Share Purchase Warrant issued by the Company to the Minsheng Investor pursuant to the Investment Framework Agreement.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|  |             |
|--|-------------|
| “ <b>Agreement</b> ”   | Preamble    |
| “ <b>AMC Investor</b> ”  | Recitals    |
| “ <b>Closing</b> ”   | Section 3.1 |
| “ <b>Closing Date</b> ”  | Section 3.1 |
| “ <b>CM Investor</b> ”   | Recitals    |
| “ <b>Company</b> ”   | Preamble    |
| “ <b>Disclosure Schedule</b> ”                                       | Section 4   |
| “ <b>Domestic Enterprise</b> ” and “ <b>Domestic Enterprises</b> ”   | Preamble    |
| “ <b>Existing Shareholder</b> ” and “ <b>Existing Shareholders</b> ” | Preamble    |
| “ <b>Group Company</b> ” and “ <b>Group Companies</b> ”              | Recitals    |
| “ <b>Government Official</b> ”                                       | Section 4.7 |

|                                   |               |
|-----------------------------------|---------------|
| “GY Investor”                     | Preamble      |
| “GY Purchase Price”               | Section 2.2   |
| “Hong Kong”                       | Preamble      |
| “HK Company”                      | Preamble      |
| “ICP Co”                          | Preamble      |
| “ICP Hold Co”                     | Preamble      |
| “ICP Co Subsidiary 1”             | Preamble      |
| “ICP Co Subsidiary 2”             | Preamble      |
| “ICP Co Subsidiary 3”             | Preamble      |
| “ICP Co Subsidiary 4”             | Preamble      |
| “ICP Co Subsidiary 5”             | Preamble      |
| “IDG Investor”                    | Recitals      |
| “Indemnified Person”              | Section 9.1   |
| “Indemnifiable Losses”            | Section 9.1   |
| “Investment Framework Agreement”  | Recitals      |
| “Key Employees”                   | Section 6.9   |
| “Kingsoft”                        | Preamble      |
| “Kingsoft Purchase Price”         | Section 2.2   |
| “knowledge”                       | Section 4     |
| “Liabilities”                     | Section 4.10  |
| “Licenses”                        | Section 4.6   |
| “Liyue Investor”                  | Preamble      |
| “Material Adverse Effect”         | Section 4     |
| “Material Contracts”              | Section 4.16  |
| “Minsheng Investor”               | Recitals      |
| “Officer”                         | Preamble      |
| “Officer Holdco”                  | Preamble      |
| “PRC Company” and “PRC Companies” | Preamble      |
| “PRC Subsidiary 1”                | Preamble      |
| “PRC Subsidiary 2”                | Preamble      |
| “PRC Subsidiaries”                | Preamble      |
| “Principal Business”              | Recitals      |
| “Proprietary Assets”              | Section 4.13  |
| “Purchase Price”                  | Section 2.2   |
| “Purchased Shares”                | Section 2.1   |
| “Purchaser” and “Purchasers”      | Preamble      |
| “Related Party Transaction”       | Section 4.18  |
| “SEC”                             | Section 5.1   |
| “Tax Returns”                     | Section 4.19  |
| “UNCITRAL Rules”                  | Section 10.13 |
| “Xiaomi”                          | Recitals      |

### 1.3 Interpretation.

- (a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.
- (b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.



(c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, excluding any shares of the Company issuable to each of Kingsoft and Xiaomi upon exercise of its respective conversion right pursuant to the Loan Agreement or issuable to each of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor upon exercise of its conversion right pursuant to Section 10 of the Restated Shareholders Agreement so long as such conversion right has not been exercised. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a business day, that payment must be made on or by the business day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance of an aggregate number of 612,796,372 Series D Preferred Shares, of which 117,845,456 Series D Preferred Shares (the “**Purchased Shares**”) will be issued and purchased pursuant to the terms and conditions of this Agreement.

2.2 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each of Kingsoft and the GY Investor, and (a) Kingsoft hereby agrees to purchase from the Company, 58,922,728 Purchased Shares, at an aggregate purchase price of US\$50,000,000 (the “**Kingsoft Purchase Price**”), (b) the GY Investor hereby agrees to purchase from the Company, 58,922,728 Purchased Shares, at an aggregate purchase price of US\$50,000,000 (the “**GY Purchase Price**”, together with the Kingsoft Purchase Price, the “**Purchase Price**” of each Purchaser). At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the relevant Purchaser by wire transfer of immediately available funds to an account designated by the Company.

### 3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchasers may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than March 15, 2018 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date. The Closing of the purchase and sale of the Purchased Shares by the Purchasers shall occur simultaneously.

3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to each Purchaser a copy of the Company’s register of members, updated to show the Purchasers as the holders of the relevant number of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchasers. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, (a) Kingsoft shall pay the Kingsoft Purchase Price, and (b) the GY Investor shall pay the GY Purchase Price, in each case by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company. If any portion of the Purchase Price 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 Closing Date.

### 4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to each Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party’s “**knowledge**” means such party’s actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to “**Material Adverse Effect**” means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital Immediately Prior to Closing. Except as disclosed in the Disclosure Schedule, immediately prior to the Closing, the authorized share capital of the Company consists of a total of (i) 1,195,008,436 Ordinary Shares of which 872,955,476 are issued (including 69,925,476 Ordinary Shares issued to Core Pacific-Yamaichi International (H.K.) Nominees Limited as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, and (v) 612,796,372 Series D Preferred Shares, of which 317,004,277 are issued and outstanding.

(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents (including the Warrant), (ii) up to an aggregate of 285,112,976 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme, (y) 69,925,476 Ordinary Shares have been issued to the trustee named Core Pacific-Yamaichi International (H.K.) Nominees Limited as restricted shares pursuant to the Share Award Scheme, and (z) 5,437,500 Ordinary Shares have been reserved to be used solely for future award under the ESOP, (iii) the options to purchase the equity interest in the ICP Holdco as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement and Mr. Zhang's Agreements, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, (vii) the conversion right of Kingsoft and Xiaomi provided in the Loan Agreement and the conversion right of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor provided in Section 10 of the Restated Shareholders Agreement, (viii) the rights to enforce the charge over the relevant Shares under the Mr. Wang's Share Charges, Mr. Zhang's Share Charge and the Management Holdco's Share Charge (each as defined in the Restated Shareholders Agreement), and (ix) the rights to enforce the charge over the Shares granted to the participants of the ESOP pursuant to the undertaking letters executed by such participants in favor of Kingsoft to secure the repayment of the loan under the Loan Agreement, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in Schedule 1 are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights with Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) immediately prior to and after the Closing is set out in Exhibit A.

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;

(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, “**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 No Bribery. No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a “**Government Official**”) for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 Financial Statements. The Company Financial Statements have been provided to the Purchasers and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the People’s Republic of China, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 No Acceleration of Borrowings. There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 No Undisclosed Liabilities. Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 Tangible Personal Property. The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.

4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies' right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies' confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies' businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company's businesses by its employees, nor the conduct of the any Group Company's businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.

4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) involves total payments in excess of RMB5,000,000 (iii) is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (iv) is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) restricts its freedom of action in relation to its normal business activities; (vii) cannot be terminated without penalty or other compensation on less than twelve months' notice; (viii) is a loan, a guarantee, an equity transfer or other financing agreement; (ix) is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (x) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (xi) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to each Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended December 31, 2016, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a “**Related Party Transaction**”), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm’s-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.



4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.

4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies' respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares.

4.24 Disclosure.

(a) No Misrepresentation. No representation, warranty or statement by the Group Companies in this Agreement, or in any exhibit, schedule, statement or certificate furnished to the Purchasers pursuant to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

(b) Full Disclosure. To the best knowledge of the Group Companies, there is no fact or circumstance relating to the affairs of the Group Companies which has not been disclosed to the Purchasers and which if disclosed might reasonably have been expected to influence the decision of the Purchasers to enter into this Agreement.

4.25 SAFE Registration. Each of the incumbent Management who is a domestic resident as defined in the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Financing and Inbound Investment through Offshore Special Purpose Companies by PRC Residents* (中华人民共和国财政部、国家外汇管理局公告〔2014〕第1号) effective as of July 4, 2014 issued by the State Administration of Foreign Exchange (国家外汇管理局, the “SAFE”) on July 4, 2014 (together with any rule or regulation interpreting or setting forth provisions for implementation of any of the foregoing, the “SAFE Circular”) has completed the registration with the competent local branch of SAFE for their respective direct holding of any equity interests in the intermediary, through which the Management holds the Management Holdco, which in turn holds equity securities of the Company, in accordance with the SAFE Circular and other applicable SAFE rules and regulations.

## 5. REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Each Purchaser represents and warrants, severally and not jointly, to the Group Companies as follows as of the date hereof and the Closing Date. Each Purchaser and its advisors have been afforded the opportunity to interview the representatives of the Group Companies as such Purchaser deems necessary in connection with its decision to subscribe for the Purchased Shares. Regardless of the foregoing, each party acknowledges and agrees that the foregoing shall not in any way limit, reduce or affect the representations and warranties provided by the Group Companies in this Agreement or the rights of such Purchaser to rely thereon. No information relating to the Group Companies or the Officer Holdco of which any Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of any Purchaser shall prejudice any claim made by such Purchaser under the indemnity contained in Section 9 or operate to reduce any amount recoverable thereunder except if and to the extent such information is disclosed in the Disclosure Schedule.

5.1 Status of Purchaser. Such Purchaser is either (i) an “accredited investor” within the meaning of Securities and Exchange Commission (“SEC”) Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a “U.S. person” as defined in Rule 902 of Regulation S of the Securities Act. Such Purchaser has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the Purchased Shares and can bear the economic risk of its investment in the relevant number of Purchased Shares set forth in Section 2.2.

5.2 Restricted Securities. Such Purchaser understands that the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act, that the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

5.3 No Public Market. Such Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company's securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for such Purchaser's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. Such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. Such Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by such Purchaser. The Transaction Documents, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

5.6 Investment Experience. Such Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Agreements by each Purchaser and the performance by each Purchaser of its obligations under each of the Transaction Agreements to which it is a party will not (a) result in a breach of any provision of such Purchaser's charter documents; (b) result in a breach of, or constitute a default under, any instrument by which such Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which such Purchaser is bound.

5.8 Governmental and Third Party Consents. Except for filings as necessary to perform disclosure obligations required by stock exchanges, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of each Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

## 6. CONDITIONS TO PURCHASERS' OBLIGATIONS AT THE CLOSING

The obligation of each Purchaser to purchase the relevant number of the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of such Purchaser, or otherwise waived by such Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body, including a waiver to be issued by Kingsoft and Xiaomi that the GY Investor is not obligated to provide guarantee in favor of Kingsoft in connection with the Loan Agreement.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 Employment Agreements. The Company shall have delivered to such Purchaser copies of duly executed employment agreements with each of the key employees of the Group Companies as set forth in Schedule 2 hereto (the "**Key Employees**"), containing, among other things, provisions regarding the terms of employment, non-competition, confidentiality and invention assignment, each in form and substance satisfactory to such Purchaser.

6.10 Closing Certificate. The Company shall have delivered a certificate to such Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

## 7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the relevant number of Purchased Shares set forth in Section 2.2 to each Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by each Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. Each Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of each Purchaser in connection with the transactions contemplated hereby shall have been completed. For the avoidance of doubt, in respect of each Purchaser other than Kingsoft, all corporate and other proceedings on the part of Kingsoft in connection with the transactions contemplated hereby shall have been completed, which condition shall not be waived by the Company unless otherwise approved by Kingsoft.

7.4 Consents and Waivers. Each Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by each Purchaser.

## 8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to each Purchaser a certificate registered in the name of such Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by such Purchaser pursuant to Section 2.2.

8.2 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, (iii) repayment of the outstanding principal amount and any accrued but unpaid interest thereon under the Loan Agreement and the Beijing Bank Loan, (iv) cash pledge in favor of Kingsoft to secure repayment of the loan under the Loan Agreement in accordance with the Charge over Account, or (v) the other purposes as approved by the Board.

8.3 Increase the Authorized Area Under the IDC License. ICP Co shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.4 Obtaining the Business Licenses. ICP Co Subsidiary 2 shall obtain the Value-Added Telecommunications Permit (增值电信业务经营许可证) covering Internet Data Center Business (互联网数据中心业务), Internet Access Service Business (互联网接入服务业务), IP-VPN Service (互联网协议网络接入服务业务) and Content Distribution Network Business (内容分发网络业务) as soon as possible but in any event no later than twelve (12) months after the Closing.

8.5 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.6 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than three (3) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.7 Registered Address and Lease. PRC Companies (other than ICP Co and ICP Co Subsidiary 2) shall renew the lease agreements for their respective registration address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws as soon as possible but in any event no later than six (6) months after the Closing.

8.8 Subsidiaries and Branches. The ICP Co shall establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities within one (1) year after the Closing as the ICP Co deems necessary after business assessment.

8.9 Charge over Account. The Company shall punctually perform the Charge over Account and perfect the charge created thereby.

## 9. INDEMNIFICATION.

9.1 General Indemnity.

(a) The Group Companies shall jointly and severally indemnify and hold harmless each Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an “**Indemnified Person**”) from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the “**Indemnifiable Losses**”). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless each Purchaser (other than Kingsoft) from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or such Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement (“**Restructuring Losses**”); provided that the Company shall not be obligated to indemnify such Purchaser under this Section 9.1(b) if such Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.

(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to a Purchaser under this Section 9 shall be limited to one-hundred (100%) of the Purchase Price actually paid by such Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons’ claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

9.2 Without limiting the generality of the foregoing and, notwithstanding anything disclosed in the Disclosure Schedule, the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company’s service, which misuse involved obscenity and eroticism, and (b) any Related Party Transaction conducted before the Closing not on fair and arm’s-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchasers by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchasers; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchasers.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit F; or (c) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit F with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.



10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the “**UNCITRAL Rules**”) in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchasers are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 *[Intentionally left blank]*

10.15 Termination. This Agreement may be terminated by any party hereto after March 15, 2018, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

10.16 No Exclusivity. For the avoidance of doubt, notwithstanding anything contained herein, within three (3) months after December 6, 2017, the Company shall have the right to, without the consent of any of the Purchasers, solicit and accept offers for purchase of new equity securities of the Company or debt financing or negotiate or enter into discussion with any other person with respect to such transactions (where the pre-money valuation of the Company prior to issuance of any Series D Preferred Shares shall be no less than US\$1,600,000,000 and the proceeds of the Company from such transaction shall be no more than US\$300,000,000) on terms and conditions not favorable than those applicable to the Purchasers contained in the Transaction Documents.

— **REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK** —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ LEI Jun  
Name: LEI Jun  
Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□)

**/s/ Seal of Beijing Yunxiang Zhisheng Technology Co.,  
Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP HOLD CO:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP CO:**

**BEIJING JINSHANYUN INTERNET TECHNOLOGY  
CO., LTD. (□□□□□□□□□□□□)**

**/s/ Seal of Beijing Kingsoft Cloud Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP Co Subsidiary 1:**

**HAINAN CHENGMAI YUNXIANG ZHISHENG  
INTERNET TECHNOLOGY CO., LTD. (□□□□□□□□□□  
□□□□)**

**/s/ Seal of Hainan Chengmai Yunxiang Zhisheng Network  
Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP Co Subsidiary 2:**

**BEIJING JINXUN RUIBO INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

**/s/ Seal of Beijing Jinxun Ruibo Network Technology Co.,  
Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP Co Subsidiary 3:**

**SU ZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

/s/ Seal of Suzhou Yunxiang Zhisheng Network  
Technology Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP Co Subsidiary 4:**

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY  
CO., LTD. (XXXXXXXXXXXXXX)**

**/s/ Seal of Shanghai Ruidian Network Technology Co.,  
Ltd.**

By: /s/ WANG Yulin \_\_\_\_\_  
Name: WANG Yulin  
Title: Legal Representative

**ICP Co Subsidiary 5:**

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (XXXXXXXXXXXXXX)**

**/s/ Seal of Nanjing Qianyi Shixun Information  
Technology Co., Ltd.**

By: /s/ LIN Song \_\_\_\_\_  
Name: LIN Song  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin  
Name: WANG Yulin (王允林)  
Title: Director

**WANG Yulin (王允林)**

By: /s/ WANG Yulin

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)



IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the date herein first written above.

**KINGSOFT**

**KINGSOFT CORPORATION LIMITED**

By: /s/ ZOU Tao \_\_\_\_\_  
Name: ZOU Tao  
Title: CEO

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**GY Investor:**

**PRECIOUS STEED LIMITED**

By: /s/ Ip Kun Wan  
Name: Ip Kun Wan  
Title: Authorised Signature

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

---

## EXHIBITS

|           |   |
|-----------|---|
| Exhibit A | Capitalization Table                    |
| Exhibit B | Disclosure Schedule                     |
| Exhibit C | Form of Restated Shareholders Agreement |
| Exhibit D | Form of Restated Articles               |
| Exhibit E | Form of Registration Rights Agreement   |
| Exhibit F | Notices                                 |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**

---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**

---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**



---

**EXHIBIT F**

**NOTICES**

---

**SCHEDULE 1**

**PARTICULARS OF GROUP COMPANIES**

---

**SCHEDULE 2**

**LIST OF KEY EMPLOYEES**

## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of December 28, 2017 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China;
- (3) Beijing Jinshanyun Technology Co., Ltd. (北京金山云技术有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (4) Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜技术有限公司) (the “**PRC Subsidiary 2**”, PRC Subsidiary 1 and PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (5) Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云技术有限公司) (the “**ICP Hold Co**”), a limited liability company established under the laws of the PRC;
- (6) Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网技术有限公司) (the “**ICP Co**”);
- (7) Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 1**”), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co;
- (8) Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯睿博互联网技术有限公司) (the “**ICP Co Subsidiary 2**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (9) Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 3**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (10) Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司) (the “**ICP Co Subsidiary 4**”), a joint venture company established under the laws of the PRC;
- (11) Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息技术有限公司) (the “**ICP Co Subsidiary 5**”, together with ICP Co, ICP Hold Co, ICP Co Subsidiary 1, ICP Co Subsidiary 2, ICP Co Subsidiary 3 and ICP Co Subsidiary 4, the “**Domestic Enterprises**”, and each a “**Domestic Enterprise**”; the PRC Subsidiaries and the Domestic Enterprises are collectively referred to as the “**PRC Companies**”, and each a “**PRC Company**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;

- (12) Kingsoft Corporation Limited (“**Kingsoft**”), a limited liability company organized under the laws of the Cayman Islands;
- (13) Autogold Limited (the “**Officer Holdco**”, together with Kingsoft, the “**Existing Shareholders**”, and each an “**Existing Shareholder**”), a limited liability company organized under the laws of the British Virgin Islands;
- (14) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (15) LIYUE JINSHI INVESTMENT L.P. (利悦金石投资有限合伙), an exempted limited partnership registered and existing under the laws of the Cayman Islands (the “**Liyue Investor**”, together with Kingsoft, the “**Purchasers**”, and each, a “**Purchaser**”).

RECITALS:

A. The Existing Shareholders, the Management Holdco, Core Pacific-Yamaichi International (H.K.) Nominees Limited, Mr. ZHANG Hongjiang (张洪江), Celestial Power Limited (the “**IDG Investor**”), ChinaAMC Special Investment Limited (the “**AMC Investor**”), Xiaomi Corporation (“**Xiaomi**”), Buddies Team Limited (the “**CM Investor**”), the Liyue Investor and New Cloud Ltd. (the “**Minsheng Investor**”) collectively own 100% of the issued and outstanding shares of the Company prior to the Closing.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprises through a captive structure by virtue of the Restructuring Documents (as defined below).

C. Mr. WANG Yulin owns 100% of the issued and outstanding shares of the Officer Holdco. The Management collectively own 100% of the issued and outstanding shares of the Management Holdco.

D. Mrs. QIU Weiqin and Kingsoft Digital Entertainment Technology Co., Ltd. (奇趣互动娱乐科技有限公司) collectively own 100% of the registered capital of ICP Hold Co, which is the sole shareholder of ICP Co.

E. The Domestic Enterprises are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

F. The Company desires to issue, sell and allot to each Purchaser, and each Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.

The Company, the HK Company, the PRC Subsidiaries, ICP Hold Co, ICP Co, and each subsidiary of the foregoing, either Controlled by contractual commitment or equity ownership, are hereinafter referred to as the “**Group Companies**” collectively, and each, a “**Group Company**”.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; and (ii) in the case of a Subject Person other than a natural person, any other person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**business day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Charge over Account**” means a charge over bank account entered into by and between the Company and Kingsoft on December 6, 2017.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2016 and the period commencing on January 1, 2017 to September 30, 2017 and the audited financial statements of the PRC Subsidiary 1 for the year of 2016, the audited financial statements of the ICP Hold Co for the year of 2016 and the audited financial statements of the ICP Co for the year of 2016.

“**Control**” of a given person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the appointment of a majority of the board of directors of such person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the sixth amended and restated shareholders agreement dated December 6, 2017 entered into by and among the Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, CM Investor, the Liyue Investor, the Minsheng Investor and certain other parties thereto.

“**Financial Statements Date**” means September 30, 2017.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Investment Framework Agreement**” means the investment framework agreement entered into by China Minsheng Trust Co., Ltd. (中国民生信托有限公司), ICP Co and the Company on October 11, 2017.

“**Kingsoft Deed of Guarantee**” means the deed of guarantee (保证书) entered into by and among Kingsoft, the Company, the HK Company, the ICP Holdco, the ICP Co, the PRC Subsidiaries and other parties named therein on June 1, 2016, pursuant to which the applicable Group Companies agree to provide counter security to guarantee provided by a subsidiary of Kingsoft to secure the repayment of the loan provided by the Zhongguancun sub-branch of the Bank of Beijing to the ICP Co with an aggregate principal amount of up to RMB400,000,000 (the “**Beijing Bank Loan**”).

“**Loan Agreement**” means the loan agreement dated December 1, 2014 entered into by and among the Company, Kingsoft and Xiaomi, pursuant to which Kingsoft agrees to provide to the Company loan up to an aggregate principal amount of US\$500,000,000.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to each Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Mr. Zhang’s Agreements**” means the restricted share agreement dated February 28, 2015 by and among the Company, Mr. ZHANG Hongjiang, the Officer, the Officer Holdco, Kingsoft and other parties named therein and the supplemental agreement thereto dated December 1, 2016 by and among the parties thereto.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

“**Related Party**” means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any person in which any such person in any of (i) to (iv) above has Control, joint Control or significant influence over such person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other person that Controls or is Controlled by or under common Control with any such person in any of (i) to (v) above.

“**Restated Articles**” means the fifteenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

“**Restated Shareholders Agreement**” means the seventh amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.



**“Restructuring Documents”** means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprises through the PRC Subsidiary 1, as amended.

**“Series A Preferred Shares”** means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series B Preferred Shares”** means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series C Preferred Shares”** means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series D Preferred Shares”** means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Share Award Scheme”** means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

**“Share Option Scheme”** means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

**“Shares”** means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

**“Transaction Documents”** means this Agreement, the Investment Framework Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Restructuring Documents, the Warrant and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

**“Warrant”** means the Preferred Share Purchase Warrant issued by the Company to the Minsheng Investor pursuant to the Investment Framework Agreement.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|  |             |
|--|-------------|
| <b>“Agreement”</b>   | Preamble    |
| <b>“AMC Investor”</b>  | Recitals    |
| <b>“Closing”</b>   | Section 3.1 |
| <b>“Closing Date”</b>  | Section 3.1 |
| <b>“CM Investor”</b>   | Recitals    |
| <b>“Company”</b>   | Preamble    |
| <b>“Disclosure Schedule”</b>                                     | Section 4   |
| <b>“Domestic Enterprise”</b> and <b>“Domestic Enterprises”</b>   | Preamble    |
| <b>“Existing Shareholder”</b> and <b>“Existing Shareholders”</b> | Preamble    |
| <b>“Group Company”</b> and <b>“Group Companies”</b>              | Recitals    |
| <b>“Government Official”</b>                                     | Section 4.7 |

|                                   |               |
|-----------------------------------|---------------|
| “Hong Kong”                       | Preamble      |
| “HK Company”                      | Preamble      |
| “ICP Co”                          | Preamble      |
| “ICP Hold Co”                     | Preamble      |
| “ICP Co Subsidiary 1”             | Preamble      |
| “ICP Co Subsidiary 2”             | Preamble      |
| “ICP Co Subsidiary 3”             | Preamble      |
| “ICP Co Subsidiary 4”             | Preamble      |
| “ICP Co Subsidiary 5”             | Preamble      |
| “IDG Investor”                    | Recitals      |
| “Indemnified Person”              | Section 9.1   |
| “Indemnifiable Losses”            | Section 9.1   |
| “Investment Framework Agreement”  | Recitals      |
| “Key Employees”                   | Section 6.9   |
| “Kingsoft”                        | Preamble      |
| “Kingsoft Purchase Price”         | Section 2.2   |
| “knowledge”                       | Section 4     |
| “Liabilities”                     | Section 4.10  |
| “Licenses”                        | Section 4.6   |
| “Liyue Investor”                  | Preamble      |
| “Liyue Purchase Price”            | Section 2.2   |
| “Material Adverse Effect”         | Section 4     |
| “Material Contracts”              | Section 4.16  |
| “Minsheng Investor”               | Recitals      |
| “Officer”                         | Preamble      |
| “Officer Holdco”                  | Preamble      |
| “PRC Company” and “PRC Companies” | Preamble      |
| “PRC Subsidiary 1”                | Preamble      |
| “PRC Subsidiary 2”                | Preamble      |
| “PRC Subsidiaries”                | Preamble      |
| “Principal Business”              | Recitals      |
| “Proprietary Assets”              | Section 4.13  |
| “Purchase Price”                  | Section 2.2   |
| “Purchased Shares”                | Section 2.1   |
| “Purchaser” and “Purchasers”      | Preamble      |
| “Related Party Transaction”       | Section 4.18  |
| “SEC”                             | Section 5.1   |
| “Tax Returns”                     | Section 4.19  |
| “UNCITRAL Rules”                  | Section 10.13 |
| “Xiaomi”                          | Recitals      |

### 1.3 Interpretation.

(a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.

(b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

(c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, excluding any shares of the Company issuable to each of Kingsoft and Xiaomi upon exercise of its respective conversion right pursuant to the Loan Agreement or issuable to each of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor upon exercise of its conversion right pursuant to Section 10 of the Restated Shareholders Agreement so long as such conversion right has not been exercised. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a business day, that payment must be made on or by the business day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance of an aggregate number of 612,796,372 Series D Preferred Shares, of which 117,845,456 Series D Preferred Shares (the “**Purchased Shares**”) will be issued and purchased pursuant to the terms and conditions of this Agreement.

2.2 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each of Kingsoft and the Liyue Investor, and (a) Kingsoft hereby agrees to purchase from the Company, 58,922,728 Purchased Shares, at an aggregate purchase price of US\$50,000,000 (the “**Kingsoft Purchase Price**”), (b) the Liyue Investor hereby agrees to purchase from the Company, 58,922,728 Purchased Shares, at an aggregate purchase price of US\$50,000,000 (the “**Liyue Purchase Price**”, together with the Kingsoft Purchase Price, the “**Purchase Price**” of each Purchaser). At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the relevant Purchaser by wire transfer of immediately available funds to an account designated by the Company.

### 3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchasers may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than March 15, 2018 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date. The Closing of the purchase and sale of the Purchased Shares by the Purchasers shall occur simultaneously.

3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to each Purchaser a copy of the Company’s register of members, updated to show the Purchasers as the holders of the relevant number of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchasers. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, (a) Kingsoft shall pay the Kingsoft Purchase Price, and (b) the Liyue Investor shall pay the Liyue Purchase Price, in each case by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company. If any portion of the Purchase Price 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 Closing Date.

### 4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to each Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party’s “**knowledge**” means such party’s actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to “**Material Adverse Effect**” means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital Immediately Prior to Closing. Except as disclosed in the Disclosure Schedule, immediately prior to the Closing, the authorized share capital of the Company consists of a total of (i) 1,195,008,436 Ordinary Shares of which 872,955,476 are issued (including 69,925,476 Ordinary Shares issued to Core Pacific-Yamaichi International (H.K.) Nominees Limited as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, and (v) 612,796,372 Series D Preferred Shares, of which 317,004,277 are issued and outstanding.

(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents (including the Warrant), (ii) up to an aggregate of 285,112,976 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme, (y) 69,925,476 Ordinary Shares have been issued to the trustee named Core Pacific-Yamaichi International (H.K.) Nominees Limited as restricted shares pursuant to the Share Award Scheme, and (z) 5,437,500 Ordinary Shares have been reserved to be used solely for future award under the ESOP, (iii) the options to purchase the equity interest in the ICP Holdco as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement and Mr. Zhang's Agreements, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, (vii) the conversion right of Kingsoft and Xiaomi provided in the Loan Agreement and the conversion right of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor provided in Section 10 of the Restated Shareholders Agreement, (viii) the rights to enforce the charge over the relevant Shares under the Mr. Wang's Share Charges, Mr. Zhang's Share Charge and the Management Holdco's Share Charge (each as defined in the Restated Shareholders Agreement), and (ix) the rights to enforce the charge over the Shares granted to the participants of the ESOP pursuant to the undertaking letters executed by such participants in favor of Kingsoft to secure the repayment of the loan under the Loan Agreement, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in Schedule 1 are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights with Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) immediately prior to and after the Closing is set out in Exhibit A.

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;

(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, “**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 No Bribery. No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a “**Government Official**”) for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 Financial Statements. The Company Financial Statements have been provided to the Purchasers and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the People’s Republic of China, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 No Acceleration of Borrowings. There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 No Undisclosed Liabilities. Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 Tangible Personal Property. The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.



4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies' right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies' confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies' businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company's businesses by its employees, nor the conduct of the any Group Company's businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.

4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) involves total payments in excess of RMB5,000,000 (iii) is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (iv) is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) restricts its freedom of action in relation to its normal business activities; (vii) cannot be terminated without penalty or other compensation on less than twelve months' notice; (viii) is a loan, a guarantee, an equity transfer or other financing agreement; (ix) is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (x) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (xi) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to each Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended December 31, 2016, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a “**Related Party Transaction**”), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm’s-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.

4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.

4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies’ respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares.



5.3 No Public Market. Such Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company's securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for such Purchaser's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. Such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. Such Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by such Purchaser. The Transaction Documents, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

5.6 Investment Experience. Such Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Agreements by each Purchaser and the performance by each Purchaser of its obligations under each of the Transaction Agreements to which it is a party will not (a) result in a breach of any provision of such Purchaser's charter documents; (b) result in a breach of, or constitute a default under, any instrument by which such Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which such Purchaser is bound.

5.8 Governmental and Third Party Consents. Except for filings as necessary to perform disclosure obligations required by stock exchanges, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of each Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

## 6. CONDITIONS TO PURCHASERS' OBLIGATIONS AT THE CLOSING

The obligation of each Purchaser to purchase the relevant number of the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of such Purchaser, or otherwise waived by such Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body, including a waiver to be issued by Kingsoft and Xiaomi that the Liyue Investor is not obligated to provide guarantee in favor of Kingsoft in connection with the Loan Agreement.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 Employment Agreements. The Company shall have delivered to such Purchaser copies of duly executed employment agreements with each of the key employees of the Group Companies as set forth in Schedule 2 hereto (the “**Key Employees**”), containing, among other things, provisions regarding the terms of employment, non-competition, confidentiality and invention assignment, each in form and substance satisfactory to such Purchaser.

6.10 Closing Certificate. The Company shall have delivered a certificate to such Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

## 7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the relevant number of Purchased Shares set forth in Section 2.2 to each Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by each Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. Each Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of each Purchaser in connection with the transactions contemplated hereby shall have been completed. For the avoidance of doubt, in respect of each Purchaser other than Kingsoft, all corporate and other proceedings on the part of Kingsoft in connection with the transactions contemplated hereby shall have been completed, which condition shall not be waived by the Company unless otherwise approved by Kingsoft.

7.4 Consents and Waivers. Each Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by each Purchaser.

## 8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to each Purchaser a certificate registered in the name of such Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by such Purchaser pursuant to Section 2.2.

8.2 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, (iii) repayment of the outstanding principal amount and any accrued but unpaid interest thereon under the Loan Agreement and the Beijing Bank Loan, (iv) cash pledge in favor of Kingsoft to secure repayment of the loan under the Loan Agreement in accordance with the Charge over Account, or (v) the other purposes as approved by the Board.

8.3 Increase the Authorized Area Under the IDC License. ICP Co shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.4 Obtaining the Business Licenses. ICP Co Subsidiary 2 shall obtain the Value-Added Telecommunications Permit (增值电信业务经营许可证) covering Internet Data Center Business (互联网数据中心业务), Internet Access Service Business (互联网接入服务业务), IP-VPN Service (互联网虚拟专用网络业务) and Content Distribution Network Business (内容分发网络业务) as soon as possible but in any event no later than twelve (12) months after the Closing.

8.5 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.6 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than three (3) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.7 Registered Address and Lease. PRC Companies (other than ICP Co and ICP Co Subsidiary 2) shall renew the lease agreements for their respective registration address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws as soon as possible but in any event no later than six (6) months after the Closing.

8.8 Subsidiaries and Branches. The ICP Co shall establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities within one (1) year after the Closing as the ICP Co deems necessary after business assessment.

8.9 Charge over Account. The Company shall punctually perform the Charge over Account and perfect the charge created thereby.



## 9. INDEMNIFICATION.

### 9.1 General Indemnity.

(a) The Group Companies shall jointly and severally indemnify and hold harmless each Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an “**Indemnified Person**”) from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the “**Indemnifiable Losses**”). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless each Purchaser (other than Kingsoft) from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or such Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement (“**Restructuring Losses**”); provided that the Company shall not be obligated to indemnify such Purchaser under this Section 9.1(b) if such Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.

(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to a Purchaser under this Section 9 shall be limited to one-hundred (100%) of the Purchase Price actually paid by such Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons’ claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

9.2 Without limiting the generality of the foregoing and, notwithstanding anything disclosed in the Disclosure Schedule, the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company’s service, which misuse involved obscenity and eroticism, and (b) any Related Party Transaction conducted before the Closing not on fair and arm’s-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchasers by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchasers; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchasers.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit E; or (c) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit F with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the “**UNCITRAL Rules**”) in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchasers are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 *[Intentionally left blank]*

10.15 Termination. This Agreement may be terminated by any party hereto after March 15, 2018, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

10.16 No Exclusivity. For the avoidance of doubt, notwithstanding anything contained herein, within three (3) months after December 6, 2017, the Company shall have the right to, without the consent of any of the Purchasers, solicit and accept offers for purchase of new equity securities of the Company or debt financing or negotiate or enter into discussion with any other person with respect to such transactions (where the pre-money valuation of the Company prior to issuance of any Series D Preferred Shares shall be no less than US\$1,600,000,000 and the proceeds of the Company from such transaction shall be no more than US\$300,000,000) on terms and conditions not favorable than those applicable to the Purchasers contained in the Transaction Documents.

— REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ LEI Jun

Name: LEI Jun

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□)

**/s/ Seal of Beijing Yunxiang Zhisheng Technology Co.,  
Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP HOLD CO:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP CO:**

**BEIJING JINSHANYUN INTERNET TECHNOLOGY  
CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Beijing Kingsoft Cloud Network  
Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP Co Subsidiary 1:**

**HAINAN CHENGMAI YUNXIANG ZHISHENG  
INTERNET TECHNOLOGY CO., LTD. (□□□□□□□□□□  
□□□□)**

**/s/ Seal of Hainan Chengmai Yunxiang Zhisheng  
Network Technology Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

**ICP Co Subsidiary 2:**

**BEIJING JINXUN RUIBO INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Beijing Jinxun Ruibo Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP Co Subsidiary 3:**

**SU ZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

/s/ Seal of Suzhou Yunxiang Zhisheng Network  
Technology Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP Co Subsidiary 4:**

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY  
CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Shanghai Ruidian Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 5:**

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Nanjing Qianyi Shixun Information  
Technology Co., Ltd.**

By: /s/ LIN Song

Name: LIN Song

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin (王允)

Title: Director

**WANG Yulin (王允)**

By: /s/ WANG Yulin

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the date herein first written above.

**KINGSOFT**

**KINGSOFT CORPORATION LIMITED**

By: /s/ ZOU Tao

Name: ZOU Tao

Title: CEO

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**Liye Investor:**

**LIYUE JINSHI INVESTMENT L.P.**

(□□□□□□□□)

By: /s/ Tseng, Kuo-Lung

Name: Tseng, Kuo-Lung

Title: Authorised Signatory of LIYUE INVESTMENT  
MANAGEMENT LTD. acting as General Partner for and on  
behalf of LIYUE JINSHI INVESTMENT L.P.

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

---

## EXHIBITS

|           |   |
|-----------|---|
| Exhibit A | Capitalization Table                    |
| Exhibit B | Disclosure Schedule                     |
| Exhibit C | Form of Restated Shareholders Agreement |
| Exhibit D | Form of Restated Articles               |
| Exhibit E | Form of Registration Rights Agreement   |
| Exhibit F | Notices                                 |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**

---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**



---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**

---

**EXHIBIT F**

**NOTICES**

---

**SCHEDULE 1**

**PARTICULARS OF GROUP COMPANIES**

---

**SCHEDULE 2**

**LIST OF KEY EMPLOYEES**

## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of December 28, 2017 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China;
- (3) Beijing Jinshanyun Technology Co., Ltd. (北京金山云技术有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (4) Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜技术有限公司) (the “**PRC Subsidiary 2**”, PRC Subsidiary 1 and PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (5) Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云技术有限公司) (the “**ICP Hold Co**”), a limited liability company established under the laws of the PRC;
- (6) Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网技术有限公司) (the “**ICP Co**”);
- (7) Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 1**”), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co;
- (8) Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯睿博互联网技术有限公司) (the “**ICP Co Subsidiary 2**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (9) Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 3**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (10) Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司) (the “**ICP Co Subsidiary 4**”), a joint venture company established under the laws of the PRC;
- (11) Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息技术有限公司) (the “**ICP Co Subsidiary 5**”, together with ICP Co, ICP Hold Co, ICP Co Subsidiary 1, ICP Co Subsidiary 2, ICP Co Subsidiary 3 and ICP Co Subsidiary 4, the “**Domestic Enterprises**”, and each a “**Domestic Enterprise**”; the PRC Subsidiaries and the Domestic Enterprises are collectively referred to as the “**PRC Companies**”, and each a “**PRC Company**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;

- (12) Kingsoft Corporation Limited (“**Kingsoft**”), a limited liability company organized under the laws of the Cayman Islands;
- (13) Autogold Limited (the “**Officer Holdco**”, together with Kingsoft, the “**Existing Shareholders**”, and each an “**Existing Shareholder**”), a limited liability company organized under the laws of the British Virgin Islands;
- (14) Mr. WANG Yulin (王寅), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (15) Shunwei Growth III Limited, a business company incorporated and existing under the laws of the British Virgin Islands (the “**Shunwei Investor**”, together with Kingsoft, the “**Purchasers**”, and each, a “**Purchaser**”).

RECITALS:

A. The Existing Shareholders, the Management Holdco, Core Pacific-Yamaichi International (H.K.) Nominees Limited, Mr. ZHANG Hongjiang (张洪江), Celestial Power Limited (the “**IDG Investor**”), ChinaAMC Special Investment Limited (the “**AMC Investor**”), Xiaomi Corporation (“**Xiaomi**”), Buddies Team Limited (the “**CM Investor**”) and LIYUE JINSHI INVESTMENT L.P. (丽悦金时投资有限合伙企业) (the “**Liyue Investor**”) and New Cloud Ltd. (the “**Minsheng Investor**”) collectively own 100% of the issued and outstanding shares of the Company prior to the Closing.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprises through a captive structure by virtue of the Restructuring Documents (as defined below).

C. Mr. WANG Yulin owns 100% of the issued and outstanding shares of the Officer Holdco. The Management collectively own 100% of the issued and outstanding shares of the Management Holdco.

D. Mrs. QIU Weiqin and Kingsoft Digital Entertainment Technology Co., Ltd. (奇趣互动娱乐科技有限公司) collectively own 100% of the registered capital of ICP Hold Co, which is the sole shareholder of ICP Co.

E. The Domestic Enterprises are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

F. The Company desires to issue, sell and allot to each Purchaser, and each Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.

The Company, the HK Company, the PRC Subsidiaries, ICP Hold Co, ICP Co, and each subsidiary of the foregoing, either Controlled by contractual commitment or equity ownership, are hereinafter referred to as the “**Group Companies**” collectively, and each, a “**Group Company**”.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; and (ii) in the case of a Subject Person other than a natural person, any other person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**business day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Charge over Account**” means a charge over bank account entered into by and between the Company and Kingsoft on December 6, 2017.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2016 and the period commencing on January 1, 2017 to September 30, 2017 and the audited financial statements of the PRC Subsidiary 1 for the year of 2016, the audited financial statements of the ICP Hold Co for the year of 2016 and the audited financial statements of the ICP Co for the year of 2016.

“**Control**” of a given person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the appointment of a majority of the board of directors of such person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.



“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the sixth amended and restated shareholders agreement dated December 6, 2017 entered into by and among the Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, CM Investor, the Liyue Investor, the Minsheng Investor and certain other parties thereto.

“**Financial Statements Date**” means September 30, 2017.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Investment Framework Agreement**” means the investment framework agreement entered into by China Minsheng Trust Co., Ltd. (中国民生信托有限公司), ICP Co and the Company on October 11, 2017.

“**Kingsoft Deed of Guarantee**” means the deed of guarantee (保证书) entered into by and among Kingsoft, the Company, the HK Company, the ICP Holdco, the ICP Co, the PRC Subsidiaries and other parties named therein on June 1, 2016, pursuant to which the applicable Group Companies agree to provide counter security to guarantee provided by a subsidiary of Kingsoft to secure the repayment of the loan provided by the Zhongguancun sub-branch of the Bank of Beijing to the ICP Co with an aggregate principal amount of up to RMB400,000,000 (the “**Beijing Bank Loan**”).

“**Loan Agreement**” means the loan agreement dated December 1, 2014 entered into by and among the Company, Kingsoft and Xiaomi, pursuant to which Kingsoft agrees to provide to the Company loan up to an aggregate principal amount of US\$500,000,000.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to each Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Mr. Zhang’s Agreements**” means the restricted share agreement dated February 28, 2015 by and among the Company, Mr. ZHANG Hongjiang, the Officer, the Officer Holdco, Kingsoft and other parties named therein and the supplemental agreement thereto dated December 1, 2016 by and among the parties thereto.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

“**Related Party**” means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any person in which any such person in any of (i) to (iv) above has Control, joint Control or significant influence over such person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other person that Controls or is Controlled by or under common Control with any such person in any of (i) to (v) above.

“**Restated Articles**” means the fifteenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

“**Restated Shareholders Agreement**” means the seventh amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.

**“Restructuring Documents”** means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprises through the PRC Subsidiary 1, as amended.

**“Series A Preferred Shares”** means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series B Preferred Shares”** means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series C Preferred Shares”** means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series D Preferred Shares”** means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Share Award Scheme”** means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

**“Share Option Scheme”** means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

**“Shares”** means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

**“Transaction Documents”** means this Agreement, the Investment Framework Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Restructuring Documents, the Warrant and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

**“Warrant”** means the Preferred Share Purchase Warrant issued by the Company to the Minsheng Investor pursuant to the Investment Framework Agreement.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|  |             |
|--|-------------|
| <b>“Agreement”</b>   | Preamble    |
| <b>“AMC Investor”</b>  | Recitals    |
| <b>“Closing”</b>   | Section 3.1 |
| <b>“Closing Date”</b>  | Section 3.1 |
| <b>“CM Investor”</b>   | Recitals    |
| <b>“Company”</b>   | Preamble    |
| <b>“Disclosure Schedule”</b>                                     | Section 4   |
| <b>“Domestic Enterprise”</b> and <b>“Domestic Enterprises”</b>   | Preamble    |
| <b>“Existing Shareholder”</b> and <b>“Existing Shareholders”</b> | Preamble    |
| <b>“Group Company”</b> and <b>“Group Companies”</b>              | Recitals    |
| <b>“Government Official”</b>                                     | Section 4.7 |

|                                   |               |
|-----------------------------------|---------------|
| “Hong Kong”                       | Preamble      |
| “HK Company”                      | Preamble      |
| “ICP Co”                          | Preamble      |
| “ICP Hold Co”                     | Preamble      |
| “ICP Co Subsidiary 1”             | Preamble      |
| “ICP Co Subsidiary 2”             | Preamble      |
| “ICP Co Subsidiary 3”             | Preamble      |
| “ICP Co Subsidiary 4”             | Preamble      |
| “ICP Co Subsidiary 5”             | Preamble      |
| “IDG Investor”                    | Recitals      |
| “Indemnified Person”              | Section 9.1   |
| “Indemnifiable Losses”            | Section 9.1   |
| “Investment Framework Agreement”  | Recitals      |
| “Key Employees”                   | Section 6.9   |
| “Kingsoft”                        | Preamble      |
| “Kingsoft Purchase Price”         | Section 2.2   |
| “knowledge”                       | Section 4     |
| “Liabilities”                     | Section 4.10  |
| “Licenses”                        | Section 4.6   |
| “Liyue Investor”                  | Preamble      |
| “Material Adverse Effect”         | Section 4     |
| “Material Contracts”              | Section 4.16  |
| “Minsheng Investor”               | Recitals      |
| “Officer”                         | Preamble      |
| “Officer Holdco”                  | Preamble      |
| “PRC Company” and “PRC Companies” | Preamble      |
| “PRC Subsidiary 1”                | Preamble      |
| “PRC Subsidiary 2”                | Preamble      |
| “PRC Subsidiaries”                | Preamble      |
| “Principal Business”              | Recitals      |
| “Proprietary Assets”              | Section 4.13  |
| “Purchase Price”                  | Section 2.2   |
| “Purchased Shares”                | Section 2.1   |
| “Purchaser” and “Purchasers”      | Preamble      |
| “Related Party Transaction”       | Section 4.18  |
| “SEC”                             | Section 5.1   |
| “Shunwei Investor”                | Preamble      |
| “Shunwei Purchase Price”          | Section 2.2   |
| “Tax Returns”                     | Section 4.19  |
| “UNCITRAL Rules”                  | Section 10.13 |
| “Xiaomi”                          | Recitals      |

### 1.3 Interpretation.

- (a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.
- (b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

(c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, excluding any shares of the Company issuable to each of Kingsoft and Xiaomi upon exercise of its respective conversion right pursuant to the Loan Agreement or issuable to each of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor upon exercise of its conversion right pursuant to Section 10 of the Restated Shareholders Agreement so long as such conversion right has not been exercised. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a business day, that payment must be made on or by the business day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance of an aggregate number of 612,796,372 Series D Preferred Shares, of which 23,569,092 Series D Preferred Shares (the “**Purchased Shares**”) will be issued and purchased pursuant to the terms and conditions of this Agreement.

2.2 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each of Kingsoft and the Shunwei Investor, and (a) Kingsoft hereby agrees to purchase from the Company, 11,784,546 Purchased Shares, at an aggregate purchase price of US\$10,000,000 (the “**Kingsoft Purchase Price**”), (b) the Shunwei Investor hereby agrees to purchase from the Company, 11,784,546 Purchased Shares, at an aggregate purchase price of US\$10,000,000 (the “**Shunwei Purchase Price**”, together with the Kingsoft Purchase Price, the “**Purchase Price**” of each Purchaser). At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the relevant Purchaser by wire transfer of immediately available funds to an account designated by the Company.

### 3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchasers may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than March 15, 2018 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date. The Closing of the purchase and sale of the Purchased Shares by the Purchasers shall occur simultaneously.

3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to each Purchaser a copy of the Company’s register of members, updated to show the Purchasers as the holders of the relevant number of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchasers. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, (a) Kingsoft shall pay the Kingsoft Purchase Price, and (b) the Shunwei Investor shall pay the Shunwei Purchase Price, in each case by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company. If any portion of the Purchase Price 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 Closing Date.

### 4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to each Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party’s “**knowledge**” means such party’s actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to “**Material Adverse Effect**” means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital Immediately Prior to Closing. Except as disclosed in the Disclosure Schedule, immediately prior to the Closing, the authorized share capital of the Company consists of a total of (i) 1,195,008,436 Ordinary Shares of which 872,955,476 are issued (including 69,925,476 Ordinary Shares issued to Core Pacific-Yamaichi International (H.K.) Nominees Limited as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, and (v) 612,796,372 Series D Preferred Shares, of which 317,004,277 are issued and outstanding.

(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents (including the Warrant), (ii) up to an aggregate of 285,112,976 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme, (y) 69,925,476 Ordinary Shares have been issued to the trustee named Core Pacific-Yamaichi International (H.K.) Nominees Limited as restricted shares pursuant to the Share Award Scheme, and (z) 5,437,500 Ordinary Shares have been reserved to be used solely for future award under the ESOP, (iii) the options to purchase the equity interest in the ICP Holdco as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement and Mr. Zhang's Agreements, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, (vii) the conversion right of Kingsoft and Xiaomi provided in the Loan Agreement and the conversion right of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor provided in Section 10 of the Restated Shareholders Agreement, (viii) the rights to enforce the charge over the relevant Shares under the Mr. Wang's Share Charges, Mr. Zhang's Share Charge and the Management Holdco's Share Charge (each as defined in the Restated Shareholders Agreement), and (ix) the rights to enforce the charge over the Shares granted to the participants of the ESOP pursuant to the undertaking letters executed by such participants in favor of Kingsoft to secure the repayment of the loan under the Loan Agreement, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in Schedule 1 are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights with Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) immediately prior to and after the Closing is set out in Exhibit A.

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;



(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, “**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 No Bribery. No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a “**Government Official**”) for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 Financial Statements. The Company Financial Statements have been provided to the Purchasers and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the People’s Republic of China, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 No Acceleration of Borrowings. There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 No Undisclosed Liabilities. Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 Tangible Personal Property. The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.

4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies' right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies' confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies' businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company's businesses by its employees, nor the conduct of the any Group Company's businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.

4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) involves total payments in excess of RMB5,000,000 (iii) is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (iv) is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) restricts its freedom of action in relation to its normal business activities; (vii) cannot be terminated without penalty or other compensation on less than twelve months' notice; (viii) is a loan, a guarantee, an equity transfer or other financing agreement; (ix) is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (x) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (xi) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to each Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended December 31, 2016, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a “**Related Party Transaction**”), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm’s-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.

4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.

4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies’ respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares.

4.24 Disclosure.

(a) No Misrepresentation. No representation, warranty or statement by the Group Companies in this Agreement, or in any exhibit, schedule, statement or certificate furnished to the Purchasers pursuant to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

(b) Full Disclosure. To the best knowledge of the Group Companies, there is no fact or circumstance relating to the affairs of the Group Companies which has not been disclosed to the Purchases and which if disclosed might reasonably have been expected to influence the decision of the Purchasers to enter into this Agreement.

4.25 SAFE Registration. Each of the incumbent Management who is a domestic resident as defined in the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Financing and Inbound Investment through Offshore Special Purpose Companies by PRC Residents* (the “SAFE”) effective as of July 4, 2014 issued by the State Administration of Foreign Exchange (the “SAFE”) on July 4, 2014 (together with any rule or regulation interpreting or setting forth provisions for implementation of any of the foregoing, the “SAFE Circular”) has completed the registration with the competent local branch of SAFE for their respective direct holding of any equity interests in the intermediary, through which the Management holds the Management Holdco, which in turn holds equity securities of the Company, in accordance with the SAFE Circular and other applicable SAFE rules and regulations.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Each Purchaser represents and warrants, severally and not jointly, to the Group Companies as follows as of the date hereof and the Closing Date. Each Purchaser and its advisors have been afforded the opportunity to interview the representatives of the Group Companies as such Purchaser deems necessary in connection with its decision to subscribe for the Purchased Shares. Regardless of the foregoing, each party acknowledges and agrees that the foregoing shall not in any way limit, reduce or affect the representations and warranties provided by the Group Companies in this Agreement or the rights of such Purchaser to rely thereon. No information relating to the Group Companies or the Officer Holdco of which any Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of any Purchaser shall prejudice any claim made by such Purchaser under the indemnity contained in Section 9 or operate to reduce any amount recoverable thereunder except if and to the extent such information is disclosed in the Disclosure Schedule.

5.1 Status of Purchaser. Such Purchaser is either (i) an “accredited investor” within the meaning of Securities and Exchange Commission (“SEC”) Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a “U.S. person” as defined in Rule 902 of Regulation S of the Securities Act. Such Purchaser has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the Purchased Shares and can bear the economic risk of its investment in the relevant number of Purchased Shares set forth in Section 2.2.

5.2 Restricted Securities. Such Purchaser understands that the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act, that the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

5.3 No Public Market. Such Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company's securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for such Purchaser's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. Such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. Such Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by such Purchaser. The Transaction Documents, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

5.6 Investment Experience. Such Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Agreements by each Purchaser and the performance by each Purchaser of its obligations under each of the Transaction Agreements to which it is a party will not (a) result in a breach of any provision of such Purchaser's charter documents; (b) result in a breach of, or constitute a default under, any instrument by which such Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which such Purchaser is bound.

5.8 Governmental and Third Party Consents. Except for filings as necessary to perform disclosure obligations required by stock exchanges, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of each Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

## 6. CONDITIONS TO PURCHASERS' OBLIGATIONS AT THE CLOSING

The obligation of each Purchaser to purchase the relevant number of the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of such Purchaser, or otherwise waived by such Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body, including a waiver to be issued by Kingsoft and Xiaomi that the Shunwei Investor is not obligated to provide guarantee in favor of Kingsoft in connection with the Loan Agreement.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 Employment Agreements. The Company shall have delivered to such Purchaser copies of duly executed employment agreements with each of the key employees of the Group Companies as set forth in Schedule 2 hereto (the “**Key Employees**”), containing, among other things, provisions regarding the terms of employment, non-competition, confidentiality and invention assignment, each in form and substance satisfactory to such Purchaser.



6.10 Closing Certificate. The Company shall have delivered a certificate to such Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

## 7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the relevant number of Purchased Shares set forth in Section 2.2 to each Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by each Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. Each Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of each Purchaser in connection with the transactions contemplated hereby shall have been completed. For the avoidance of doubt, in respect of each Purchaser other than Kingsoft, all corporate and other proceedings on the part of Kingsoft in connection with the transactions contemplated hereby shall have been completed, which condition shall not be waived by the Company unless otherwise approved by Kingsoft.

7.4 Consents and Waivers. Each Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by each Purchaser.

## 8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to each Purchaser a certificate registered in the name of such Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by such Purchaser pursuant to Section 2.2.

8.2 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, (iii) repayment of the outstanding principal amount and any accrued but unpaid interest thereon under the Loan Agreement and the Beijing Bank Loan, (iv) cash pledge in favor of Kingsoft to secure repayment of the loan under the Loan Agreement in accordance with the Charge over Account, or (v) the other purposes as approved by the Board.

8.3 Increase the Authorized Area Under the IDC License. ICP Co shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.4 Obtaining the Business Licenses. ICP Co Subsidiary 2 shall obtain the Value-Added Telecommunications Permit (增值电信业务经营许可证) covering Internet Data Center Business (互联网数据中心业务), Internet Access Service Business (互联网接入服务业务), IP-VPN Service (互联网虚拟专用网络业务) and Content Distribution Network Business (内容分发网络业务) as soon as possible but in any event no later than twelve (12) months after the Closing.

8.5 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.6 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than three (3) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.7 Registered Address and Lease. PRC Companies (other than ICP Co and ICP Co Subsidiary 2) shall renew the lease agreements for their respective registration address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws as soon as possible but in any event no later than six (6) months after the Closing.

8.8 Subsidiaries and Branches. The ICP Co shall establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities within one (1) year after the Closing as the ICP Co deems necessary after business assessment.

8.9 Charge over Account. The Company shall punctually perform the Charge over Account and perfect the charge created thereby.

## 9. INDEMNIFICATION.

### 9.1 General Indemnity.

(a) The Group Companies shall jointly and severally indemnify and hold harmless each Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an “**Indemnified Person**”) from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the “**Indemnifiable Losses**”). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless each Purchaser (other than Kingsoft) from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or such Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement (“**Restructuring Losses**”); provided that the Company shall not be obligated to indemnify such Purchaser under this Section 9.1(b) if such Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.

(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to a Purchaser under this Section 9 shall be limited to one-hundred (100%) of the Purchase Price actually paid by such Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons’ claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

9.2 Without limiting the generality of the foregoing and, notwithstanding anything disclosed in the Disclosure Schedule, the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company’s service, which misuse involved obscenity and eroticism, and (b) any Related Party Transaction conducted before the Closing not on fair and arm’s-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchasers by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchasers; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchasers.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit E; or (c) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit F with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the “**UNCITRAL Rules**”) in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchasers are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 *[Intentionally left blank]*

10.15 Termination. This Agreement may be terminated by any party hereto after March 15, 2018, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

10.16 No Exclusivity. For the avoidance of doubt, notwithstanding anything contained herein, within three (3) months after December 6, 2017, the Company shall have the right to, without the consent of any of the Purchasers, solicit and accept offers for purchase of new equity securities of the Company or debt financing or negotiate or enter into discussion with any other person with respect to such transactions (where the pre-money valuation of the Company prior to issuance of any Series D Preferred Shares shall be no less than US\$1,600,000,000 and the proceeds of the Company from such transaction shall be no more than US\$300,000,000) on terms and conditions not favorable than those applicable to the Purchasers contained in the Transaction Documents.

— REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin

Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ LEI Jun \_\_\_\_\_

Name: LEI Jun

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□)

**/s/ Seal of Beijing Yunxiang Zhisheng Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP HOLD CO:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP CO:**

**BEIJING JINSHANYUN INTERNET TECHNOLOGY  
CO., LTD. (□□□□□□□□□□□□)**

**/s/ Seal of Beijing Kingsoft Cloud Network  
Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 1:**

**HAINAN CHENGMAI YUNXIANG ZHISHENG  
INTERNET TECHNOLOGY CO., LTD. (□□□□□□□□□□  
□□□□)**

**/s/ Seal of Hainan Chengmai Yunxiang Zhisheng  
Network Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 2:**

**BEIJING JINXUN RUIBO INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

**/s/ Seal of Beijing Jinxun Ruibo Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP Co Subsidiary 3:**

**SU ZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

/s/ Seal of Suzhou Yunxiang Zhisheng Network  
Technology Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP Co Subsidiary 4:**

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY  
CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Shanghai Ruidian Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 5:**

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (□□□□□□□□□□)**

**/s/ Seal of Nanjing Qianyi Shixun Information  
Technology Co., Ltd.**

By: /s/ LIN Song

Name: LIN Song

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin (王宇林)

Title: Director

**WANG Yulin (王宇林)**

By: /s/ WANG Yulin \_\_\_\_\_

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the date herein first written above.

**KINGSOFT**

**KINGSOFT CORPORATION LIMITED**

By: /s/ ZOU Tao \_\_\_\_\_

Name: ZOU Tao

Title: CEO

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**Shunwei Investor:**

**SHUNWEI GROWTH III LIMITED**

By: /s/ Tuck Lye KOH

Name: Tuck Lye KOH

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

---

**EXHIBITS**

|           |   |
|-----------|---|
| Exhibit A | Capitalization Table                    |
| Exhibit B | Disclosure Schedule                     |
| Exhibit C | Form of Restated Shareholders Agreement |
| Exhibit D | Form of Restated Articles               |
| Exhibit E | Form of Registration Rights Agreement   |
| Exhibit F | Notices                                 |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**



---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**

---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**

---

**EXHIBIT F**

**NOTICES**

---

**SCHEDULE 1**

**PARTICULARS OF GROUP COMPANIES**

---

**SCHEDULE 2**

**LIST OF KEY EMPLOYEES**

## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of January 29, 2018 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of the Hong Kong Special Administrative Region (“**Hong Kong**”) of the People’s Republic of China;
- (3) Beijing Jinshanyun Technology Co., Ltd. (北京金山云技术有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (4) Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜技术有限公司) (the “**PRC Subsidiary 2**”, PRC Subsidiary 1 and PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
- (5) Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云技术有限公司) (the “**ICP Hold Co**”), a limited liability company established under the laws of the PRC;
- (6) Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网技术有限公司) (the “**ICP Co**”);
- (7) Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 1**”), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co;
- (8) Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯睿博互联网技术有限公司) (the “**ICP Co Subsidiary 2**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (9) Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网技术有限公司) (the “**ICP Co Subsidiary 3**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;
- (10) Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司) (the “**ICP Co Subsidiary 4**”), a joint venture company established under the laws of the PRC;
- (11) Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息技术有限公司) (the “**ICP Co Subsidiary 5**”, together with ICP Co, ICP Hold Co, ICP Co Subsidiary 1, ICP Co Subsidiary 2, ICP Co Subsidiary 3 and ICP Co Subsidiary 4, the “**Domestic Enterprises**”, and each a “**Domestic Enterprise**”; the PRC Subsidiaries and the Domestic Enterprises are collectively referred to as the “**PRC Companies**”, and each a “**PRC Company**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co;



- (12) Kingsoft Corporation Limited (“**Kingsoft**”), a limited liability company organized under the laws of the Cayman Islands;
- (13) Autogold Limited (the “**Officer Holdco**”, together with Kingsoft, the “**Existing Shareholders**”, and each an “**Existing Shareholder**”), a limited liability company organized under the laws of the British Virgin Islands;
- (14) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (15) FutureX Capital Limited, a company incorporated and existing under the laws of the Cayman Islands (“**FutureX Capital**”, together with Kingsoft, the “**Purchasers**”, and each, a “**Purchaser**”).

RECITALS:

A. The Existing Shareholders, the Management Holdco, Core Pacific-Yamaichi International (H.K.) Nominees Limited, Mr. ZHANG Hongjiang (张洪江), Celestial Power Limited (the “**IDG Investor**”), ChinaAMC Special Investment Limited (the “**AMC Investor**”), Xiaomi Corporation (“**Xiaomi**”), Buddies Team Limited (the “**CM Investor**”) and LIYUE JINSHI INVESTMENT L.P. (吕悦金时投资有限合伙企业) (the “**Liyue Investor**”) and New Cloud Ltd. (the “**Minsheng Investor**”) collectively own 100% of the issued and outstanding shares of the Company as of the date hereof.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprises through a captive structure by virtue of the Restructuring Documents (as defined below).

C. Mr. WANG Yulin owns 100% of the issued and outstanding shares of the Officer Holdco. The Management collectively own 100% of the issued and outstanding shares of the Management Holdco.

D. Mrs. QIU Weiqin and Kingsoft Digital Entertainment Technology Co., Ltd. (腾讯互动娱乐科技有限公司) collectively own 100% of the registered capital of ICP Hold Co, which is the sole shareholder of ICP Co.

E. The Domestic Enterprises are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

F. The Company desires to issue, sell and allot to each Purchaser, and each Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.

The Company, the HK Company, the PRC Subsidiaries, ICP Hold Co, ICP Co, and each subsidiary of the foregoing, either Controlled by contractual commitment or equity ownership, are hereinafter referred to as the “**Group Companies**” collectively, and each, a “**Group Company**”.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; and (ii) in the case of a Subject Person other than a natural person, any other person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**business day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Charge over Account**” means a charge over bank account entered into by and between the Company and Kingsoft on December 6, 2017.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2016 and the period commencing on January 1, 2017 to September 30, 2017 and the audited financial statements of the PRC Subsidiary 1 for the year of 2016, the audited financial statements of the ICP Hold Co for the year of 2016 and the audited financial statements of the ICP Co for the year of 2016.

“**Control**” of a given person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the appointment of a majority of the board of directors of such person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the sixth amended and restated shareholders agreement dated December 6, 2017 entered into by and among the Company, Kingsoft, Xiaomi, the IDG Investor, the AMC Investor, CM Investor, the Liyue Investor, the Minsheng Investor and certain other parties thereto.

“**Financial Statements Date**” means September 30, 2017.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Investment Framework Agreement**” means the investment framework agreement entered into by China Minsheng Trust Co., Ltd. (中国民生信托有限公司), ICP Co and the Company on October 11, 2017.

“**Kingsoft Deed of Guarantee**” means the deed of guarantee (保证书) entered into by and among Kingsoft, the Company, the HK Company, the ICP Holdco, the ICP Co, the PRC Subsidiaries and other parties named therein on June 1, 2016, pursuant to which the applicable Group Companies agree to provide counter security to guarantee provided by a subsidiary of Kingsoft to secure the repayment of the loan provided by the Zhongguancun sub-branch of the Bank of Beijing to the ICP Co with an aggregate principal amount of up to RMB400,000,000 (the “**Beijing Bank Loan**”).

“**Loan Agreement**” means the loan agreement dated December 1, 2014 entered into by and among the Company, Kingsoft and Xiaomi, pursuant to which Kingsoft agrees to provide to the Company loan up to an aggregate principal amount of US\$500,000,000.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to each Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Mr. Zhang’s Agreements**” means the restricted share agreement dated February 28, 2015 by and among the Company, Mr. ZHANG Hongjiang, the Officer, the Officer Holdco, Kingsoft and other parties named therein and the supplemental agreement thereto dated December 1, 2016 by and among the parties thereto.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

“**Related Party**” means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any person in which any such person in any of (i) to (iv) above has Control, joint Control or significant influence over such person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other person that Controls or is Controlled by or under common Control with any such person in any of (i) to (v) above.

“**Restated Articles**” means the sixteenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

“**Restated Shareholders Agreement**” means the eighth amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.

**“Restructuring Documents”** means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprises through the PRC Subsidiary 1, as amended.

**“Series A Preferred Shares”** means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series B Preferred Shares”** means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series C Preferred Shares”** means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Series D Preferred Shares”** means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

**“Share Award Scheme”** means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

**“Share Option Scheme”** means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

**“Shares”** means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

**“Transaction Documents”** means this Agreement, the Investment Framework Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Restructuring Documents, the Warrant and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

**“Warrant”** means the Preferred Share Purchase Warrant issued by the Company to the Minsheng Investor pursuant to the Investment Framework Agreement.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|   |             |
|---|-------------|
| <b>“Agreement”</b>  | Preamble    |
| <b>“AMC Investor”</b>                                     | Recitals    |
| <b>“Closing”</b>  | Section 3.1 |
| <b>“Closing Date”</b>                                     | Section 3.1 |
| <b>“CM Investor”</b>                                      | Recitals    |
| <b>“Company”</b>  | Preamble    |
| <b>“Disclosure Schedule”</b>                              | Section 4   |
| <b>“Domestic Enterprise” and “Domestic Enterprises”</b>   | Preamble    |
| <b>“Existing Shareholder” and “Existing Shareholders”</b> | Preamble    |
| <b>“FutureX Capital”</b>                                  | Preamble    |
| <b>“FutureX Purchase Price”</b>                           | Section 2.2 |

|                                       |               |
|---------------------------------------|---------------|
| “Group Company” and “Group Companies” | Recitals      |
| “Government Official”                 | Section 4.7   |
| “Hong Kong”                           | Preamble      |
| “HK Company”                          | Preamble      |
| “ICP Co”                              | Preamble      |
| “ICP Hold Co”                         | Preamble      |
| “ICP Co Subsidiary 1”                 | Preamble      |
| “ICP Co Subsidiary 2”                 | Preamble      |
| “ICP Co Subsidiary 3”                 | Preamble      |
| “ICP Co Subsidiary 4”                 | Preamble      |
| “ICP Co Subsidiary 5”                 | Preamble      |
| “IDG Investor”                        | Recitals      |
| “Indemnified Person”                  | Section 9.1   |
| “Indemnifiable Losses”                | Section 9.1   |
| “Key Employees”                       | Section 6.9   |
| “Kingsoft”                            | Preamble      |
| “Kingsoft Purchase Price”             | Section 2.2   |
| “knowledge”                           | Section 4     |
| “Liabilities”                         | Section 4.10  |
| “Licenses”                            | Section 4.6   |
| “Liyue Investor”                      | Preamble      |
| “Material Adverse Effect”             | Section 4     |
| “Material Contracts”                  | Section 4.16  |
| “Minsheng Investor”                   | Recitals      |
| “Officer”                             | Preamble      |
| “Officer Holdco”                      | Preamble      |
| “PRC Company” and “PRC Companies”     | Preamble      |
| “PRC Subsidiary 1”                    | Preamble      |
| “PRC Subsidiary 2”                    | Preamble      |
| “PRC Subsidiaries”                    | Preamble      |
| “Principal Business”                  | Recitals      |
| “Proprietary Assets”                  | Section 4.13  |
| “Purchase Price”                      | Section 2.2   |
| “Purchased Shares”                    | Section 2.1   |
| “Purchaser” and “Purchasers”          | Preamble      |
| “Related Party Transaction”           | Section 4.18  |
| “SEC”                                 | Section 5.1   |
| “Tax Returns”                         | Section 4.19  |
| “UNCITRAL Rules”                      | Section 10.13 |
| “Xiaomi”                              | Recitals      |

### 1.3 Interpretation.

(a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.

(b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

(c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”

(d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.

(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, excluding any shares of the Company issuable to each of Kingsoft and Xiaomi upon exercise of its respective conversion right pursuant to the Loan Agreement or issuable to each of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor upon exercise of its conversion right pursuant to Section 10 of the Restated Shareholders Agreement so long as such conversion right has not been exercised. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a business day, that payment must be made on or by the business day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance of an aggregate number of 842,738,782 Series D Preferred Shares, of which 229,942,410 Series D Preferred Shares (the “**Purchased Shares**”) will be issued and purchased pursuant to the terms and conditions of this Agreement.

2.2 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to each of Kingsoft and FutureX Capital, and (a) Kingsoft hereby agrees to purchase from the Company, 114,971,205 Purchased Shares, at an aggregate purchase price of US\$100,000,000 (the “**Kingsoft Purchase Price**”), (b) FutureX Capital hereby agrees to purchase from the Company, 114,971,205 Purchased Shares, at an aggregate purchase price of US\$100,000,000 (the “**FutureX Purchase Price**”, together with the Kingsoft Purchase Price, the “**Purchase Price**” of each Purchaser). At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the relevant Purchaser by wire transfer of immediately available funds to an account designated by the Company.

### 3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchasers may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than March 30, 2018 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date. The Closing of the purchase and sale of the Purchased Shares by the Purchasers shall occur simultaneously.

3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to each Purchaser a copy of the Company’s register of members, updated to show the Purchasers as the holders of the relevant number of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchasers. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, (a) Kingsoft shall pay the Kingsoft Purchase Price, and (b) FutureX Capital shall pay the FutureX Purchase Price, in each case by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company. If any portion of the Purchase Price 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 Closing Date.

### 4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to each Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party’s “**knowledge**” means such party’s actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to “**Material Adverse Effect**” means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.



4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital. Except as disclosed in the Disclosure Schedule, the authorized share capital of the Company as of the date hereof consists of a total of (i) 1,430,699,348 Ordinary Shares of which 872,955,476 are issued (including 69,925,476 Ordinary Shares issued to Core Pacific-Yamaichi International (H.K.) Nominees Limited as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, and (v) 377,105,460 Series D Preferred Shares, of which 317,004,277 are issued and outstanding.

(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents (including the Warrant), (ii) up to an aggregate of 285,112,976 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme, (y) 69,925,476 Ordinary Shares have been issued to the trustee named Core Pacific-Yamaichi International (H.K.) Nominees Limited as restricted shares pursuant to the Share Award Scheme, and (z) 5,437,500 Ordinary Shares have been reserved to be used solely for future award under the ESOP, (iii) the options to purchase the equity interest in the ICP Holdco as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement and Mr. Zhang's Agreements, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, (vii) the conversion right of Kingsoft and Xiaomi provided in the Loan Agreement and the conversion right of the IDG Investor, the AMC Investor, the CM Investor and the Liyue Investor provided in Section 10 of the Restated Shareholders Agreement, (viii) the rights to enforce the charge over the relevant Shares under the Mr. Wang's Share Charges, Mr. Zhang's Share Charge and the Management Holdco's Share Charge (each as defined in the Restated Shareholders Agreement), and (ix) the rights to enforce the charge over the Shares granted to the participants of the ESOP pursuant to the undertaking letters executed by such participants in favor of Kingsoft to secure the repayment of the loan under the Loan Agreement, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in Schedule 1 are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights with Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) as of the date hereof and immediately after the Closing is set out in Exhibit A.

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;

(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, “**Licenses**” means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 No Bribery. No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a “**Government Official**”) for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 Financial Statements. The Company Financial Statements have been provided to the Purchasers and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the People’s Republic of China, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 No Acceleration of Borrowings. There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 No Undisclosed Liabilities. Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 Tangible Personal Property. The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.

4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies' right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies' confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies' businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company's businesses by its employees, nor the conduct of the any Group Company's businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.

4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) involves total payments in excess of RMB5,000,000 (iii) is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (iv) is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB5,000,000, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) restricts its freedom of action in relation to its normal business activities; (vii) cannot be terminated without penalty or other compensation on less than twelve months' notice; (viii) is a loan, a guarantee, an equity transfer or other financing agreement; (ix) is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (x) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (xi) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to each Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended December 31, 2016, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a "**Related Party Transaction**"), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.

4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.

4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies’ respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares.

4.24 Disclosure.

(a) No Misrepresentation. No representation, warranty or statement by the Group Companies in this Agreement, or in any exhibit, schedule, statement or certificate furnished to the Purchasers pursuant to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

(b) Full Disclosure. To the best knowledge of the Group Companies, there is no fact or circumstance relating to the affairs of the Group Companies which has not been disclosed to the Purchasers and which if disclosed might reasonably have been expected to influence the decision of the Purchasers to enter into this Agreement.

4.25 SAFE Registration. Each of the incumbent Management who is a domestic resident as defined in the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Financing and Inbound Investment through Offshore Special Purpose Companies by PRC Residents* (国家外汇管理局公告〔2014〕第1号) effective as of July 4, 2014 issued by the State Administration of Foreign Exchange (国家外汇管理局, the “SAFE”) on July 4, 2014 (together with any rule or regulation interpreting or setting forth provisions for implementation of any of the foregoing, the “SAFE Circular”) has completed the registration with the competent local branch of SAFE for their respective direct holding of any equity interests in the intermediary, through which the Management holds the Management Holdco, which in turn holds equity securities of the Company, in accordance with the SAFE Circular and other applicable SAFE rules and regulations.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Each Purchaser represents and warrants, severally and not jointly, to the Group Companies as follows as of the date hereof and the Closing Date. Each Purchaser and its advisors have been afforded the opportunity to interview the representatives of the Group Companies as such Purchaser deems necessary in connection with its decision to subscribe for the Purchased Shares. Regardless of the foregoing, each party acknowledges and agrees that the foregoing shall not in any way limit, reduce or affect the representations and warranties provided by the Group Companies in this Agreement or the rights of such Purchaser to rely thereon. No information relating to the Group Companies or the Officer Holdco of which any Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of any Purchaser shall prejudice any claim made by such Purchaser under the indemnity contained in Section 9 or operate to reduce any amount recoverable thereunder except if and to the extent such information is disclosed in the Disclosure Schedule.

5.1 Status of Purchaser. Such Purchaser is either (i) an “accredited investor” within the meaning of Securities and Exchange Commission (“SEC”) Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a “U.S. person” as defined in Rule 902 of Regulation S of the Securities Act. Such Purchaser has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the Purchased Shares and can bear the economic risk of its investment in the relevant number of Purchased Shares set forth in Section 2.2.

5.2 Restricted Securities. Such Purchaser understands that the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act, that the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.



5.3 No Public Market. Such Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company's securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for such Purchaser's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. Such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. Such Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by such Purchaser. The Transaction Documents, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

5.6 Investment Experience. Such Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Agreements by each Purchaser and the performance by each Purchaser of its obligations under each of the Transaction Agreements to which it is a party will not (a) result in a breach of any provision of such Purchaser's charter documents; (b) result in a breach of, or constitute a default under, any instrument by which such Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which such Purchaser is bound.

5.8 Governmental and Third Party Consents. Except for filings as necessary to perform disclosure obligations required by stock exchanges, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of each Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

6. CONDITIONS TO PURCHASERS' OBLIGATIONS AT THE CLOSING

The obligation of each Purchaser to purchase the relevant number of the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of such Purchaser, or otherwise waived by such Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body, including a waiver to be issued by Kingsoft and Xiaomi that FutureX Capital is not obligated to provide guarantee in favor of Kingsoft in connection with the Loan Agreement.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than such Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 Employment Agreements. The Company shall have delivered to such Purchaser copies of duly executed employment agreements with each of the key employees of the Group Companies as set forth in Schedule 2 hereto (the "**Key Employees**"), containing, among other things, provisions regarding the terms of employment, non-competition, confidentiality and invention assignment, each in form and substance satisfactory to such Purchaser.

6.10 Closing Certificate. The Company shall have delivered a certificate to such Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the relevant number of Purchased Shares set forth in Section 2.2 to each Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by each Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. Each Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of each Purchaser in connection with the transactions contemplated hereby shall have been completed. For the avoidance of doubt, in respect of each Purchaser other than Kingsoft, all corporate and other proceedings on the part of Kingsoft in connection with the transactions contemplated hereby shall have been completed, which condition shall not be waived by the Company unless otherwise approved by Kingsoft.

7.4 Consents and Waivers. Each Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by each Purchaser.

8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to each Purchaser a certificate registered in the name of such Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by such Purchaser pursuant to Section 2.2.

8.2 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, (iii) repayment of the outstanding principal amount and any accrued but unpaid interest thereon under the Loan Agreement and the Beijing Bank Loan, (iv) cash pledge in favor of Kingsoft to secure repayment of the loan under the Loan Agreement in accordance with the Charge over Account, or (v) the other purposes as approved by the Board.

8.3 Increase the Authorized Area Under the IDC License. ICP Co shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.4 Obtaining the Business Licenses. ICP Co Subsidiary 2 shall obtain the Value-Added Telecommunications Permit (增值电信业务经营许可证) covering Internet Data Center Business (互联网数据中心业务), Internet Access Service Business (互联网接入服务业务), IP-VPN Service (互联网虚拟专用网络业务) and Content Distribution Network Business (内容分发网络业务) as soon as possible but in any event no later than twelve (12) months after the Closing.

8.5 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.6 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than three (3) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.7 Registered Address and Lease. PRC Companies (other than ICP Co and ICP Co Subsidiary 2) shall renew the lease agreements for their respective registration address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws as soon as possible but in any event no later than six (6) months after the Closing.

8.8 Subsidiaries and Branches. The ICP Co shall establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities within one (1) year after the Closing as the ICP Co deems necessary after business assessment.

8.9 Charge over Account. The Company shall punctually perform the Charge over Account and perfect the charge created thereby.

9. INDEMNIFICATION.

9.1 General Indemnity.

(a) The Group Companies shall jointly and severally indemnify and hold harmless each Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an “**Indemnified Person**”) from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the “**Indemnifiable Losses**”). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless each Purchaser (other than Kingsoft) from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or such Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement (“**Restructuring Losses**”); provided that the Company shall not be obligated to indemnify such Purchaser under this Section 9.1(b) if such Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.

(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to a Purchaser under this Section 9 shall be limited to one-hundred (100%) of the Purchase Price actually paid by such Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons’ claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

9.2 Without limiting the generality of the foregoing and, notwithstanding anything disclosed in the Disclosure Schedule, the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company’s service, which misuse involved obscenity and eroticism, and (b) any Related Party Transaction conducted before the Closing not on fair and arm’s-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchasers by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchasers; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchasers.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties, except that FutureX Capital shall be entitled, upon or prior to the Closing Date and without consent of the other parties, to assign all (but not part) of its rights and obligations under this Agreement to not more than two of its Affiliates with written evidence to the reasonable satisfaction of the Company; provided that in this Section 10.3 an Affiliate of FutureX Capital shall mean a person which is (x) a subsidiary of FutureX Capital (“**FutureX Capital Subsidiary**”), (y) 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 (z) any other Affiliate of FutureX Capital otherwise agreed by the Company in writing. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) seven (7) business days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit F; or (c) three (3) business days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit F with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the “**UNCITRAL Rules**”) in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchasers are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 *[Intentionally left blank]*

10.15 Termination. This Agreement may be terminated by any party hereto after March 30, 2018, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

— REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK —



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ LEI Jun

Name: LEI Jun

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□)

**/s/ Seal of Beijing Yunxiang Zhisheng Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP HOLD CO:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP CO:**

**BEIJING JINSHANYUN INTERNET TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

/s/ Seal of Beijing Kingsoft Cloud Network Technology Co., Ltd.

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 1:**

**HAINAN CHENGMAI YUNXIANG ZHISHENG INTERNET TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

/s/ Seal of Hainan Chengmai Yunxiang Zhisheng Network Technology Co., Ltd.

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 2:**

**BEIJING JINXUN RUIBO INTERNET TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

/s/ Seal of Beijing Jinxun Ruibo Network Technology Co., Ltd.

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

**ICP Co Subsidiary 3:**

**SU ZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

/s/ Seal of Suzhou Yunxiang Zhisheng Network Technology  
Co., Ltd.

By: /s/ WANG Yulin  
Name: WANG Yulin  
Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED  
SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**ICP Co Subsidiary 4:**

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY CO., LTD.**  
(XXXXXXXXXXXXXX)

**/s/ Seal of Shanghai Ruidian Network Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP Co Subsidiary 5:**

**NANJING QIANYI SHIXUN INFORMATION TECHNOLOGY  
CO., LTD.** (XXXXXXXXXXXXXX)

**/s/ Seal of Nanjing Qianyi Shixun Information Technology  
Co., Ltd.**

By: /s/ LIN Song

Name: LIN Song

Title: Legal Representative

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin (王云林)

Title: Director

**WANG Yulin (王云林)**

By: /s/ WANG Yulin

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the date herein first written above.

**KINGSOFT**

**KINGSOFT CORPORATION LIMITED**

By: /s/ Ng Yuk Keung

Name: Ng Yuk Keung

Title: CFO

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**FutureX Capital:**

**FutureX Capital Limited**

By: /s/ ZHANG Qian

Name: ZHANG Qian

Title: Director

SIGNATURE PAGE TO KINGSOFT CLOUD HOLDINGS LIMITED

SHARE PURCHASE AGREEMENT (ISSUANCE OF SERIES D SHARES)



---

## EXHIBITS

|           |   |
|-----------|---|
| Exhibit A | Capitalization Table                    |
| Exhibit B | Disclosure Schedule                     |
| Exhibit C | Form of Restated Shareholders Agreement |
| Exhibit D | Form of Restated Articles               |
| Exhibit E | Form of Registration Rights Agreement   |
| Exhibit F | Notices                                 |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**

---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**

---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**

---

**EXHIBIT F**

**NOTICES**

---

**SCHEDULE 1**

**PARTICULARS OF GROUP COMPANIES**



---

**SCHEDULE 2**

**LIST OF KEY EMPLOYEES**

**SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT**

THIS SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of December 2, 2019 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) the entities listed on Schedule A attached hereto (the “**Major Subsidiaries**”, and each, a “**Major Subsidiary**”);
- (3) Autogold Limited (the “**Officer Holdco**”), a limited liability company organized under the laws of the British Virgin Islands;
- (4) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (5) the entity listed on Schedule B attached hereto (the “**Purchaser**”).

RECITALS:

A. The Officer Holdco, Kingsoft Corporation Limited (“**Kingsoft**”), the Management Holdco (as defined below), TMF Trust (HK) Limited (“**TMF**”), Mr. ZHANG Hongjiang, Celestial Power Limited, ChinaAMC Special Investment Limited, Xiaomi Corporation (“**Xiaomi**”), Buddies Team Limited, METAWIT Capital L.P., New Cloud Ltd., Shunwei Growth III Limited, Precious Steed Limited, FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner), FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), FUTUREX INNOVATION SPC - Special Opportunity Fund VI SP and Howater Innovation I Limited Partnership (acting through Howater Capital (Cayman) Limited as its general partner) collectively own 100% of the issued and outstanding shares of the Company as of the date hereof.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprise 1, and the PRC Subsidiary 2 Controls the Domestic Enterprise 2, in each case, through a captive structure by virtue of the Restructuring Documents (as defined below).

C. The Officer owns 100% of the issued and outstanding shares of the Officer Holdco. Micro Design Limited owns 100% of the issued and outstanding shares of the Management Holdco and the Management (as defined below) owns 100% of the issued and outstanding shares of Micro Design Limited.

D. Mrs. QIU Weiqin (邱蔚琴) and Kingsoft Digital Entertainment Technology Co., Ltd. (北京金山数字娱乐科技有限公司) collectively own 100% of the registered capital of the Domestic Enterprise 1, which is the sole shareholder of the ICP Co 1.

E. Mrs. QIU Weiqin (邱蔚琴) and the Officer collectively own 100% of the registered capital of the Domestic Enterprise 2, which is the sole shareholder of the ICP Co 2.

F. The Group Companies (as defined below) are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

G. The Company desires to issue, sell and allot to the Purchaser, and the Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a Person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other Person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; (ii) in the case of a Subject Person other than a natural person, any other Person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2017 and 2018 and the period commencing on January 1, 2019 to June 30, 2019.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the appointment of a majority of the board of directors of such Person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the eighth amended and restated shareholders agreement dated March 29, 2018 entered into by and among the Company, the existing shareholders of the Company and certain other parties thereto.

“**Financial Statements Date**” means June 30, 2019.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Group Companies**” means the Company, the Major Subsidiaries, and subsidiaries of any of the foregoing, either Controlled through contractual commitment or equity ownership, and “**Group Company**” means any one of them.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China

“**Key Employees**” means the key employees of the Group Companies as set forth in Exhibit F.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to the Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement and the other Transaction Documents, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**PRC Companies**” shall mean the PRC Subsidiaries, the Domestic Enterprises and subsidiaries of any of the foregoing which are organized under the laws of the PRC, and each a “**PRC Company**”.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series D+ Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

“**Related Party**” means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any Person in which any such Person in any of (i) to (iv) above has Control, joint Control or significant influence over such Person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other Person that Controls or is Controlled by or under common Control with any such Person in any of (i) to (v) above.

“**Restated Articles**” means the seventeenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

“**Restated Shareholders Agreement**” means the ninth amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.

“**Restructuring Documents**” means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprise 1 through the PRC Subsidiary 1 and the Domestic Enterprise 2 through the PRC Subsidiary 2, as amended.

“**Series A Preferred Shares**” means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series B Preferred Shares**” means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series C Preferred Shares**” means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series D Preferred Shares**” means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series D+ Preferred Shares**” means the series D+ preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Share Award Scheme**” means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

“**Share Option Scheme**” means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

“**Shares**” means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series D+ Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Transaction Documents**” means this Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Restructuring Documents and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|  |             |
|--|-------------|
| “ <b>Agreement</b> ”   | Preamble    |
| “ <b>CIIF Investor</b> ”   | Schedule B  |
| “ <b>Closing</b> ”   | Section 3.1 |
| “ <b>Closing Date</b> ”  | Section 3.1 |
| “ <b>Company</b> ”   | Preamble    |
| “ <b>Disclosure Schedule</b> ”                                     | Section 4   |
| “ <b>Domestic Enterprise 1</b> ”                                   | Schedule A  |
| “ <b>Domestic Enterprise 2</b> ”                                   | Schedule A  |
| “ <b>Domestic Enterprise</b> ” and “ <b>Domestic Enterprises</b> ” | Schedule A  |
| “ <b>Government Official</b> ”                                     | Section 4.7 |
| “ <b>HK Company</b> ”  | Schedule A  |
| “ <b>ICP Co 1</b> ”  | Schedule A  |
| “ <b>ICP Co 2</b> ”  | Schedule A  |
| “ <b>ICP Cos</b> ”   | Schedule A  |
| “ <b>Indemnified Person</b> ”                                      | Section 9.1 |
| “ <b>Indemnifiable Losses</b> ”                                    | Section 9.1 |
| “ <b>Kingsoft</b> ”  | Recitals    |
| “ <b>knowledge</b> ”   | Section 4   |

|   |               |
|---|---------------|
| “Liabilities”                               | Section 4.10  |
| “Licenses”                                  | Section 4.6   |
| “Major Subsidiary” and “Major Subsidiaries” | Preamble      |
| “Material Adverse Effect”                   | Section 4     |
| “Material Contracts”                        | Section 4.16  |
| “ODI Approval”                              | Section 6.9   |
| “Officer”                                   | Preamble      |
| “Officer Holdco”                            | Preamble      |
| “PRC Subsidiary 1”                          | Schedule A    |
| “PRC Subsidiary 2”                          | Schedule A    |
| “PRC Subsidiaries”                          | Schedule A    |
| “Principal Business”                        | Recitals      |
| “Proprietary Assets”                        | Section 4.13  |
| “Purchase Price”                            | Section 2.2   |
| “Purchased Shares”                          | Section 2.2   |
| “Purchaser”                                 | Preamble      |
| “Related Party Transaction”                 | Section 4.18  |
| “Restructuring Losses”                      | Section 9.1   |
| “SAFE”                                      | Section 4.25  |
| “SAFE Circular”                             | Section 4.25  |
| “SEC”                                       | Section 5.1   |
| “Tax Returns”                               | Section 4.19  |
| “TMF”                                       | Recitals      |
| “UNCITRAL Rules”                            | Section 10.13 |
| “Xiaomi”                                    | Recitals      |

### 1.3 Interpretation.

- (a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.
- (b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”
- (d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.
- (e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a Business Day, that payment must be made on or by the Business Day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance of 55,089,998 Series D+ Preferred Shares.

2.2 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Purchaser, and the Purchaser hereby agrees to purchase from the Company, such number of Series D+ Preferred Shares (the “**Series D+ Financing**”) as set forth opposite the Purchaser’s name on Schedule B attached hereto (the “**Purchased Shares**”), for an aggregate purchase price as set forth opposite such Purchaser’s name on Schedule B attached hereto (the “**Purchase Price**”) at the price of US\$0.907605775 per share. At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the Purchaser by wire transfer of immediately available funds to an account designated by the Company.

2.3 Valuation. The pre-money valuation of the Company for the Series D+ Financing shall be US\$2,600,000,000 on a fully diluted basis and the post-money valuation of the Company for the Series D+ Financing on a fully diluted basis shall be no more than US\$2,670,000,000.

## 3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchaser may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than December 31, 2019 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date.



3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to the Purchaser a copy of the Company's register of members as at the date of the Closing, certified as true by the registration agent of the Company, updated to show the Purchaser as the holder of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchaser. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, the Purchaser shall pay the Purchase Price by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company, the details of which shall be provided by the Company to the Purchaser within five (5) Business Days prior to the Closing.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to the Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the "**Disclosure Schedule**"), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party's "**knowledge**" means such party's actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to "**Material Adverse Effect**" means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

#### 4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital Immediately Prior to Closing. The authorized share capital of the Company, immediately prior to the Closing (subject to adjustment as a result of the Subsequent Closing (as defined below)), consists of a total of (i) 1,304,786,428 Ordinary Shares of which 1,077,086,304 are issued (including 211,776,304 Ordinary Shares issued to TMF as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, (v) 842,738,782 Series D Preferred Shares, all of which are issued and outstanding, and (vi) 55,089,998 Series D+ Preferred Shares, none of which are issued or outstanding.

(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents, (ii) up to an aggregate of 425,126,304 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme (including 28,674,875 Ordinary Shares held by TMF and 33,605,125 Ordinary Shares held by the Officer Holdco pursuant to the ESOP), (y) 211,776,304 Ordinary Shares have been issued to the trustee TMF as restricted shares pursuant to the Share Award Scheme, and (z) 3,600,000 Ordinary Shares have been issued to the Management Holdco and indirectly held by Mr. Wang Yulin (王宇林) as restricted shares pursuant to the Share Award Scheme (iii) the options to purchase the equity interest in the Domestic Enterprises as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, and (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in the Disclosure Schedule are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights with Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

#### 4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) immediately prior to and after the Closing is set out in Exhibit A (subject to adjustment as a result of the Subsequent Closing).

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;

(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, "**Licenses**" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 No Bribery. No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a "**Government Official**") for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other Person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other Person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 Financial Statements. The Company Financial Statements have been provided to the Purchaser and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the PRC, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 No Acceleration of Borrowings. There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 No Undisclosed Liabilities. Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 Tangible Personal Property. The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any Person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.

4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other Person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any Person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies’ right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies’ confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies’ businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company’s businesses by its employees, nor the conduct of the any Group Company’s businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.

4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) was entered into during the period between January 1, 2018 and September 30, 2019 and involves total payments in excess of RMB10,000,000 for the financial year of 2018 or RMB5,000,000 for the period from January 1, 2019 to September 30, 2019, (iii) was entered into during the period between January 1, 2018 and September 30, 2019 and is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB10,000,000 for the financial year of 2018 or RMB5,000,000 for the period from January 1, 2019 to September 30, 2019, (iv) was entered into during the period between January 1, 2018 and September 30, 2019 and is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB10,000,000 for the financial year of 2018 or RMB5,000,000 for the period from January 1, 2019 to September 30, 2019, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) was entered into during the period between January 1, 2018 and September 30, 2019 and restricts its freedom of action in relation to its normal business activities; (vii) is a loan, a guarantee, an equity transfer or other financing agreement; (viii) was entered into during the period between January 1, 2018 and September 30, 2019 and is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (ix) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (x) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to the Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended June 30, 2019, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No Person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such Person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a “**Related Party Transaction**”), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such Persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm’s-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.

4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.

4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies’ respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares.

4.24 Disclosure.

(a) No Misrepresentation. No representation, warranty or statement by the Group Companies in this Agreement, or in any exhibit, schedule, statement or certificate furnished to the Purchaser pursuant to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

(b) Full Disclosure. To the best knowledge of the Group Companies, there is no fact or circumstance relating to the affairs of the Group Companies which has not been disclosed to the Purchaser and which if disclosed might reasonably have been expected to influence the decision of the Purchaser to enter into this Agreement.

4.25 SAFE Registration. Each of the incumbent Management who is a domestic resident as defined in the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Financing and Inbound Investment through Offshore Special Purpose Companies by PRC Residents* (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) effective as of July 4, 2014 issued by the State Administration of Foreign Exchange (国家外汇管理局, the "SAFE") on July 4, 2014 (together with any rule or regulation interpreting or setting forth provisions for implementation of any of the foregoing, the "SAFE Circular") has completed the registration with the competent local branch of SAFE for their respective direct holding of any equity interests in the intermediary, through which the Management holds the Management Holdco, which in turn holds equity securities of the Company, in accordance with the SAFE Circular and other applicable SAFE rules and regulations.

5. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants, to the Group Companies as follows as of the date hereof and the Closing Date. The Purchaser and its advisors have been afforded the opportunity to interview the representatives of the Group Companies as the Purchaser deems necessary in connection with its decision to subscribe for the Purchased Shares. Regardless of the foregoing, each party acknowledges and agrees that the foregoing shall not in any way limit, reduce or affect the representations and warranties provided by the Group Companies in this Agreement or the rights of the Purchaser to rely thereon. No information relating to the Group Companies or the Officer Holdco of which the Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of the Purchaser shall prejudice any claim made by the Purchaser under the indemnity contained in Section 9 or operate to reduce any amount recoverable thereunder except if and to the extent such information is disclosed in the Disclosure Schedule.



5.1 Status of Purchaser. The Purchaser is either (i) an “accredited investor” within the meaning of Securities and Exchange Commission (“SEC”) Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a “U.S. person” as defined in Rule 902 of Regulation S of the Securities Act. The Purchaser has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the Purchased Shares and can bear the economic risk of its investment in the relevant number of Purchased Shares set forth in Section 2.2.

5.2 Restricted Securities. The Purchaser understands that the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act, that the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

5.3 No Public Market. The Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company’s securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for the Purchaser’s own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. The Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. The Purchaser is a limited partnership duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by the Purchaser. The Transaction Documents, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights generally and to general equitable principles.

5.6 Investment Experience. The Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Documents by the Purchaser and the performance by the Purchaser of its obligations under each of the Transaction Documents to which it is a party will not (a) result in a breach of any provision of the Purchaser’s charter documents; (b) result in a breach of, or constitute a default under, any instrument by which the Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which the Purchaser is bound.

5.8 Governmental and Third Party Consents. Except for the ODI Approval to be obtained by the CIIF Investor prior to the Closing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of the Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

6. CONDITIONS TO THE PURCHASER'S OBLIGATIONS AT THE CLOSING

The obligation of the Purchaser to purchase the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of the Purchaser, or otherwise waived by the Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than the Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than the Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 ODI Approval. The CIIF Investor shall have duly completed the approval and/or filing procedures with the competent Governmental Authority, including the National Development and Reform Commission of the PRC (国家发展和改革委员会), the Ministry of Commerce of the PRC (商务部) and the SAFE or their respective local counterpart, with respect to the transaction contemplated hereby (the “**ODI Approval**”).

6.10 Closing Certificate. The Company shall have delivered a certificate to the Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

## 7. CONDITIONS TO COMPANY’S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the Purchased Shares set forth in Section 2.2 to the Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by the Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. The Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of the Purchaser in connection with the transactions contemplated hereby shall have been completed.

7.4 Consents and Waivers. The Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by the Purchaser.

7.6 ODI Approval. The Purchaser shall have duly obtained the ODI Approval and documentation evidencing the same shall have delivered to the Company to its satisfaction.

## 8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to the Purchaser a share certificate registered in the name of the Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by the Purchaser pursuant to Section 2.2.

8.2 Filing of the Restated Articles. The Company shall obtain the duly filed and stamped Restated Articles within thirty (30) days following the Closing.

8.3 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, or (iii) the other purposes for the development of the Principal Business as approved by the Board.

8.4 Notice of Certain Events. If at any time before the Closing, any Group Company is involved in or subject to any material litigation, arbitration, or administrative penalty, or comes to know of any material fact or event which:

- (a) might result in a Material Adverse Effect; or
- (b) might result in any change in capitalization of the Company.

then such Group Company shall immediately notify the Purchaser in writing, describing the fact or event in reasonable detail.

8.5 Use of the CIIF Investor' Name or Logo. Without the prior consent of the CIIF Investor, none of the Group Companies shall use, publish or reproduce the name, trademark or logo of the CIIF Investor and/or the Governmental Authority which Controls the CIIF Investor in any of their written marketing, advertising or promotion materials or otherwise for any purpose.

8.6 Regulatory Compliance. Each Group Company shall comply with all applicable laws and regulations in the PRC and other applicable jurisdiction in all material respects, including but not limited to applicable laws and regulations in connection with the operations of the Group Companies, the PRC tax laws and regulations, PRC labor laws and regulations.

8.7 Increase the Authorized Area Under the IDC License. The ICP Cos shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.8 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.9 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than six (6) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.10 Registered Address and Lease. As soon as practicable after the Closing, the applicable PRC Companies shall (1) renew the lease agreements for their respective registered address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws; (2) establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities; and (3) use its commercially reasonable efforts to complete the registration with competent Governmental Authorities in respect of each real property leasehold of such PRC Company in accordance with the applicable PRC laws.

## 9. INDEMNIFICATION

### 9.1 General Indemnity

(a) The Group Companies shall jointly and severally indemnify and hold harmless the Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an "**Indemnified Person**") from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the "**Indemnifiable Losses**"). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless the Purchaser from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or the Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement (the "**Restructuring Losses**"); provided that the Company shall not be obligated to indemnify the Purchaser under this Section 9.1(b) if the Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.

(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to the Purchaser under this Section 9 shall be limited to one-hundred percent (100%) of the Purchase Price actually paid by the Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons' claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

9.2 Without limiting the generality of the foregoing and, notwithstanding anything disclosed in the Disclosure Schedule, the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company's service, which misuse involved obscenity and eroticism, and/or (b) any Related Party Transaction conducted before the Closing not on fair and arm's-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchaser by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchaser; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchaser.

## 10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties, except that the CIIF Investor shall be entitled, upon or prior to the Closing Date and without consent of the other parties, to assign all (but not part) of its rights and obligations under this Agreement to its wholly owned subsidiary identified in the ODI Approval. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit G hereto, upon receipt of confirmation of error-free transmission; (c) when sent by email, on the date of successful transmission at the email address set forth in Exhibit G hereto, provided that the sending party's system has indicated successful transmission or the sending party has not received a system message within 24 hours indicating failure of delivery or return of email; (d) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit G; or (e) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit G with next Business Day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.

10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in four counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the "**UNCITRAL Rules**") in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchaser are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 Expenses. Unless otherwise agreed in writing by the relevant Parties, the Parties hereto shall pay all of their own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby.



10.15 Termination. This Agreement may be terminated by any party hereto after December 31, 2019, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

10.16 Subsequent Closing. For the avoidance of doubt, notwithstanding anything contained herein, during the period from the date hereof to the expiry of the three (3)-month period after the Closing, the Company shall have the right to, without the consent of the Purchaser, solicit and accept offers for purchase of additional Series D+ Preferred Shares or negotiate or enter into discussion with any other person with respect to such transactions (where the pre-money valuation of the Company shall be no less than US\$2,600,000,000 (assuming the Closing hereunder has not occurred) and the proceeds of the Company from such transaction shall be no more than US\$20,000,000) on terms and conditions not favorable than those applicable to the Purchaser contained in the Transaction Documents (the closing of such transaction, the “**Subsequent Closing**”).

— REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ Ng Yuk Keung

Name: Ng Yuk Keung

Title: Director

**US COMPANY:**

**KINGSOFT CLOUD INC.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

\_\_\_\_\_  
Name: WANG Yulin

Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□)

**/s/ Seal of Beijing Yunxiang Zhisheng Technology  
Co., Ltd.**

By: /s/ WANG Yulin

\_\_\_\_\_  
Name: WANG Yulin

Title: Legal Representative

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

**DOMESTIC ENTERPRISE 1:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□□□□□□□□  
□□□)

**/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**DOMESTIC ENTERPRISE 2:**

**JINSHANYUN (BEIJING) INFORMATION  
TECHNOLOGY CO., LTD.** (□□□(□□)□□□□□□□□)

**/s/ Seal of Kingsoft Cloud (Beijing) Information Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP CO 1:**

**BEIJING JINSHANYUN INTERNET  
TECHNOLOGY CO., LTD.** (□□□□□□□□□□□□)

**/s/ Seal of Beijing Kingsoft Cloud Network Technology Co.,  
Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**ICP CO 2:**

**BEIJING JINXUN RUIBO INTERNET TECHNOLOGY CO.,  
LTD.** (□□□□□□□□□□□□)

**/s/ Seal of Beijing Jinxun Ruibo Network Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY  
CO., LTD. (上海睿电网络科技有限公司)**

**/s/ Seal of Shanghai Ruidian Network Technology  
Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (南京谦逸思讯信息  
技术有限公司) (南京)**

**/s/ Seal of Nanjing Qianyi Shixun Information  
Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**SUZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (苏州云翔 Zhengsheng  
网络技术有限公司) (苏州)**

**/s/ Seal of Suzhou Yunxiang Zhisheng Network  
Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**HAINAN CHENGMAI YUNXIANG ZHISHENG  
INTERNET TECHNOLOGY CO., LTD. (海南诚迈云翔 Zhengsheng  
网络技术有限公司) (海口)**

**/s/ Seal of Hainan Chengmai Yunxiang Zhisheng  
Network Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin (王允林)

Title: Director

**WANG Yulin (王允林)**

By: /s/ WANG Yulin

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PURCHASER:**

**China Internet Investment Fund. (中国互联网络信息中心) (C  
I)**

Seal: /s/ Seal of China Internet Investment Fund.

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

---

## SCHEDULES AND EXHIBITS

|            |   |
|------------|---|
| Schedule A | List of Major Subsidiaries              |
| Schedule B | List of Purchaser                       |
| Exhibit A  | Capitalization Table                    |
| Exhibit B  | Disclosure Schedule                     |
| Exhibit C  | Form of Restated Shareholders Agreement |
| Exhibit D  | Form of Restated Articles               |
| Exhibit E  | Form of Registration Rights Agreement   |
| Exhibit F  | List of Key Employees                   |
| Exhibit G  | Notices                                 |



**SCHEDULE A**

**LIST OF MAJOR SUBSIDIARIES**

1. Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of Hong Kong;
2. Kingsoft Cloud INC. (the “**US Company**”), a limited liability company organized under the laws of the State of Washington, United States;
3. Beijing Jinshanyun Technology Co., Ltd. (北京金山云科技股份有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
4. Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜科技股份有限公司) (the “**PRC Subsidiary 2**”, the PRC Subsidiary 1 and the PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
5. Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云科技股份有限公司) (the “**Domestic Enterprise 1**”), a limited liability company established under the laws of the PRC;
6. Jinshanyun (Beijing) Information Technology Co., Ltd. (北京金山云信息科技股份有限公司) (the “**Domestic Enterprise 2**”, the Domestic Enterprise 1 and the Domestic Enterprise 2 are collectively referred to as the “**Domestic Enterprises**”), a limited liability company established under the laws of the PRC;
7. Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网科技股份有限公司) (“**ICP Co 1**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of Domestic Enterprise 1;
8. Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯锐博互联网科技股份有限公司) (the “**ICP Co 2**”, the ICP Co 1 and the ICP Co 2 are collectively referred to as the “**ICP Cos**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of Domestic Enterprise 2;
9. Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司), a joint venture company established under the laws of the PRC;
10. Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息科技有限公司), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co1;
11. Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网科技股份有限公司), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co 1; and

- 
12. Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智生互联网技术股份有限公司), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co 1.

**SCHEDULE B**

**LIST OF PURCHASER**

| <u>Purchaser</u>  | <u>Purchased Shares</u>  | <u>Purchase Price</u>        |
|---|--------------------------|------------------------------|
| <b>China Internet Investment Fund. (</b> <span style="font-family: monospace;">□□□□□□□□</span> <b>)</b> |                          |                              |
| <span style="font-family: monospace;">□□□□□□</span> (the "CIIF Investor")                               | 55,089,998               | US\$50,000,000               |
| <b>Total</b>  | <b><u>55,089,998</u></b> | <b><u>US\$50,000,000</u></b> |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**

---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**

---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**



---

**EXHIBIT F**

**LIST OF KEY EMPLOYEES**

---

**EXHIBIT G**

**NOTICES**

**SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT**

THIS SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into as of December 16, 2019 by and among,

- (1) Kingsoft Cloud Holdings Limited (the “**Company**”), a limited liability company organized under the laws of the Cayman Islands;
- (2) the entities listed on Schedule A attached hereto (the “**Major Subsidiaries**”, and each, a “**Major Subsidiary**”);
- (3) Autogold Limited (the “**Officer Holdco**”), a limited liability company organized under the laws of the British Virgin Islands;
- (4) Mr. WANG Yulin (王允林), a citizen of the PRC with ID card number of \* (the “**Officer**”); and
- (5) the entity listed on Schedule B attached hereto (the “**Purchaser**”).

RECITALS:

A. The Officer Holdco, Kingsoft Corporation Limited (“**Kingsoft**”), the Management Holdco (as defined below), TMF Trust (HK) Limited (“**TMF**”), Mr. ZHANG Hongjiang, Celestial Power Limited, ChinaAMC Special Investment Limited, Xiaomi Corporation (“**Xiaomi**”), Buddies Team Limited, METAWIT Capital L.P. (美塔维特资本有限合伙企业), New Cloud Ltd., Shunwei Growth III Limited, Precious Steed Limited, FutureX AI Opportunity Fund LP (acting through FutureX Innovation Limited as its general partner), FutureX Innovation SPC (acting for and on behalf of New Technology Fund I SP as one of its segregated portfolios), FUTUREX INNOVATION SPC - Special Opportunity Fund VI SP and Howater Innovation I Limited Partnership (acting through Howater Capital (Cayman) Limited as its general partner) collectively own 100% of the issued and outstanding shares of the Company as of the date hereof.

B. The Company owns 100% of the equity interests of the HK Company, and the HK Company owns 100% of the equity interests of each of the PRC Subsidiaries. The PRC Subsidiary 1 Controls the Domestic Enterprise 1, and the PRC Subsidiary 2 Controls the Domestic Enterprise 2, in each case, through a captive structure by virtue of the Restructuring Documents (as defined below).

C. The Officer owns 100% of the issued and outstanding shares of the Officer Holdco. Micro Design Limited owns 100% of the issued and outstanding shares of the Management Holdco and the Management (as defined below) owns 100% of the issued and outstanding shares of Micro Design Limited.

D. Mrs. QIU Weiqin (邱蔚琴) and Kingsoft Digital Entertainment Technology Co., Ltd. (金山网络数码娱乐有限公司) collectively own 100% of the registered capital of the Domestic Enterprise 1, which is the sole shareholder of the ICP Co 1.

E. Mrs. QIU Weiqin (邱蔚琴) and the Officer collectively own 100% of the registered capital of the Domestic Enterprise 2, which is the sole shareholder of the ICP Co 2.

F. The Group Companies (as defined below) are engaged in the development of technologies, software and services relating to cloud computing, the development of technologies, software and services relating to cloud storage, video cloud, CDN and other types of cloud services and the development of value-added services and software based on cloud computing (the “**Principal Business**”).

G. The Company, the Major Subsidiaries, the Officer Holdco, the Officer and China Internet Investment Fund. (中国互联网络信息中心(CNNIC)) entered into a Series D+ Preferred Share Purchase Agreement dated December 2, 2019 (the “**CIIF SPA**”).

H. The Company desires to issue, sell and allot to the Purchaser, and the Purchaser desires to purchase from the Company, the relevant number of Purchased Shares (as defined below) set forth in Section 2.2 on the terms and conditions set forth in this Agreement.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### 1. DEFINITIONS

1.1 Definitions. In this Agreement, unless the context otherwise requires the following words and expressions have the following meanings:

“**Affiliate**” of a Person (the “**Subject Person**”) means (i) in the case of Subject Person that is a natural person, any other Person that is a spouse or parent, grandparent, child, grandchild, brother or sister or the spouse thereof (collectively, “**Immediate Family**”) of the Subject Person or is directly or indirectly Controlled by such Subject Person or member of his/her Immediate Family; (ii) in the case of a Subject Person other than a natural person, any other Person directly or indirectly Controlling, Controlled by or under common Control with the Subject Person.

“**Board**” means the board of directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks in the New York, Cayman Islands, the PRC or Hong Kong are required or authorized by law or executive order to be closed.

“**Company Financial Statements**” means the unaudited consolidated balance sheet and statements of income of the Company for the year of 2017 and 2018 and the period commencing on January 1, 2019 to June 30, 2019.

“**Control**” of a given Person means the power or authority, whether exercised or not, to direct or cause the direction of the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, which power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the appointment of a majority of the board of directors of such Person; the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing.

“**ESOP**” means the Share Award Scheme (as amended), the Share Option Scheme (as amended) and other employee stock incentive plans of the Company as may be approved in accordance with the Restated Articles and the Restated Shareholders Agreement and adopted by the Company from time to time, under which Shares of the Company have been or shall be issued and reserved for issuance to employees, officers, directors, contractors, advisors or consultants of the Group Companies.

“**Existing SHA**” means the eighth amended and restated shareholders agreement dated March 29, 2018 entered into by and among the Company, the existing shareholders of the Company and certain other parties thereto.

“**Financial Statements Date**” means June 30, 2019.

“**Fundamental Warranties**” means the representations and warranties of Group Companies set forth in Sections 4.1 (Organization, Standing and Qualification), 4.2 (Capitalization and Other Particulars of the Group Companies), 4.3 (Due Authorization), 4.4 (Valid Issuance of Purchased Shares), 4.5 (No Conflicts), 4.6 (Compliance with Law; Licenses), 4.8 (Financial Statements) and 4.19 (Taxes).

“**Governmental Authority**” means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction.

“**Group Companies**” means the Company, the Major Subsidiaries, and subsidiaries of any of the foregoing, either Controlled through contractual commitment or equity ownership, and “**Group Company**” means any one of them.

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China

“**Key Employees**” means the key employees of the Group Companies as set forth in Exhibit F.

“**Management**” means the ultimate beneficial owners of the Management Holdco, who hold all issued and outstanding shares of the Management Holdco indirectly through an intermediary whose issued and outstanding shares are all held by such beneficial owners, as listed in the register of members of such intermediary provided to the Purchaser prior to the date of this Agreement.

“**Management Holdco**” means River Jade Holdings Limited, a limited liability company organized under the laws of the British Virgin Islands.

“**Management Restricted Share Agreement**” means the second amended and restated restricted share agreement entered into by and among the Company, Kingsoft, the Management and the Management Holdco dated October 12, 2015, as amended.

“**Mr. ZHANG Hongjiang**” means ZHANG Hongjiang (张洪江), a citizen of Singapore with passport number of \*.

“**Officer Restricted Share Agreement**” means the restricted share agreement dated February 28, 2015 by and among the Company, Kingsoft, the Officer, the Officer Holdco and certain other parties thereto.

“**Ordinary Shares**” means the ordinary shares, par value US\$0.001 per share, of the Company, having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Person**” means any natural person, firm, company, Governmental Authority, joint venture, partnership, association or other entity (whether or not having separate legal personality).

“**PRC**” means the People’s Republic of China, which, for the purpose of this Agreement and the other Transaction Documents, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“**PRC Companies**” shall mean the PRC Subsidiaries, the Domestic Enterprises and subsidiaries of any of the foregoing which are organized under the laws of the PRC, and each a “**PRC Company**”.

“**Preferred Shares**” means the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series D+ Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Registration Rights Agreement**” means a registration rights agreement to be entered into at the Closing and substantially in the form attached hereto as Exhibit E.

“**Related Party**” means, with respect to a company, (i) any shareholder of such company that has Control, joint Control or significant influence over such company, (ii) any director of such company, (iii) any senior officer of such company, (iv) any Immediate Family of a shareholder, director or senior officer of such company, (v) any Person in which any such Person in any of (i) to (iv) above has Control, joint Control or significant influence over such Person, other than a passive shareholding of less than 5% in a publicly listed company, or (vi) any other Person that Controls or is Controlled by or under common Control with any such Person in any of (i) to (v) above.

“**Restated Articles**” means the seventeenth amended and restated memorandum of association and articles of association of the Company as amended from time to time by Special Resolution (as defined in the Restated Articles) in the form as attached hereto as Exhibit D.

“**Restated Shareholders Agreement**” means the ninth amended and restated shareholders agreement to be entered into by the parties thereto at the Closing and substantially in the form attached hereto as Exhibit C.

“**Restructuring Documents**” means a series of documents, according to which the Company is able to establish effective Control over, and consolidate the financial results of, the Domestic Enterprise 1 through the PRC Subsidiary 1 and the Domestic Enterprise 2 through the PRC Subsidiary 2, as amended.

“**Series A Preferred Shares**” means the series A preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series B Preferred Shares**” means the series B preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series C Preferred Shares**” means the series C preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series D Preferred Shares**” means the series D preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Series D+ Preferred Shares**” means the series D+ preferred convertible shares, par value US\$0.001 per share, of the Company.

“**Share Award Scheme**” means the share award scheme adopted by the Board on February 22, 2013, as amended from time to time.

“**Share Option Scheme**” means the share option scheme adopted by the shareholders of the Company on February 27, 2013, as amended from time to time.

“**Shares**” means the Ordinary Shares, the Series A Preferred Shares, the Series B Preferred Shares, the Series C Preferred Shares, the Series D Preferred Shares and the Series D+ Preferred Shares, each having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

“**Transaction Documents**” means this Agreement, the Restated Shareholders Agreement, the Restated Articles, the Registration Rights Agreement, the Restructuring Documents and any other agreements, letters or documents the execution of which is contemplated under any of the aforementioned documents.

1.2 Terms Defined Elsewhere. The following terms are defined in this Agreement as follows:

|  |             |
|--|-------------|
| “ <b>Agreement</b> ”   | Preamble    |
| “ <b>CCBI Investor</b> ”   | Schedule B  |
| “ <b>CIIF Closing</b> ”  | Section 3.1 |
| “ <b>CIIF SPA</b> ”  | Recitals    |
| “ <b>Closing</b> ”   | Section 3.1 |
| “ <b>Closing Date</b> ”  | Section 3.1 |
| “ <b>Company</b> ”   | Preamble    |
| “ <b>Disclosure Schedule</b> ”                                     | Section 4   |
| “ <b>Domestic Enterprise 1</b> ”                                   | Schedule A  |
| “ <b>Domestic Enterprise 2</b> ”                                   | Schedule A  |
| “ <b>Domestic Enterprise</b> ” and “ <b>Domestic Enterprises</b> ” | Schedule A  |
| “ <b>Government Official</b> ”                                     | Section 4.7 |
| “ <b>HK Company</b> ”  | Schedule A  |

|   |               |
|---|---------------|
| “ICP Co 1”                                  | Schedule A    |
| “ICP Co 2”                                  | Schedule A    |
| “ICP Cos”                                   | Schedule A    |
| “Indemnified Person”                        | Section 9.1   |
| “Indemnifiable Losses”                      | Section 9.1   |
| “Kingsoft”                                  | Recitals      |
| “knowledge”                                 | Section 4     |
| “Liabilities”                               | Section 4.10  |
| “Licenses”                                  | Section 4.6   |
| “Major Subsidiary” and “Major Subsidiaries” | Preamble      |
| “Material Adverse Effect”                   | Section 4     |
| “Material Contracts”                        | Section 4.16  |
| “Officer”                                   | Preamble      |
| “Officer Holdco”                            | Preamble      |
| “PRC Subsidiary 1”                          | Schedule A    |
| “PRC Subsidiary 2”                          | Schedule A    |
| “PRC Subsidiaries”                          | Schedule A    |
| “Principal Business”                        | Recitals      |
| “Proprietary Assets”                        | Section 4.13  |
| “Purchase Price”                            | Section 2.2   |
| “Purchased Shares”                          | Section 2.2   |
| “Purchaser”                                 | Preamble      |
| “Related Party Transaction”                 | Section 4.18  |
| “Restructuring Losses”                      | Section 9.1   |
| “SAFE”                                      | Section 4.25  |
| “SAFE Circular”                             | Section 4.25  |
| “SEC”                                       | Section 5.1   |
| “Tax Returns”                               | Section 4.19  |
| “TMF”                                       | Recitals      |
| “UNCITRAL Rules”                            | Section 10.13 |
| “Xiaomi”                                    | Recitals      |

### 1.3 Interpretation.

- (a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning.
- (b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (c) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”
- (d) Law. References to “law” shall include all applicable laws, regulations, rules and orders of any Governmental Authority, including any common or customary law, constitution, code, ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment; and “lawful” shall be construed accordingly.



(e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

(f) Share Calculations. In calculations of share numbers, references to a “fully diluted basis” mean that the calculation is to be made assuming that all outstanding and reserved equity securities convertible into or exercisable or exchangeable for Ordinary Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged. Any reference to a number or price of Ordinary Shares shall be appropriately adjusted to reflect any share subdivision, share consolidation, share dividend, share reclassification, restructuring, capitalization issuance or similar transaction affecting the share capital of the Company.

(g) Time. Except as otherwise provided, for purposes of calculating the length of time from a given day or the day of a given act or event, the relevant period shall be calculated exclusive of that day. If the day on or by which a payment must be made is not a Business Day, that payment must be made on or by the Business Day immediately following such day.

(h) Writing. References to writing include any mode of reproducing words in a legible and non-transitory form.

(i) Language. This Agreement is drawn up in the English language. If this Agreement is translated into any other language, the English language text shall prevail.

## 2. AGREEMENT TO PURCHASE AND SELL SHARES

2.1 Authorization. As of the Closing (as defined below), the Company will have authorized the issuance of 22,035,999 Series D+ Preferred Shares.

2.2 Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Purchaser, and the Purchaser hereby agrees to purchase from the Company, such number of Series D+ Preferred Shares (the “**Series D+ Financing**”) as set forth opposite the Purchaser’s name on Schedule B attached hereto (the “**Purchased Shares**”), for an aggregate purchase price as set forth opposite such Purchaser’s name on Schedule B attached hereto (the “**Purchase Price**”) at the price of US\$0.907605775 per share. At the Closing, subject to fulfillment or waiver of the conditions set forth under Section 6 and Section 7, the Purchase Price shall be paid by the Purchaser by wire transfer of immediately available funds to an account designated by the Company.

2.3 Valuation. The pre-money valuation of the Company for the Series D+ Financing shall be US\$2,600,000,000 on a fully diluted basis (assuming the closing of the transaction contemplated by the CIIF SPA has not occurred) and the post-money valuation of the Company for the Series D+ Financing on a fully diluted basis shall be no more than US\$2,670,000,000.

3. CLOSING; DELIVERY

3.1 Closing. The purchase and sale of the Purchased Shares hereunder shall be held remotely via exchange of documents and signatures as soon as practical after fulfillment or waiver of the closing conditions set forth in Sections 6 and 7 or at such other date or time as the Company and the Purchaser may mutually agree upon (the “**Closing**” and the date of the Closing, the “**Closing Date**”), but in no event later than December 31, 2019 if the closing conditions set forth in Sections 6 and 7 are fulfilled or waived prior to such date. The Closing shall occur simultaneously with the closing of the transaction contemplated by the CIIF SPA (the “**CIIF Closing**”), unless otherwise agreed by the Company and the Purchaser. For the avoidance of doubt, notwithstanding any other provision hereof, in the event that the CIIF Closing does not occur for any reason, the CCBI Investor and the Company shall not be obligated to consummate the transaction contemplated hereby.

3.2 Delivery by the Company. At the Closing, in addition to those items the delivery of which is made an express closing condition under Sections 6, the Company shall deliver to the Purchaser a copy of the Company’s register of members as at the date of the Closing, certified as true by the registration agent of the Company, updated to show the Purchaser as the holder of the Purchased Shares as set forth in Section 2.2.

3.3 Delivery by the Purchaser. At the Closing, in addition to those items the delivery of which is made an express closing condition under Section 7, the Purchaser shall pay the Purchase Price by wire transfer of immediately available funds in U.S. dollars to an account designated by the Company, the details of which shall be provided by the Company to the Purchaser within five (5) Business Days prior to the Closing.

4. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES

The Group Companies, jointly and severally, hereby represent and warrant to the Purchaser, except as set forth in the disclosure schedule attached hereto as Exhibit B (the “**Disclosure Schedule**”), as of the date hereof and the Closing Date hereunder, as follows. In this Agreement, any reference to a party’s “**knowledge**” means such party’s actual knowledge, and the knowledge which should have been acquired by such party after making such due inquiry and exercising such due diligence as a prudent business person would have made or exercised in the management of his or her business affairs, including but not limited to due and diligent inquiries of officers, directors and other employees of such party reasonably believed to have knowledge of the matter in question; any reference to “**Material Adverse Effect**” means the material adverse effect on the condition (financial or otherwise), operation or management of, assets or liabilities relating to, or results of operation (historical or prospective) of the Principal Business (as presently conducted and proposed to be conducted) or of the Group Companies as a whole.

4.1 Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

#### 4.2 Capitalization and Other Particulars of the Group Companies.

(a) Share Capital Immediately Prior to Closing. The authorized share capital of the Company, immediately prior to the Closing, consists of a total of (i) 1,282,750,429 Ordinary Shares of which 1,077,086,304 are issued (including 211,776,304 Ordinary Shares issued to TMF as trustee pursuant to the Share Award Scheme), (ii) 458,116,000 Series A Preferred Shares, all of which are issued and outstanding, (iii) 153,603,600 Series B Preferred Shares, all of which are issued and outstanding, (iv) 185,665,192 Series C Preferred Shares, all of which are issued and outstanding, (v) 842,738,782 Series D Preferred Shares, all of which are issued and outstanding, and (vi) 77,125,997 Series D+ Preferred Shares, none of which are issued or outstanding.

(b) Options, Warrants, Reserved Shares. Except for (i) the rights provided in the Transaction Documents and the CIIF SPA, (ii) up to an aggregate of 425,126,304 Ordinary Shares reserved for issuance or issued to the trustee as restricted shares under the ESOP, of which (x) 209,750,000 Ordinary Shares have been reserved for the issuance of share options pursuant to the Share Option Scheme (including 28,674,875 Ordinary Shares held by TMF and 33,605,125 Ordinary Shares held by the Officer Holdco pursuant to the ESOP), (y) 211,776,304 Ordinary Shares have been issued to the trustee TMF as restricted shares pursuant to the Share Award Scheme, and (z) 3,600,000 Ordinary Shares have been issued to the Management Holdco and indirectly held by Mr. Wang Yulin (王允林) as restricted shares pursuant to the Share Award Scheme (iii) the options to purchase the equity interest in the Domestic Enterprises as set forth in the Restructuring Documents, (iv) the right to purchase Shares from the Officer Holdco by the Company, Kingsoft and Xiaomi as set forth in the Officer Restricted Share Agreement, (v) the right to purchase Shares from the Management Holdco by the Company and Kingsoft as set forth in the Management Restricted Share Agreement, and (vi) the right to purchase Shares issued pursuant to the ESOP by the Company as set forth in the rules of the ESOP, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company or any other Group Companies.

(c) Particulars of the Group Companies. The particulars of each Group Company set forth in the Disclosure Schedule are true, complete and correct, except that the share capital, directors and shareholders of the Company shall be changed pursuant to the Transaction Documents as of the Closing.

(d) Other Rights with Respect to Shares. Except as provided in the Transaction Documents, no voting or similar agreements exist related to the equity securities of any Group Company which are presently outstanding.

4.3 Due Authorization. All corporate actions on the part of each Group Company and, as applicable, its respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company under the Transaction Documents, and the authorization, issuance, and allotment of all of the Purchased Shares being sold under this Agreement have been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company, to the extent such Group Company is a party to such documents, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.4 Valid Issuance of Purchased Shares.

(a) The Purchased Shares, when issued, sold and allotted in accordance with the terms of this Agreement, and registered in the register of members of the Company, will be duly and validly issued, fully paid and non-assessable.

(b) Immediately prior to the Closing, all of the outstanding capital shares of the Company are duly and validly issued, fully paid and non-assessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations. The capitalization table of the Company (on a fully diluted basis) immediately prior to and after the Closing is set out in Exhibit A.

4.5 No Conflicts. The execution and delivery by each Group Company of this Agreement and each other Transaction Document to which it is a party do not, and the performance by each Group Company of its obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of any Group Company;

(b) conflict with or result in a violation or breach of any term or provision of any law applicable to any Group Company or any of their respective assets and properties; or

(c) (i) contravene, conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default or result in a loss of benefit under, or (iii) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, any contract or license to which any Group Company is a party or under which any of their respective assets and properties is bound except as would not result in a Material Adverse Effect.

4.6 Compliance with Law; Licenses. Each Group Company has at all times carried on its business in compliance with all applicable laws and regulations in all material respects. No Group Company nor, to the best knowledge of each Group Company, any of their directors, officers, employees or agents, has committed any criminal offence or any tort or any breach of the requirements or conditions of any statute, treaty, regulation, by-law or other obligation relating to such Group Company or the carrying on of its business. Without prejudice to the generality of the foregoing, each of the Group Companies is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and holds all Licenses necessary to the conduct of its business except for those the absence of which would not result in a Material Adverse Effect. All necessary filings and registrations with the relevant PRC Governmental Authorities required in respect of any subsidiary of the Company incorporated under the laws of the PRC have been duly and timely made in accordance with the relevant PRC laws except for those the absence of which would not result in a Material Adverse Effect. In this Agreement, "**Licenses**" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, filings, franchises and similar consents granted or issued by any Governmental Authority.

4.7 No Bribery. No act or transaction has been effected by or on behalf of any Group Company involving the making or authorizing of any payment, or the giving of anything of value, to any government official, political party, party official or candidate for political office (each a “**Government Official**”) for the purpose of influencing the recipient in his or its official capacity in order to obtain business, retain business or direct business to such Group Company or any other Person or firm, in violation of any applicable anti-bribery law. No Government Official and, to the best of knowledge of the Group Companies, no Immediate Family of any such Government Official has been, for the purpose of influencing such Governmental Official in his or its official capacity in order to obtain business, retain business or direct business to any Group Company or any other Person or firm, in violation of any applicable anti-bribery law, (i) issued or granted an ownership or other economic interest, direct or indirect, in any Group Company by any Group Company or (ii) engaged or employed by any Group Company as an officer, a director, or employee of any Group Company. Each Group Company has disclosed any investigation and all facts known to it regarding all Liabilities or allegations of any kind or nature that are asserted against, paid or payable by any Group Company in connection with non-compliance with any anti-bribery laws.

4.8 Financial Statements. The Company Financial Statements have been provided to the Purchaser and (i) fairly present the financial conditions and results of operations of the Group Companies as of the date thereof and for the period covered thereby, (ii) have been prepared in accordance with the generally accepted accounting principles in the PRC, and (iii) were compiled from the books and records of the Group Companies regularly maintained by the management and used to prepare the financial statements of the Group Companies in accordance with the principles stated therein; provided that unaudited Company Financial Statements shall be subject to year-end adjustments made at the request of the auditor of the relevant Group Company. The operating results, assets and liabilities of the Group Companies are consolidated into the audited consolidated financial statements of Kingsoft.

4.9 No Acceleration of Borrowings. There is no default by any Group Company that would result in any borrowing of any Group Company becoming due and payable, or capable of being declared due and payable, prior to its normal or originally stated maturity. No demand or other notice has been received by any Group Company requiring the payment or repayment of money prior to its normal or originally stated maturity.

4.10 No Undisclosed Liabilities. Except as reflected or provided for in the Company Financial Statements or in the notes thereto and/or the Disclosure Schedule, there are no Liabilities against any Group Company or any of their respective assets and properties, other than (i) Liabilities which, individually or in the aggregate, would not result in a Material Adverse Effect, or (ii) Liabilities incurred by the Group Companies in the ordinary course of business. In this Agreement, “**Liabilities**” means all indebtedness, obligations, taxes and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

4.11 Tangible Personal Property. The Group Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets currently used by the Group Companies material for the conduct of the business of the Group Companies. The assets of the Group Companies are in the aggregate in a condition adequate for the intended use and sufficient to carry on the Principal Business in the ordinary course as currently conducted and contemplated to be conducted. The assets owned by each Group Company are free and clear of all security interests, liens or other encumbrances or material claims. The material assets of each Group Company have been properly maintained and are in good working condition.

4.12 Real Property. The Group Companies do not own any land, buildings or other real property. The Group Companies are in compliance with all real property leases in respect of real property used by the Group Companies in all material respects.

4.13 Proprietary Assets. “**Proprietary Assets**” shall mean all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, copyright registrations and applications and all other rights corresponding thereto, inventions, databases and all rights therein, all computer software including all source code, object code, firmware, development tools, files, records and data, including all media on which any of the foregoing is stored, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes of a company, and all documentation related to any of the foregoing. Details of all registered Proprietary Assets owned by or licensed to the Group Companies are set out in Section 4.13 of the Disclosure Schedule. Complete and accurate copies of all documentation by which the Group Companies acquired from any third party ownership of or right to use any of such Proprietary Assets are annexed to the Disclosure Schedule, and no material claim under any of such documentation has been made. Except as disclosed in the Disclosure Schedule, each Group Company (i) has independently developed and owns free and clear of all material claims, security interests, liens or other encumbrances, or (ii) has a valid right or license to use, all Proprietary Assets necessary and appropriate for its business as now conducted and without any conflict with or infringement of the rights of others. Except as disclosed in the Disclosure Schedule and those royalties or other payments paid in the Group Company’s ordinary course of business, no Group Company is obligated to pay any royalties or other payments to any Person in respect of Proprietary Assets used by the Group Companies. No Group Company is, in any material respect, in breach of any Proprietary Assets license agreement or of any agreement under which any confidential business information was or is to be made available to it. The Proprietary Assets owned by and licensed to the Group Companies are sufficient for the Group Companies as a whole to carry on their business as currently conducted.

4.14 Infringement; Challenge. Except as disclosed in the Disclosure Schedule, the processes and methods employed, the services provided, the businesses conducted and the products manufactured, used or dealt in by each Group Company does not, or at the time of being employed, provided, conducted, manufactured, used or dealt in did not, infringe the rights of any other Person in any Proprietary Assets in any material respect. To the best of knowledge of the Group Companies, and except as disclosed in the Disclosure Schedule, there is not, nor has there been at any time, any unauthorized use or infringement by any Person of any of the Proprietary Assets owned by or otherwise required for the business of any Group Company. To the best knowledge of each Group Company, and except as disclosed in the Disclosure Schedule, the Proprietary Assets of the Group Companies, and the validity or subsistence of the Group Companies’ right, title and interest therein, is not subject of any current or pending challenge, claim or proceedings, including for opposition, cancellation, revocation or rectification, and has not been the subject of any challenge, claim or proceeding. Each Group Company has taken all reasonable steps open to it to preserve its Proprietary Assets.

4.15 Confidentiality and Non-Competition Agreement. All employees of the Group Companies with access to Groups Companies' confidential information have entered into a standard confidentiality and non-competition agreements. To the best of knowledge of the Group Companies, none of these employees are in breach of such agreements in any material respect. To the best knowledge of the Group Companies and except as disclosed in the Disclosure Schedule, none of the Key Employees (as defined below) is obligated under any contract, or subject to any judgment, decree or order of any Governmental Authority, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the Group Companies' businesses as proposed to be conducted. To the best knowledge of the Group Companies, neither the execution or delivery of this Agreement or the other Transaction Documents, nor the carrying on of the any Group Company's businesses by its employees, nor the conduct of the any Group Company's businesses as proposed, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated in any material respect.

4.16 Contracts. Except as disclosed in the Disclosure Schedule, no Group Company is a party to or bound by any contract that (i) was entered into outside of its ordinary course of business, (ii) was entered into during the period between January 1, 2018 and September 30, 2019 and involves total payments in excess of RMB10,000,000 for the financial year of 2018 or RMB5,000,000 for the period from January 1, 2019 to September 30, 2019, (iii) was entered into during the period between January 1, 2018 and September 30, 2019 and is an agency, distribution, marketing, purchasing, franchising or licensing agreement under which the payment obligations of a Group Company exceed RMB10,000,000 for the financial year of 2018 or RMB5,000,000 for the period from January 1, 2019 to September 30, 2019, (iv) was entered into during the period between January 1, 2018 and September 30, 2019 and is a consulting or management agreement under which the payment obligations of a Group Company exceed RMB10,000,000 for the financial year of 2018 or RMB5,000,000 for the period from January 1, 2019 to September 30, 2019, (v) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, Control or otherwise affect the voting or disposition of its shares; (vi) was entered into during the period between January 1, 2018 and September 30, 2019 and restricts its freedom of action in relation to its normal business activities; (vii) is a loan, a guarantee, an equity transfer or other financing agreement; (viii) was entered into during the period between January 1, 2018 and September 30, 2019 and is a non-compete agreement or an agreement of similar nature restricting any Group Company from competing with any other person; (ix) is a contract in relation to the purchase, sale, license or use of Proprietary Assets, or (x) is otherwise material to the business or financial condition of the Group Companies (collectively, "**Material Contracts**"). A list of all Material Contracts is included in Section 4.16 of the Disclosure Schedule. True and complete copies of all Material Contracts have been made available to the Purchaser. Each contract to which any Group Company is a party has been duly authorized, executed and delivered by the relevant Group Company and constitutes the valid and binding obligation of such Group Company, enforceable against such Group Company in accordance with its terms. There are no grounds for rescission, avoidance, repudiation or termination of any Material Contract, except for such rescission, avoidance, repudiation or termination of any Material Contract which would not result in a Material Adverse Effect. The Group Companies have not received any notice of termination of such Material Contracts. None of the parties to such Material Contracts is in material default thereunder.

4.17 Customers and Suppliers. Section 4.17 of the Disclosure Schedule sets forth a true and complete list, for the 12 months ended June 30, 2019, of the five (5) largest customers of goods and services of and the ten (10) largest suppliers of goods and services to the Group Companies. No Person set forth in Section 4.17 of the Disclosure Schedule (i) has threatened to cancel or otherwise terminate or, to the knowledge of the Group Companies, intends to cancel or otherwise terminate, the relationship of such Person with any Group Company or (b) has materially modified or decreased materially or threatened to materially modify or decrease materially or limit materially or, to the knowledge of the Group Companies, intends to materially modify its relationship with any Group Company or intends to decrease materially its purchases from, or services or supplies to, any Group Company.

4.18 Related Party Transactions. Except as disclosed in the Disclosure Schedule, there are no contracts, understandings, transactions or proposed transactions between any Group Company on the one hand and any of its Related Party on the other hand (each, a “**Related Party Transaction**”), other than transactions arising in the ordinary course of an employer/employee relationship. Except as disclosed in the Disclosure Schedule, no Related Party of any Group Company or any member of his or her Immediate Family is indebted to any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them. Except as disclosed in the Disclosure Schedule, none of such Persons has any direct or indirect ownership in any business entity with which any Group Company is affiliated or with which any Group Company has a business relationship, or any business entity that competes with any Group Company, other than passive shareholdings of less than 5% in publicly listed companies. Each Related Party Transaction is on terms and conditions as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm’s-length transaction with an unrelated party.

4.19 Taxes. Each Group Company has filed all tax returns, statement, reports and forms (the “**Tax Returns**”) that it was required to file in accordance with all applicable laws. All such Tax Returns were true, correct and complete in all material respects and not misleading for the purpose of such Tax Returns. All taxes which have become due and payable by each Group Company (whether or not shown on any Tax Return) have been fully paid or provided for except as would not result in a Material Adverse Effect.

4.20 Employment. Each of the Group Companies has complied with all applicable laws relating to the employment of labor in all material respects, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining, and none of such Group Companies is subject to any investigation or examination by any Governmental Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution. No Group Company is bound by or subject to any agreement, collective bargaining scheme or other understanding with any labor union or other body representing employees of any Group Company. To the best knowledge of any Group Company, no labor union has requested, sought or attempted to represent any employees, representatives or agents of any Group Company and there is no pending or threatened strike or other labor dispute involving any Group Company.



4.21 Legal Proceedings. There are no actions or proceedings pending or, to the best knowledge of the Group Companies, threatened against any Group Company or its directors or Key Employees, or any of the Group Companies' respective assets and properties. To the best knowledge of any Group Company, no Group Company and none of its directors and Key Employees is the subject of any official investigation or inquiry. To the best knowledge of any Group Company, there are no facts or circumstances which could result in any such actions or proceedings being brought by or against any Group Company or any of its directors and Key Employees.

4.22 No Insolvency. No order has been made and no resolution has been passed for the winding up of any Group Company or for a provisional liquidator to be appointed in respect of any Group Company and to the best knowledge of each Group Company, no petition has been presented and no meeting has been convened for the purpose of winding up any Group Company. No receiver has been appointed in respect of any Group Company or all or any of its assets. No distress, execution or other process has been levied on any of the assets of any Group Company. No Group Company is insolvent or unable to pay its debts as they fall due.

4.23 No Business Activities. Except as disclosed in the Disclosure Schedule, neither the Company nor the HK Company has carried on any material business activity except in connection with the ordinary course of business of the Group Companies, its incorporation, the appointment of its officers, the filing of documents pursuant to the laws of the jurisdiction of its incorporation or formation, its establishment of any subsidiary and, as to the Company, the issuance of Ordinary Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Series D+ Preferred Shares.

4.24 Disclosure.

(a) No Misrepresentation. No representation, warranty or statement by the Group Companies in this Agreement, or in any exhibit, schedule, statement or certificate furnished to the Purchaser pursuant to this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

(b) Full Disclosure. To the best knowledge of the Group Companies, there is no fact or circumstance relating to the affairs of the Group Companies which has not been disclosed to the Purchases and which if disclosed might reasonably have been expected to influence the decision of the Purchaser to enter into this Agreement.

4.25 SAFE Registration. Each of the incumbent Management who is a domestic resident as defined in the *Circular of the State Administration of Foreign Exchange on Relevant Issues concerning Foreign Exchange Administration of Financing and Inbound Investment through Offshore Special Purpose Companies by PRC Residents* (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) effective as of July 4, 2014 issued by the State Administration of Foreign Exchange (国家外汇管理局, the "SAFE") on July 4, 2014 (together with any rule or regulation interpreting or setting forth provisions for implementation of any of the foregoing, the "SAFE Circular") has completed the registration with the competent local branch of SAFE for their respective direct holding of any equity interests in the intermediary, through which the Management holds the Management Holdco, which in turn holds equity securities of the Company, in accordance with the SAFE Circular and other applicable SAFE rules and regulations.

5. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants, to the Group Companies as follows as of the date hereof and the Closing Date. The Purchaser and its advisors have been afforded the opportunity to interview the representatives of the Group Companies as the Purchaser deems necessary in connection with its decision to subscribe for the Purchased Shares. Regardless of the foregoing, each party acknowledges and agrees that the foregoing shall not in any way limit, reduce or affect the representations and warranties provided by the Group Companies in this Agreement or the rights of the Purchaser to rely thereon. No information relating to the Group Companies or the Officer Holdco of which the Purchaser has knowledge (actual or constructive) and no investigation by or on behalf of the Purchaser shall prejudice any claim made by the Purchaser under the indemnity contained in Section 9 or operate to reduce any amount recoverable thereunder except if and to the extent such information is disclosed in the Disclosure Schedule.

5.1 Status of Purchaser. The Purchaser is either (i) an “accredited investor” within the meaning of Securities and Exchange Commission (“SEC”) Rule 501 of Regulation D, as presently in effect, under the Securities Act, or (ii) not a “U.S. person” as defined in Rule 902 of Regulation S of the Securities Act. The Purchaser has the knowledge, sophistication and experience necessary to make an investment decision like that involved in the purchase of the Purchased Shares and can bear the economic risk of its investment in the relevant number of Purchased Shares set forth in Section 2.2.

5.2 Restricted Securities. The Purchaser understands that the Purchased Shares are restricted securities within the meaning of Rule 144 under the Securities Act, that the Purchased Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

5.3 No Public Market. The Purchaser understands and acknowledges that no public market now exists for any of the securities issued by the Company and the Company has given no assurances that a public market will ever exist for the Company’s securities.

5.4 Purchase for Own Account. The relevant number of Purchased Shares set forth in Section 2.2 will be acquired for the Purchaser’s own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. The Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.5 Capacity and Authorization. The Purchaser is a limited partnership duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power, authority and capacity to carry on its business as now conducted and as proposed to be conducted and to enter into the Transaction Documents, and to perform its obligations under the Transaction Documents. This Agreement has been duly authorized, executed and delivered by the Purchaser. The Transaction Documents, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights generally and to general equitable principles.

5.6 Investment Experience. The Purchaser acknowledges that it is able to bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Purchased Shares.

5.7 No Conflict. The execution and delivery of the Transaction Documents by the Purchaser and the performance by the Purchaser of its obligations under each of the Transaction Documents to which it is a party will not (a) result in a breach of any provision of the Purchaser's charter documents; (b) result in a breach of, or constitute a default under, any instrument by which the Purchaser is bound; or (c) result in a breach of any order, judgment or decree of any court or governmental agency by which the Purchaser is bound.

5.8 Governmental and Third Party Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority or any third party on the part of the Purchaser is required in connection with the consummation of the transactions contemplated by this Agreement or any other agreement contemplated hereby.

## 6. CONDITIONS TO THE PURCHASER'S OBLIGATIONS AT THE CLOSING

The obligation of the Purchaser to purchase the Purchased Shares set forth in Section 2.2 at the Closing is subject to the fulfillment to the reasonable satisfaction of the Purchaser, or otherwise waived by the Purchaser, on or prior to the Closing, of the following conditions:

6.1 Representations and Warranties True and Correct. The representations and warranties made by the Group Companies in Section 4 shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

6.2 Performance of Obligations. Each of the Group Companies shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3 Proceedings and Documents. All necessary corporate and other proceedings on the part of the Group Companies in connection with the transactions contemplated hereby shall have been completed.

6.4 Consents and Waivers. Each Group Company shall have obtained any and all consents and waivers from third parties necessary for the lawful issuance and sale of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

6.5 Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary corporate action of the Board and the shareholders of the Company.

6.6 Execution of the Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by all parties thereto other than the Purchaser, and the Existing SHA shall have been superseded and restated in its entirety by the Restated Shareholders Agreement.

6.7 Execution of the Registration Rights Agreement. The Registration Rights Agreement shall have been duly executed and delivered by all parties thereto other than the Purchaser.

6.8 No Material Adverse Change. Since the Financial Statements Date, (a) no event, change or circumstance, and (b) no change in any relevant status, laws, regulations or policies (whether coming into effect prior to, on or after the Closing Date), shall have been arisen, which, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

6.9 Due Diligence. The making of such enquiries, investigations and due diligence reviews of the business, affairs, operations, legal and financial position of the Group Companies by the Purchaser and any of its officers, directors, employees, agents, professional advisers or other persons authorised by the Purchaser which the Purchaser in its absolute discretion deems necessary, desirable or appropriate and the results of such enquiries, investigations and due diligence reviews shall have been considered in the Purchaser's sole opinion to be satisfactory to the Purchaser.

6.10 Internal Approval. The Purchaser shall have obtained and performed all necessary external, internal and corporate approvals and checks under all applicable laws regarding the Transaction Documents, including but not limited to its investment committee approval, anti-money laundering checks and know-your-client checks, and such approvals remain valid and have not been revoked until Closing.

6.11 Closing Certificate. The Company shall have delivered a certificate to the Purchaser, dated the Closing Date, certifying that the conditions set forth in this Section 6 have been duly satisfied (other than the conditions the fulfillment of which by their nature are subject to the confirmation by such Purchaser).

For the avoidance of doubt, by execution and delivery of this Agreement, the conditions set out in Sections 6.9 (Due Diligence) and 6.10 (Internal Approval) shall be deemed to have been irrevocably satisfied as of the date hereof.

## 7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSING

The obligations of the Company to issue the Purchased Shares set forth in Section 2.2 to the Purchaser under this Agreement are subject to the fulfillment, or otherwise waived by the Company, on or prior to the Closing, of the following conditions:

7.1 Representations and Warranties True and Correct. The representations and warranties made by the Purchaser in Section 5 hereof shall be true, correct and complete in all material respects, when made, and shall be true and correct and complete in all material respects as of the date hereof and as of the Closing (to the extent any portion of any such representations and warranties is already qualified as to materiality, such portion of such representations and warranties as so qualified shall remain true and correct in all respects).

7.2 Performance of Obligations. The Purchaser shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

7.3 Proceedings and Documents. All corporate and other proceedings on the part of the Purchaser in connection with the transactions contemplated hereby shall have been completed.

7.4 Consents and Waivers. The Purchaser shall have obtained any and all consents and waivers from third parties necessary for the purchase of the Purchased Shares hereunder, including, but not limited to all permits, authorizations, approvals, consents or permits of any Governmental Authority or regulatory body.

7.5 Execution of Restated Shareholders Agreement. The Restated Shareholders Agreement shall have been duly executed and delivered by the Purchaser.

## 8. COVENANTS

8.1 Share Certificate. Within ten (10) days after the Closing, the Company shall deliver to the Purchaser a share certificate registered in the name of the Purchaser representing the duly authorized and validly issued and allotted Purchased Shares being purchased by the Purchaser pursuant to Section 2.2.

8.2 Filing of the Restated Articles. The Company shall obtain the duly filed and stamped Restated Articles within thirty (30) days following the Closing.

8.3 Use of Proceeds. The proceeds from the sale of the Purchased Shares hereunder shall be used by the Group Companies for (i) the development of the Principal Business, (ii) the capital expenditures and general working capital of the Group Companies, or (iii) the other purposes for the development of the Principal Business as approved by the Board.

8.4 Notice of Certain Events. If at any time before the Closing, any Group Company is involved in or subject to any material litigation, arbitration, or administrative penalty, or comes to know of any material fact or event which:

- (a) might result in a Material Adverse Effect; or
- (b) might result in any change in capitalization of the Company.

then such Group Company shall immediately notify the Purchaser in writing, describing the fact or event in reasonable detail.

8.5 Use of the CCBI Investor' Name or Logo. Without the prior consent of the CCBI Investor, none of the Group Companies shall use, publish or reproduce the name, trademark or logo of the CCBI Investor and/or the Governmental Authority which Controls the CCBI Investor in any of their written marketing, advertising or promotion materials or otherwise for any purpose.

8.6 Regulatory Compliance. Each Group Company shall comply with all applicable laws and regulations in the PRC and other applicable jurisdiction in all material respects, including but not limited to applicable laws and regulations in connection with the operations of the Group Companies, the PRC tax laws and regulations, PRC labor laws and regulations.

8.7 Increase the Authorized Area Under the IDC License. The ICP Cos shall increase the authorized area under the Internet Data Center Business License in accordance with applicable laws as soon as possible but in any event no later than twelve (12) months after the Closing.

8.8 Establishment of Internal Control. The Group Companies shall establish and maintain reasonable and effective internal control with respect to information network security management.

8.9 Related Party Transactions. The Group Companies shall set up and maintain a reasonable internal control system on Related Party transactions as soon as possible but in any event no later than six (6) months after the Closing. Each of the Group Companies shall proceed Related Party Transactions with the purpose of furthering its business development and protecting the Group Companies' interests. Each Related Party Transaction shall be on terms and conditions at least as favorable to the applicable Group Company as would have been obtainable by it at the time in a comparable arm's length transaction with an unrelated party.

8.10 Registered Address and Lease. As soon as practicable after the Closing, the applicable PRC Companies shall (1) renew the lease agreements for their respective registered address or lease a new office premise and duly register such office premise as its registered address in accordance with applicable laws; (2) establish subsidiaries or branches at the premises other than its registered office where it carries out business in accordance with applicable laws and shall complete registration of subsidiaries or branches with the competent Governmental Authorities; and (3) use its commercially reasonable efforts to complete the registration with competent Governmental Authorities in respect of each real property leasehold of such PRC Company in accordance with the applicable PRC laws.

## 9. INDEMNIFICATION.

### 9.1 General Indemnity.

(a) The Group Companies shall jointly and severally indemnify and hold harmless the Purchaser and its Affiliates, directors, officers, employees, agents and assigns (each an "**Indemnified Person**") from all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any such Indemnified Person resulting from, or arising out of, any breach of the warranties or covenants given by any Group Company in Section 4 and Section 8 with respect to all Shares acquired by such Purchaser on or after the Closing under this Agreement or otherwise (the "**Indemnifiable Losses**"). The amount of any payment to any such Indemnified Person shall be sufficient to make such Indemnified Person whole for any diminution in value of the equity securities held by it resulting from such breach. Any indemnity referred to in this Section 9.1 shall be such as to place the Indemnified Person in the same position as it would have been in had there not been any breach of the representations and warranties set forth in Section 4 under which the Indemnified Person is to be indemnified.

(b) The Company shall indemnify, defend and hold harmless the Purchaser from and against all damages, expenses, losses, costs, claims, proceedings and Liabilities actually suffered or incurred by any Group Companies or the Purchaser resulting from or arising out of any dispute or claim arising out of any actual or alleged issuance, repurchase, transfer or restructuring of equity interest in KSC Partner Holdings Limited or related equity incentive arrangement (the “**Restructuring Losses**”); provided that the Company shall not be obligated to indemnify the Purchaser under this Section 9.1(b) if the Purchaser makes a claim against the Company under this Section 9.1(b) after the second anniversary of the Closing Date.

(c) Notwithstanding anything to the contrary herein, the maximum aggregate liabilities of the Group Companies towards all the Indemnified Persons with respect to the Purchaser under this Section 9 shall be limited to one-hundred percent (100%) of the Purchase Price actually paid by the Purchaser pursuant to this Agreement; provided that such limitation shall not apply and the Group Companies shall be liable for the entire amount of the Indemnifiable Losses if such losses resulting from, or arising out of, fraud, willful misrepresentation, willful misconduct or gross negligence of any Group Company.

(d) Notwithstanding anything to the contrary herein, the Group Companies shall not be obligated to indemnify any Indemnified Person in respect of its claims under this Section 9 unless the aggregate amount of all Indemnified Persons’ claims exceeds US\$50,000 (or its equivalent in other currencies), in which event the Group Company shall be liable for the entire amount of the Indemnifiable Losses of such Indemnified Person, subject to Section 9.1(c) above.

9.2 Without limiting the generality of the foregoing and, notwithstanding anything disclosed in the Disclosure Schedule, the Group Companies shall jointly and severally indemnify and hold harmless each Indemnified Person from and against any and all Indemnifiable Losses suffered by such Indemnified Person, directly or indirectly, as a result of, or based upon or arising from (a) any material violations of applicable laws by any of the Group Companies before the Closing as determined by the competent Governmental Authorities due to misuse by users and clients of such Group Company’s service, which misuse involved obscenity and eroticism, and/or (b) any Related Party Transaction conducted before the Closing not on fair and arm’s-length basis in violation of the compliance rules of Kingsoft in connection with its subsidiaries.

9.3 No Prejudice and No Waiver. The rights conferred on the Purchaser by this Agreement are in addition and without prejudice to all other rights and remedies available to the Purchaser; and no exercise or failure to exercise a right hereunder or otherwise or to invoke a remedy shall constitute a waiver of that right or remedy by the Purchaser.

10. MISCELLANEOUS

10.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the laws of Hong Kong without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the laws of Hong Kong to the rights and duties of the parties hereunder.

10.2 Survival. The representations and warranties made herein shall survive any investigation made by any party hereto and the Closing of the transactions contemplated hereby. Notwithstanding the foregoing, an Indemnified Person shall make claims (i) over the breach of the representation and warranties of Group Companies other than the Fundamental Warranties prior to the second anniversary date of the Closing Date, and (ii) over the breach of the Fundamental Warranties prior to the end of the applicable statutory limitation period in respect of each such Fundamental Warranty, in each case by written notice to the Company.

10.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations herein may not be assigned by any party without the written consent of the other parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

10.4 Entire Agreement. The Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference, constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

10.5 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit G hereto, upon receipt of confirmation of error-free transmission; (c) when sent by email, on the date of successful transmission at the email address set forth in Exhibit G hereto, provided that the sending party's system has indicated successful transmission or the sending party has not received a system message within 24 hours indicating failure of delivery or return of email; (d) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Exhibit G; or (e) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Exhibit G with next Business Day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 10.5 by giving, the other parties hereto written notice of the new address in the manner set forth above.



10.6 Amendments. Any term of this Agreement may be amended only with the written consent of all the parties hereto.

10.7 Delays, Omissions or Waiver. No delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach of default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any party shall be cumulative and not alternative.

10.8 Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

10.9 Counterparts. This Agreement may be executed in four counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

10.10 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

10.11 Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 7 of the Restated Shareholders Agreement, which shall be incorporated by reference and shall take effect from the date hereof.

10.12 Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

10.13 Dispute Resolution. All disputes and controversies arising out of or in connection with this Agreement shall be referred to and finally settled by arbitration at Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the “**UNCITRAL Rules**”) in effect, which rules are deemed to be incorporated by reference into this Section 10.13. The arbitration tribunal shall consist of three (3) arbitrators. The Claimant(s) shall jointly select one (1) arbitrator, the Respondent(s) shall jointly select one (1) arbitrator and the parties hereto shall jointly select one (1) arbitrator. In the event that one (1) or more Purchaser are acting as the Claimant(s) or Respondent(s), the arbitrator selected by such Claimant(s) or Respondent(s) shall be subject to the prior approval of the holders of at least 66% of the issued and outstanding Purchased Shares. All selection shall be made within thirty (30) days after a party gives the other parties the demand for arbitration. The Chairman of Hong Kong International Arbitration Centre shall select the third arbitrator if the parties hereto fail to reach an agreement regarding selection of such arbitrator within such thirty-day period. The language of the arbitration shall be English.

10.14 Expenses. Unless otherwise agreed in writing by the relevant Parties, the Parties hereto shall pay all of their own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby.

10.15 Termination. This Agreement may be terminated by any party hereto after December 31, 2019, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Such termination under this Section 10.15 shall be without prejudice to any claims for damages or other remedies that the parties may have accrued under this Agreement or applicable law.

— REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**COMPANY:**

**KINGSOFT CLOUD HOLDINGS LIMITED**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

**HK COMPANY:**

**KINGSOFT CLOUD CORPORATION LIMITED**

By: /s/ Ng Yuk Keung

Name: Ng Yuk Keung

Title: Director

**US COMPANY:**

**KINGSOFT CLOUD INC.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PRC SUBSIDIARY 1:**

**BEIJING JINSHANYUN TECHNOLOGY CO., LTD. (北京金山云科技股份有限公司)**

**/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**PRC SUBSIDIARY 2:**

**BEIJING YUNXIANG ZHISHENG TECHNOLOGY CO., LTD. (北京云翔智胜科技股份有限公司)**

**/s/ Seal of Beijing Yunxiang Zhisheng Technology Co., Ltd.**

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**DOMESTIC ENTERPRISE 1:**

**ZHUHAI JINSHANYUN TECHNOLOGY CO., LTD.** (□  
□□□□□□□□□□)

/s/ Seal of Zhuhai Kingsoft Cloud Technology Co., Ltd.

By: /s/ WANG Yulin

\_\_\_\_\_  
Name: WANG Yulin

Title: Legal Representative

**DOMESTIC ENTERPRISE 2:**

**JINSHANYUN (BEIJING) INFORMATION  
TECHNOLOGY CO., LTD.** (□□□(□□)□□□□□□□□)

/s/ Seal of Kingsoft Cloud (Beijing) Information  
Technology Co., Ltd.

By: /s/ WANG Yulin

\_\_\_\_\_  
Name: WANG Yulin

Title: Legal Representative

**ICP CO 1:**

**BEIJING JINSHANYUN INTERNET TECHNOLOGY  
CO., LTD.** (□□□□□□□□□□□□)

/s/ Seal of Beijing Kingsoft Cloud Network Technology  
Co., Ltd.

By: /s/ WANG Yulin

\_\_\_\_\_  
Name: WANG Yulin

Title: Legal Representative

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

**ICP CO 2:**

**BEIJING JINXUN RUIBO INTERNET  
TECHNOLOGY CO., LTD. (□□□□□□□□□□□□)**

/s/ Seal of Beijing Jinxun Ruibo Network Technology  
Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**SHANGHAI RUIDIAN NETWORK TECHNOLOGY  
CO., LTD. (上海睿电网络科技有限公司)**

/s/ Seal of Shanghai Ruidian Network Technology Co.,  
Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**NANJING QIANYI SHIXUN INFORMATION  
TECHNOLOGY CO., LTD. (南京谦逸思讯信息  
技术有限公司) (南京)**

/s/ Seal of Nanjing Qianyi Shixun Information  
Technology Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**SUZHOU YUNXIANG ZHISHENG INTERNET  
TECHNOLOGY CO., LTD. (苏州云翔 Zhengsheng  
网络技术有限公司) (苏州)**

/s/ Seal of Suzhou Yunxiang Zhisheng Network  
Technology Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

**HAINAN CHENGMAI YUNXIANG ZHISHENG  
INTERNET TECHNOLOGY CO., LTD. (海南程迈云翔 Zhengsheng  
网络技术有限公司) (海口)**

/s/ Seal of Hainan Chengmai Yunxiang Zhisheng  
Network Technology Co., Ltd.

By: /s/ WANG Yulin

Name: WANG Yulin

Title: Legal Representative

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**OFFICER AND OFFICER HOLDCO:**

**AUTOGOLD LIMITED**

By: /s/ WANG Yulin \_\_\_\_\_

Name: WANG Yulin (王云)

Title: Director

**WANG Yulin (王云)**

By: /s/ WANG Yulin \_\_\_\_\_

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein first written above.

**PURCHASER:**

**DESIGN TIME LIMITED**

By: /s/ Li Ngai \_\_\_\_\_

Name: Li Ngai

Title: Director

KINGSOFT CLOUD HOLDINGS LIMITED

SIGNATURE PAGE TO SERIES D+ PREFERRED SHARE PURCHASE AGREEMENT

---

## SCHEDULES AND EXHIBITS

|            |   |
|------------|---|
| Schedule A | List of Major Subsidiaries              |
| Schedule B | List of Purchaser                       |
| Exhibit A  | Capitalization Table                    |
| Exhibit B  | Disclosure Schedule                     |
| Exhibit C  | Form of Restated Shareholders Agreement |
| Exhibit D  | Form of Restated Articles               |
| Exhibit E  | Form of Registration Rights Agreement   |
| Exhibit F  | List of Key Employees                   |
| Exhibit G  | Notices                                 |

**SCHEDULE A**

**LIST OF MAJOR SUBSIDIARIES**

1. Kingsoft Cloud Corporation Limited (the “**HK Company**”), a limited liability company organized under the laws of Hong Kong;
2. Kingsoft Cloud INC. (the “**US Company**”), a limited liability company organized under the laws of the State of Washington, United States;
3. Beijing Jinshanyun Technology Co., Ltd. (北京金山云科技股份有限公司) (the “**PRC Subsidiary 1**”), a wholly foreign-owned enterprise established under the laws of the PRC;
4. Beijing Yunxiang Zhisheng Technology Co., Ltd. (北京云翔智胜科技股份有限公司) (the “**PRC Subsidiary 2**”, the PRC Subsidiary 1 and the PRC Subsidiary 2 are collectively referred to as the “**PRC Subsidiaries**”), a wholly foreign-owned enterprise established under the laws of the PRC;
5. Zhuhai Jinshanyun Technology Co., Ltd. (珠海金山云科技股份有限公司) (the “**Domestic Enterprise 1**”), a limited liability company established under the laws of the PRC;
6. Jinshanyun (Beijing) Information Technology Co., Ltd. (北京金山云信息科技股份有限公司) (the “**Domestic Enterprise 2**”, the Domestic Enterprise 1 and the Domestic Enterprise 2 are collectively referred to as the “**Domestic Enterprises**”), a limited liability company established under the laws of the PRC;
7. Beijing Jinshanyun Internet Technology Co., Ltd. (北京金山云互联网科技股份有限公司) (“**ICP Co 1**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of Domestic Enterprise 1;
8. Beijing Jinxun Ruibo Internet Technology Co., Ltd. (北京锦讯瑞博互联网科技股份有限公司) (the “**ICP Co 2**”, the ICP Co 1 and the ICP Co 2 are collectively referred to as the “**ICP Cos**”), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of Domestic Enterprise 2;
9. Shanghai Ruidian Network Technology Co., Ltd. (上海睿电网络科技有限公司), a joint venture company established under the laws of the PRC;
10. Nanjing Qianyi Shixun Information Technology Co., Ltd. (南京谦懿思讯信息科技有限公司), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co1;
11. Suzhou Yunxiang Zhisheng Internet Technology Co., Ltd. (苏州云翔智胜互联网科技股份有限公司), a limited liability company established under the laws of the PRC and a wholly owned subsidiary of ICP Co 1; and

- 
12. Hainan Chengmai Yunxiang Zhisheng Internet Technology Co., Ltd. (海南程迈云翔智生互联网技术股份有限公司), a limited liability company established under the laws of PRC and a wholly owned subsidiary of ICP Co 1.

**SCHEDULE B**

**LIST OF PURCHASER**

| <u>Purchaser</u>                                 | <u>Purchased Shares</u> | <u>Purchase Price</u> |
|--|-------------------------|-----------------------|
| <b>DESIGN TIME LIMITED (the "CCBI Investor")</b> | <b>22,035,999</b>       | <b>US\$20,000,000</b> |
| <b>Total</b>                                     | <b>22,035,999</b>       | <b>US\$20,000,000</b> |

---

**EXHIBIT A**

**CAPITALIZATION TABLE**

---

**EXHIBIT B**

**DISCLOSURE SCHEDULE**

---

**EXHIBIT C**

**FORM OF RESTATED SHAREHOLDERS AGREEMENT**



---

**EXHIBIT D**

**FORM OF RESTATED ARTICLES**

---

**EXHIBIT E**

**FORM OF REGISTRATION RIGHTS AGREEMENT**

---

**EXHIBIT F**

**LIST OF KEY EMPLOYEES**

---

**EXHIBIT G**

**NOTICES**

Contract No.: OA-KGP-M-BJ190306

**Technology Transfer (Patent License) Agreement**

**Project name:** License for Implementation of Six Patents including the System and Method for Preferentially Synchronizing and Updating Designated Files

**Transferee (Party A):** Beijing Kingsoft Cloud Technology Co., Ltd.  
Beijing Kingsoft Cloud Network Technology Co., Ltd.

**Transferor (Party B):** Beijing Kingsoft Software Co., Ltd.  
Zhuhai Kingsoft Software Co., Ltd.

**Date:** [18 December] 2019 \_\_\_\_\_

**Signed at:** Haidian District, Beijing \_\_\_\_\_

Printed by the Ministry of Science and Technology of the People's Republic of China

## Completion Instructions

- I. The contract is a model text of a technology transfer (patent implementation license) contract printed by the Ministry of Science and Technology of the People's Republic of China. Each technology contract registration agency can recommend it to the technology contract parties for reference.
- II. The contract is applicable to a contract entered into for the assignor (the patentee or its authorized person) to permit the assignee to implement the patent within the agreed scope, and the assignee to pay the agreed royalties.
- III. If one party to the contract consists of several parties, they can be respectively arranged as joint assignees or joint assignors under the "trustor" and "trustee" (additional pages) according to their respective roles in the contract relationship.
- IV. Matters not covered in the contract may be separately agreed by the parties in the attached sheet and shall be an integral part of the contract.
- V. For terms that do not need to be filled out when using the contract, the parties shall indicate the word "none" in the fields.

**Technology Transfer (Patent License) Agreement**

Transferee (Party A): Beijing Kingsoft Cloud Technology Co., Ltd.

Residence: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Legal representative: Wang Yulin

Project contact: Yang Miao

Contact: 010-62927777

Mailing address: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Transferee (Party A): Beijing Kingsoft Cloud Network Technology Co., Ltd.

Residence: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Legal representative: Wang Yulin

Project contact: Yang Miao

Contact: 010-62927777

Mailing address: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Transferor (Party B): Zhuhai Kingsoft Software Co., Ltd.

Residence: Main Building, No. 10 Keji Road 1, Gangwan Avenue, Tangjiawan Town, Zhuhai City.

Legal representative: Zou Tao

Project contact: Huo Sufang

Contact: 010-62927777

Mailing address: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Transferor (Party B): Beijing Kingsoft Software Co., Ltd.

Residence: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Legal representative: Zou Tao

Project contact: Huo Sufang

Contact: 010-62927777

Mailing address: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing\_\_\_\_\_

Whereas, Party A and / or its consolidated subsidiaries signed the Authorized License Agreement (Party B's contract number: KGP-I-BJ120010-2) on [9 November 2012], the Supplementary Agreement-1 of the Authorized License Agreement (Party B's contract number: KGP-I-BJ120010-4) on [28 January 2013], and the Supplementary Agreement-2 of the Authorized License Agreement (Party B's contract number: KGP-I-BJ120010-2) on [13 September 2017] with Party B and / or its consolidated subsidiaries. The above agreements are collectively referred to as the "Original License Agreement".

Party B to this Contract licenses Party A to implement the 6 patents including the System and Method for Preferentially Synchronizing and Updating Designated Files owned by Party B by ~~general (exclusive, general)~~ general licensing according to the specific stipulations of the Contract. Party A accepts the transfer of the patent implementation and pay the corresponding license fee for implementation. After equal consultation, the two parties agreed as follows on the basis of truthfully and fully expressing their respective wishes in accordance with the provisions of the Contract Law of the People's Republic of China for mutual observance.

**Article 1** A total of 6 patent rights are licensed for implementation under this Contract. See Annex 1 for detail.

**Article 2** Party A understands the current situation of Party B's implementation of the patent rights, and agrees that Party B will continue to implement it within its original scope.



**Article 3** Party B permits Party A to implement this patent in the following scope, manner and period:

1. Implementation mode: general license and sublicensable license, but sub-license is not allowed. Sublicensable license means that Party A is allowed to sub-license to any consolidated subsidiary of Party A's Group, but not to other third parties other than the consolidated subsidiaries of Party A's Group.

2. Scope of implementation: To the extent permitted by laws and regulations in mainland China, it shall be used for the existing business sectors engaged by Party A and Party A's Group and the products and services involved in the existing business sectors and the scope of business that does not compete with other business lines of Party B's Group, that is, the field of provision of **cloud storage and cloud computing** technology. (See Article 19 for definition)

3. Implementation period: from the effective date of this contract to the expiry of relevant patent rights, unless otherwise agreed in this contract.

**Article 4** In order to ensure the effective implementation of this patent by Party A, Party B shall submit the following technical data to Party A: authorized patent text.

**Article 5** The time, place and method for Party B to submit technical data are as follows

1. Date of submission: Effective date of the contract \_\_\_\_\_;

2. Place of submission: Haidian District, Beijing \_\_\_\_\_;

3. Method of submission: Electronic version \_\_\_\_\_.

**Article 6** In order to ensure the effective implementation of this patent by Party A, Party B shall transfer and implement the technical secrets related to the patent to Party A:

1. Contents of technical secrets: known to Party A \_\_\_\_\_.

2. Implementation requirements for technical secrets: known to Party A of \_\_\_\_\_.

3. Scope and duration of technical secrets: known to Party A \_\_\_\_\_.

**Article 7** To ensure the effective implementation of this patent by Party A, Party B shall provide Party A with the following technical services and technical guidance:

1. Contents of technical services and technical guidance: known to Party A \_\_\_\_\_.

2. Method of technical services and technical guidance: known to Party A \_\_\_\_\_.

**Article 8** Both parties determine that Party B permits Party A to implement this patent and transfer technology secrets, provide technical services and technical guidance, which have been accepted according to standards.

**Article 9** The royalties paid by Party A to Party B for implementation of the patent and the payment methods are as follows:

1. The total royalties of license implementation: RMB Four Million, which is [RMB 4 million] (including tax). The two parties confirm that the royalties of license implementation shall be paid by Party A to Party B in accordance with the Authorized License Agreement and Supplementary Agreement-1 of the Authorized License Agreement previously signed by the two parties. After the payment was completed, Party B shall no longer repeatedly charge the licensing fee for the implementation of the patent.

The two parties shall bear the taxes and fees arising from the patent implementation license under this contract; if it is not clearly stipulated by the law, it shall be shared equally by the two parties.

Party A shall bear the record registration fees charged by the patent registration authority and the agency fees incurred by entrusting the patent agency to handle the record registration.

2. Party A shall pay Party B the license implementation fee at one time (at one time, ~~by installment or commission~~).

According to the Supplementary Agreement-1 of the Authorized License Agreement previously signed by the two parties, the specific payment method and date are as follows: Zhuhai Kingsoft Software Co., Ltd. agrees that all the patent license fees that should be paid to Zhuhai Kingsoft Software Co., Ltd. under this contract shall be collected by Beijing Kingsoft Software Co., Ltd. on behalf. Party A shall only need to pay the license implementation fee to Beijing Kingsoft Software Co., Ltd. to fully perform its full payment obligations.

Beijing Kingsoft Cloud Technology Co., Ltd. and Beijing Kingsoft Cloud Network Technology Co., Ltd. jointly pay the patent license fee under this contract of RMB Four Million (RMB4,000,000.00), that is, Beijing Kingsoft Cloud Technology Co., Ltd. and Beijing Kingsoft Cloud Network Technology Co., Ltd. each shall pay 50% of the patent license fee, which is RMB Two Million (RMB2,000,000.00).

The above-mentioned collecting company of Party B has issued a legal and valid VAT invoice that is consistent with the payment amount to Party A. Therefore, it will no longer issue an invoice to the corresponding payment company of Party A. For account information, please refer to Annex 2.

**Article 10** Party A agrees to accept the implementation license in accordance with the status quo of the patent right. Party B does not make any non-infringement guarantee. Unless Party B refuses to cooperate with Party A to handle the license in accordance with this contract, the costs involved in this contract are not refunded. However, if a third party submits an invalid application for the patent under this agreement during the license period, Party B shall make an invalid defense and the related costs shall be borne by Party B.

**Article 11** Party B shall maintain the validity of this patent right during the term of this contract. If any patent is invalid due to whatever reason, the license for the implementation of the patent right shall be terminated, and the licensing fee paid by Party A to Party B shall not be refunded.

**Article 12** Party A shall start to implement the patents under this contract within 3 years after the contract becomes effective; for failure to implement within the time limit, Party A shall promptly notify Party B, give a proper explanation and obtain Party B's approval. For patents that have not been actually implemented by Party A, Party B may terminate the payment of annual fees for such authorized patent after obtaining Party A's written confirmation.

**Article 13** The parties determine that in the performance of this contract, neither party shall in any way restrict the technological competition and technological development of the other party.

**Article 14** The two parties determine:

1. Party B has the right to make use of the inventions and creations involved in the patent rights licensed under this contract for subsequent improvements. The new technological achievements that have the characteristics of substantial or creative technological progress shall be owned by Party B and the benefits of technological achievements shall be solely owned by Party B.

2. Party A has the right to make subsequent improvements to the inventions created by the patents that are licensed under this contract. The new technological achievements with substantial or creative technological progress characteristics shall be owned by Party A, and the benefits of technological achievements shall be solely owned by Party A.

3. All the benefits, including but not limited to economic income, obtained by Party A and Party B based on the implementation of the patent rights under this contract, shall not be shared with the other party or any third party and are not subject to the validity period and implementation period of this contract.

**Article 15** Changes to this contract shall be agreed upon by both parties and determined in writing. However, in one of the following circumstances, one party may submit a request to the other party to change the rights and obligations under the contract, and the other party shall reply within 30 days; if no reply is made within the time limit, it shall be deemed as consent:

1. None\_\_\_\_\_;
2. None\_\_\_\_\_;
3. None\_\_\_\_\_;
4. None\_\_\_\_\_.

**Article 16** The two parties determine that if one party to this contract fails to perform the obligations of the agreement or the performance of the obligations does not comply with the agreement and causes losses to the other party, such party shall be liable for damages. The defaulting party's amount of compensation for the loss shall be equivalent to the loss caused by the default.

**Article 17** The two parties determine that during the validity of this contract, Party A designates [Yang Miao] as the project contact person of Party A, and Party B designates [Huo Sufang] as the project contact person of Party B. The project contact persons have the following responsibilities:

1. Confirm the handover of information, documents and data;
2. Confirm project scope and progress.

If any party changes the contact person of the project, it shall promptly notify the other party in writing. If any party fails to notify in a timely manner, affecting the performance of this contract or causing losses, such party shall bear corresponding responsibilities.

**Article 18** Any disputes arising from the performance of this contract shall be resolved through negotiation and mediation. If negotiation and mediation fail, either party may file a lawsuit to the people's court with jurisdiction in the place (i.e., No. 33 Xiaoying West Road, Haidian District, Beijing) where this contract is signed.

**Article 19** The two parties determine that the terms and technical terms involved in this contract and related annexes are defined and explained as follows:

1. Consolidated subsidiaries: defined in accordance with the relevant provisions of international accounting standards;
2. Party A's Group: Kingsoft Cloud Holdings Limited and the consolidated subsidiaries of Kingsoft Cloud Holdings Limited;
3. Party B's Group: Kingsoft Corporation Limited and the consolidated subsidiaries of Kingsoft Corporation Limited; for the purpose of this contract, Party B's Group excludes Party A and the companies of Party A's Group;
4. Season Entertainment Group: Season Holdings Limited and the consolidated subsidiaries of Season Holdings Limited.
5. Kingsoft Office Group: Beijing Kingsoft Office Software Co., Ltd. and the consolidated subsidiaries of Beijing Kingsoft Office Software Co., Ltd.
6. Cloud storage and cloud computing services: Cloud storage and cloud computing services mainly engaged by Party A's Group currently based on cloud technology provided as basic cloud service vendors, including the content delivery networks (CDN), the basic network services, and the Internet Data Center Business (IDC). "Content distribution network (CDN)" business makes use of the node server groups distributed in different regions to form a traffic distribution management network platform to provide users with scatter storage and cache of contents, and distribute the contents to the fast and stable cache servers based on the network dynamic traffic and load conditions to improve user content access response speed and service availability related services; "basic network services" provide users with independent and manageable Internet access service business, and services related to basic network functions such as encryption, acceleration, and load balancing of domestic data transmission services by fixed network through basic communication lines and communication equipment; "Internet data center (IDC) services" provide placement, agent maintenance, system configuration, and management services for users' servers, the Internet or other network related equipment through the corresponding computer room facilities by means of outsourcing rent, as well as providing lease of equipment such as database systems or servers and lease of their storage space, agent lease of communication lines and egress bandwidth, and other application services, including Internet resource collaboration services. In order to avoid divergence, the two parties confirm that the business scope of the cloud storage and cloud computing services engaged by Party A's Group shall not compete with other business lines of Party B's Group, and the cloud application services provided by the consolidated subsidiaries (Season Entertainment Group and Kingsoft Office Group) of Party B's Group based on cloud technology and combined with its products and services (such as online games and office software) do not belong to the aforementioned cloud storage and cloud computing services or similar services.

7. The existing business sectors engaged by Party A and Party A's Group and the products and services involved in the existing business sectors: [cloud storage and cloud computing services].

**Article 20** The following technical documents related to the performance of this Contract shall be an integral part of the Contract after confirmation by the parties via email:

1. Technical background data: None;
2. Feasibility study report: None;
3. Technical evaluation report: None;
4. Technical standards and specifications: None;
5. Original design and process documents: None;
6. Others: None;

**Article 21** Commitments and Guarantees

1. The parties to the Contract mutually promise and guarantee as follows:

(1) It is an enterprise legal person legally established and effectively existing in accordance with the PRC law;

(2) it has all the rights and authority to sign this contract and perform this Contract, and has not signed any agreement or arrangement that conflicts or may conflict with this contract; and

2. Party A hereby promises and guarantees to Party B as follows:

(1) After the signing of this Contract, it shall pay Party B all the license fees in accordance with the Contract;

(2) It has not taken any action or omitted to take any action to cause or allow any damage to the rights attached to this Contract or invalidate the license under this Contract;

(3) When Party A handles the registration of the relevant patent rights under this contract, it shall do its utmost to provide corresponding assistance, including but not limited to providing the documents and certificates required by the patent registration authority.

3. Party B hereby promises and guarantees to Party A as follows:

(1) It is the legal owner of the patent rights under this Contract, and has the right to license such patent rights to Party A in accordance with the provisions of this Contract;

(2) All the information provided to Party A in accordance with this Contract is complete and valid

(3) It has not taken any action or omitted to take any action to cause or allow any damage to the rights attached to this Contract or invalidate the license under this Contract;

(4) When Party A handles the registration of the relevant patent rights under this contract, it shall do its utmost to provide corresponding assistance, including but not limited to providing the documents and certificates required by the patent registration authority.

**Article 22** Alteration, Cancellation or Termination of the Contract

1. Both parties may agree unanimously to change or terminate this Contract by signing a written contract through friendly negotiation.

2. If force majeure events or other reasons make the performance of this Contract unnecessary or impossible, either party has the right to terminate this Contract.

3. Party B has the right to cancel or terminate this Contract by unilateral notice in any of the following situations, and this Contract shall be cancelled or terminated immediately upon the date of the notice of cancellation or termination:

(1) A patent under this contract is invalid or loses efficacy for any reason or Party B is no longer the right holder (only for this patent);

(2) The licensee is no longer a member of Party A's Group (only for this entity).

(3) Party A refuses to make corrections after being notified by Party B for any violation of the patent right under the Contract;

(4) Party A's Group causes any company in Party B's Group to suffer goodwill and / or economic loss due to violation of this Contract.

(5) The effective existence of this Contract is subject to the full satisfaction of all the prerequisites of the following stipulations, if any one is not satisfied:

- i. Kingsoft Corporation Limited shall be the sole substantial shareholder of Party A's Group;
- ii. Kingsoft Corporation Limited shall hold no less than 30% of the equity of Party A's Group.

Note: If Party A or Party A's Group adopts multiple voting mechanism, the above stipulations shall satisfy both the voting right ratio and the equity return ratio.

4. Party B has the right to change the right holder of the licensed patent on the premise that such change does not adversely affect the performance of this Contract, but shall notify Party A 5 working days before the change, and shall ensure that the Contract is constantly performed by the successor of the patents owned by Party B.

#### **Article 23** Miscellaneous

1. After the signing of this Contract, if Party A requests to file the implementation license for record, Party A shall be responsible for completing the filing of the patent license within a reasonable period of time after the signing of this Contract and Party B shall cooperate to provide the required formalities. For the purpose of filing the formalities of such patent licenses, the two parties may sign a separate agreement on the filing matters according to the requirements of the patent registration authority. In case of any discrepancy between the documents required to sign for the relevant procedures and this Contract, this Contract shall prevail.

2. The parties have the obligation to notify and assist the other party in handling rights protection matters. For rights protection affairs related to Party A's business, Party A shall be responsible for rights protection in its own name, and Party B shall provide necessary assistance. Party A shall bear the rights protection costs and be entitled to the compensation income.

3. This Contract is made in eight counterparts and each party holds four copies with the same legal effect.

4. From the date of signing this Contract, the validity of the original license agreement shall be automatically terminated. The license for the patents listed in the original license agreement shall be executed in accordance with this Contract.



**Annex I:**

| <u>No.</u> | <u>Title</u>   | <u>Application No.</u> | <u>Application date</u> | <u>Applicant</u>   |
|------------|--|------------------------|-------------------------|--|
| 1          | Method and system for logging into real-time network hard disk server through instant communication software | CN201110391014.7       | 2011-11-30              | Beijing Kingsoft Software Co., Ltd.;<br>Zhuhai Kingsoft Software Co., Ltd. |
| 2          | A system and method for transmitting files   | CN201110461119.5       | 2011-12-31              | Beijing Kingsoft Software Co., Ltd.;<br>Zhuhai Kingsoft Software Co., Ltd. |
| 3          | A system and method for transmitting files   | CN201110461042.1       | 2011-12-31              | Beijing Kingsoft Software Co., Ltd.; Zhuhai Kingsoft Software Co., Ltd.    |
| 4          | System and method for preferentially synchronizing and updating designated files                             | CN201110185939.6       | 2011-6-30               | Beijing Kingsoft Software Co., Ltd.;<br>Zhuhai Kingsoft Software Co., Ltd. |
| 5          | A system and method for transmitting files   | CN201110461041.7       | 2011-12-31              | Beijing Kingsoft Software Co., Ltd.;<br>Zhuhai Kingsoft Software Co., Ltd. |
| 6          | Method to display network disk file status at the client and the client                                      | CN201110255373.X       | 2011-8-31               | Beijing Kingsoft Software Co., Ltd.  |



Technology Transfer (Patent License) Agreement  
Signature page

Party A: Beijing Kingsoft Cloud Network Technology Co., Ltd. (Seal)  
/s/ Seal of Beijing Kingsoft Cloud Network Technology Co., Ltd.  
Legal representative: \_\_\_\_\_(Signature)  
Date:

Party A: Beijing Kingsoft Cloud Technology Co., Ltd. (Seal)  
/s/ Seal of Beijing Kingsoft Cloud Technology Co., Ltd.  
Legal representative: \_\_\_\_\_(Signature)  
Date:

Party B: Beijing Kingsoft Software Co., Ltd. (Seal)  
/s/ Seal of Beijing Kingsoft Software Co., Ltd.  
Legal representative/Authorized agent: \_\_\_\_\_(Signature)  
Date:

Party B: Zhuhai Kingsoft Software Co., Ltd. (Seal)  
/s/ Seal of Zhuhai Kingsoft Software Co., Ltd.  
Legal representative/Authorized agent: \_\_\_\_\_(Signature)  
Date:



**Trademark License Contract**

This Trademark License Contract (hereinafter referred to as “**this Contract**”) was entered into by the following parties in Haidian District, Beijing on [18] [December] 2019:

The following are collectively referred to as “**Party A**”:

Kingsoft Corporation Limited (hereinafter referred to as “**3888**”)

Contact address: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Beijing Kingsoft Digital Entertainment Technology Co., Ltd. (hereinafter referred to as “**Digital Entertainment**”)

Contact address: West District, 2/F, Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Zhuhai Kingsoft Software Co., Ltd. (hereinafter referred to as “**Zhuhai Kingsoft**”)

Contact address: Building 1, Kingsoft Software Park, No. 329, Qiandaohuan Road, Tangjiawan Town, Zhuhai

Party A’s contact person: Peng Bo

Party A’s E-mail address: \*

Party A’s telephone number: \*

The following are collectively referred to as “**Party B**”:

Kingsoft Cloud Holdings Limited

Contact address: Kingsoft Tower, No. 33 Xiaoying West Road, Haidian District, Beijing

Party B’s contact person: Yang Miao

Party B’s E-mail address: \*

Party B’s telephone number: \*

---

Whereas:

Party A and/or its consolidated subsidiaries and Party B and/or its consolidated subsidiaries entered into the Authorized Use License Agreement on 9 November 2012 (Party A's contract number: KGP-I-BJ120010-2), the Supplementary Agreement-1 of the Authorized Use License Agreement on [28] [January] [2013], (Party A's contract number: KGP-I-BJ120010-4), and the Supplementary Agreement-2 of the Authorized Use License Agreement on [13] [September] [2017] (Party A's contract number: OA-KGP-R-BJ170113[KGP-I-BJ120010-2]). The above agreements are collectively referred to as the "**Original License Agreements**".

With regard to Party A's licensing of Party B Group's use of trademarks, the parties have voluntarily reached the following agreements by consensus:

#### **Article 1 Definitions**

1. **Consolidated Subsidiaries:** shall be subject to the relevant provisions of international accounting standards.
2. **Party A Group:** shall refer to Kingsoft Corporation Limited and its consolidated subsidiaries; for the purpose of this Contract, Party A Group shall not include Party B Group.
3. **Party B Group:** shall refer to Kingsoft Cloud Holdings Limited and its consolidated subsidiaries.
4. **Seasun Entertainment Group:** shall refer to Seasun Holdings Limited and its consolidated subsidiaries.
5. **Kingsoft Office Group:** shall refer to Beijing Kingsoft Office Software, Inc. and its consolidated subsidiaries.

6. **Cloud Storage and Cloud Computing Services:** shall refer to the cloud storage, cloud computing services such as content delivery network (CDN), basic network services, and Internet data center business (IDC) currently provided by Party B Group as a basic cloud service vendor based on cloud technologies. “Content Distribution Network (CDN)” business shall refer to services relating to the use of node server groups distributed in different regions to form a traffic distribution management network platform so as to provide users with distributed storage and cache of content, and to distribute content to fast and stable cache servers based on dynamic network traffic and load conditions so as to improve response to user content access and service availability; “Basic Network Services” shall refer to services providing users with basic network functions such as independent and manageable Internet access service business, encryption, acceleration, and load balancing of fixed network domestic data transmission business through basic communication lines and communication equipment; “Internet Data Center (IDC) business” shall refer to the Internet or other networks, such as servers for users, the use of the relevant computer room facilities to provide user servers and Internet or other network-related devices with placement, agent maintenance, system configuration and management services by outsourcing, as well as rental of equipment such as database systems or servers and storage space, agent lease of communication lines and export bandwidth, and other application services, including Internet resource collaboration services business. To avoid disagreements, the parties acknowledge that the business of cloud storage and cloud computing services that Party B Group is engaged in shall not compete with other business lines of Party A Group, and the cloud application services provided by the consolidated subsidiaries of Party A Group (Seasun Entertainment Group, Kingsoft Office Group) based on cloud technology in combination with its products and services (such as online games and office software) shall not belong to the foregoing cloud storage and cloud computing services or similar services.
7. **Newly-Added Trademarks:** shall refer to the new trademarks in application/registered which are included in this Contract as confirmed by the parties regularly or irregularly through their designated contacts by the newly-added trademarks mail after the Contract comes into effect. Based on the status quo, these trademarks cannot be applied for by Party B Group on its own. The applications shall be filed by Party B Group and confirmed by Party A, and shall be included in the trademarks licensed under this Contract.

Party A acknowledges the contact person of the new trademarks shall be: Huo Sufang; E-mail: \*

Party B acknowledges the contact person of the new trademarks shall be: Yang Miao; E-mail: \*

---

## Article 2 Trademark License

Both parties agree that Party A shall license Party A Group's domestic and overseas trademarks in application and registered as listed in the Annexes in accordance with applicable laws and regulations to Party B Group as follows.

1. Licensed trademarks: Annex I and Annex II. Newly added trademarks (if any).
2. License period: Subject to paragraph 2 of Article 9 of this Agreement, for registered trademarks (including the trademarks in the application being approved as registered trademarks), the license period shall be the validity period of the registered trademarks, including the renewal period (if any); for trademarks in application, if the trademarks have not been approved for registration, the license period shall no end until the application is rejected or invalid.
3. Licensed business scope: Cloud storage and cloud computing services (see paragraph 6 of Article 1 for details).
4. Geographical area: Geographical areas where registrations are approved for registered trademarks or where the applications are filed for trademarks in application.
5. Licensee: Party B Group.
6. License type:
  - 6.1 Party A shall license the trademarks and trademarks in application as listed in Annex I, Annex II, and newly added trademarks (if any) to Party B and the Party B Group for use in the cloud storage and cloud computing services in the geographical areas where registrations are approved for registered trademarks or where the applications are filed for trademarks in application in the manner permitted by law, and Party B shall have the right to determine the actual entities within Party B group to use the trademarks.
  - 6.2 These licenses shall be non-exclusive, non-transferable ordinary licenses, and shall not be sub-licensed except Party B and Party B Group sub-license these trademarks to third parties for fair use so that the brands using Party B and Party B's cloud storage and cloud computing services may realize the cooperation on the services.



- 6.3 Party A and Party A Group shall not use or permit third parties to use the trademarks in paragraph 1 of Article 2 for cloud storage and cloud computing services, except for the promotion and introduction of Party B Group.
7. Party A shall supervise the quality of the goods and services of Party B Group using the registered trademarks. Party B shall guarantee and be responsible for the quality of the goods and services using the registered trademarks.
8. Party B Group shall maintain evidence of use every year in order to prove that the licensed trademarks are used in a standardized and continuous manner in the trademark registration category. Party A may require Party B Group to provide relevant evidence of use when necessary, and Party B Group shall cooperate to provide it, and the parties shall make every effort to ensure that the evidence of use meets the requirements of official evidence provided by the Trademark Office. If Party B does not use the trademarks for 3 consecutive years without any justified reason, Party A shall check with Party B on the demand and usage. If Party B acknowledges in writing that it will no longer use, Party A shall have the right to remove them from the list of licensed trademarks free of charge by means of unilateral notice.

### **Article 3 Trade Name (Business Name), Domain Name License**

1. Subject to the provisions of this Contract, Party A shall grant Party B Group the license to use “Kingsoft Cloud”, “Kingsoft”, or other words (in Chinese or foreign languages) that are similar in form to the licensed trademarks as business trademarks/business names with reference to the terms of trademark license (including but not limited to the scope of use, duration, etc.) in the absence of conflict with applicable laws and regulations, but Kingsoft, Kingsoft or other words (in Chinese or foreign languages) that are identical, similar, confusing in form to business names within the Party A Group may not be used alone as business names without the written consent of Party A.
2. Party A shall issue trademark license letters for various purposes to Party B Group within the scope of this Contract. If a license letter beyond the scope of this Contract is required, the details shall be negotiated separately.

3. Considering that various industrial and commercial administrations require different, non-modifiable versions of license letters for business registration which do not conform to the actual situation of businesses, both parties have unanimously agreed that the Trademark License Letter or Business Name License Letter submitted for company registration using the above licensed trademarks as business names (trade names) by Party B Group shall only be the format templates to meet the requirements for name approval of the industrial and commercial administrations or market regulation administrations. If the content is inconsistent with the contract or otherwise agreed, the contract shall prevail. The format templates that have been provided to the industrial and commercial administrations or market regulation administrations for name approval, including but not limited to the Letter of Commitment for Use of Trademarks, the Trademark License Letter, and the Business Name License Letter, shall be subject to this Contract. If there is any difference with this Contract, this Contract shall prevail.
4. Subject to the provisions of this Contract, Party A shall grant Party B Group the license to use “Kingsoft Cloud”, “Kingsoft”, or other words (in Chinese or foreign languages) that are similar in form to the licensed trademarks as business domain names with reference to the terms of trademark license (including but not limited to the scope of use, duration, etc.) in the absence of conflict with applicable laws and regulations, but Kingsoft, Kingsoft or other words (in Chinese or foreign languages) that are identical, similar, confusing in form to business names within the Party A Group may not be used alone as business domain names.

#### **Article 4 Royalties and Payment Methods**

1. According to the Original License Agreements, Party B Group shall pay royalties of RMB4 million (In words: RMB Four million), and the trademark license shall be free during the validity period of the Original License Agreements. As Party B Group has not paid the above royalties as of date of this Agreement, the parties have agreed to set the royalties in [Patent License Contract] signed on [18] December 2019. Party B Group shall comply with the relevant agreements in Patent License Contract, and properly pay the royalties.
2. Party B Group shall pay Party A the royalties for the trademark license in accordance with this Article from the date of this Agreement. The specific types of royalties shall be subject to the provisions of paragraphs 7 and 8 of this Article. The parties acknowledge that as of the date of this Contract, the royalties for the licensed trademarks to be borne by Party B shall be RMB[649,028.14] (In words: Six hundred and forty nine thousand twenty eight yuan and fourteen cents), which is calculated as: RMB[583,134.00] x 105% x (1 + 6% value-added tax). Subsequent royalties (the agreed fees in paragraphs 7 and 8 of this Article) shall be paid by Party B within 15 working days after the end of the quarter after confirmation by the parties on a quarterly basis.

3. Trademark royalties shall be collected by Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Zhuhai Kingsoft Software Co., Ltd. in the amount of RMB [364,229.25] (In Words: Three hundred and sixty four thousand two hundred and twenty nine yuan and twenty five cents) and RMB [284,798.89] (In Words: Two hundred and eighty four thousand seven hundred and ninety eight yuan and eighty nine cents) respectively. Party B shall pay within 15 working days after receiving the legal and valid special VAT invoice issued by Party A.
4. The taxes incurred under this Contract shall be borne by the parties separately according to the relevant laws and regulations.
5. Party A shall ensure that within the license period of the trademarks, it will not revoke the licensed trademarks or cause the licensed trademarks to be void or invalid through action or inaction (“Party A’s reason”). For any reason other than Party A’s reason causing the licensed trademarks under this Contract to be revoked, declared invalid, or invalidated within the trademark license period, such revoked, declared invalid, or invalidated trademarks shall become unauthorized trademarks without violating existing laws and infringing the rights of third parties, and Party A shall continue to grant Party B and the Party B Group the license to use in accordance with the terms and conditions of this Contract. Party A shall have no obligation to return the paid royalties, and Party B shall continue to pay the relevant outstanding royalties (if any).
6. Payment Method:  
Party A and Party B agree that the royalties stipulated in paragraph 3 of this Article shall be paid to Beijing Kingsoft Digital Entertainment Technology Co., Ltd. And Zhuhai Kingsoft Software Co., Ltd. For account information, please refer to Annex 2.
7. If the licensed trademarks need to be renewed or relevant service fees, registration fees, agency fees, official fees (if any) are incurred during trademark registration, maintenance, transfer, cancellation, the fees shall be borne by Party B Group, and the specific amount shall be the actual payment by Party A  $\times 105\% \times (1 + 6\% \text{ VAT})$ .

8. Party B shall bear all reasonable fees incurred by the newly added trademarks including application, follow-up maintenance, including but not limited to official fees, agency fees, registration fees, service fees, the specific amount of which is the actual payment by Party A  $\times 105\% \times (1 + 6\% \text{ VAT})$ .
9. If there is any change to the 6% VAT mentioned above, the applicable VAT rate for trademark license and maintenance in the very year shall prevail.

#### **Article 5 Trademark License Procedure**

For all trademark licenses under this Contract, Party B shall file the trademark license contract with the relevant trademark authority if necessary. Party A shall provide necessary assistance, including but not limited to, issuing relevant application documents, stamping the company seal on the application documents, and providing certificates related to filing. Any costs incurred as a result of filing the trademark license contract shall be fully borne by Party B.

#### **Article 6 Treatment after License Expiration**

1. If the license under this Contract becomes invalid, including but not limited to termination, rescission, revocation, invalidation of the Contract, Party B Group shall promptly cease using the licensed trademarks, domain names and remove the licensed trademarks, trade names (business names) within a reasonable period.
2. In respect of contract expiration based on paragraph 2.5 of Article 9 of this Contract, Party A agrees to provide Party B Group with a transitional period of [6 months] for replacement and removal after the license expires. During the transitional period Party B may use the licensed trademarks only within a reasonable scope for the purpose of replacement and removal. If Party B Group makes reasonable commercial effort but has not completed the change of trade names (business names), replacement and removal may be extended for 3 months with the prior written consent of Party A.

3. If Party B Group fails to properly complete replacement and removal within the agreed period, Party B Group agrees and fully authorizes any company of Party A Group to handle the change of trademarks, trade names and domain names on its behalf. The expenses incurred and confirmed by Party B Group shall be borne by any company designated by Party B Group.

#### **Article 7 Effect of Original License Agreement**

The parties agree that the Original License Agreements shall be terminated as of the effective date of this Contract. In respect of the licensing of the trademarks listed in the Original License Agreements (hereinafter referred to as the "Original Licensed Trademarks"), the trademarks that have been included in the annexes to this Contract shall be included to the license agreed in this Contract from the date of this Contract; the license of original licensed trademarks that have not been included in the annexes shall be terminated from the date of this Contract.

#### **Article 8 Undertakings and Warranties**

1. The parties undertake and warrant to each other as follows:
  - 1.1 They are enterprises legally established and validly existing in accordance with laws of China;
  - 1.2 They have all the rights and authority to execute and perform this Contract, and have not entered into any agreement or arrangement that conflicts or may conflict with this Contract; and
  - 1.3 The authorized representatives (if necessary) signing this Contract have been granted full authority to do so in accordance with a valid power of attorney or a resolution of the board of directors.
2. Party A warrants and undertakes as follows:
  - 2.1 It is the legal owner of the licensed trademarks and has the right to license the trademarks to Party B and Party B Group in accordance with the provisions of this Contract;
  - 2.2 Party A makes no warranty as to whether the newly added and unregistered licensed trademarks at the time this Agreement is executed can be registered with the competent authority;

- 2.3 In respect of the relevant licensed trademarks under this Contract, Party A licenses the relevant trademarks to Party B and Party B Group for use according to with the status of the trademarks. Party A makes no warranty of non-infringement. For trademarks in application that have not been successfully registered, Party A makes no warranty that these trademark applications can be registered;
  - 2.4 The above warranties of each entity of Party A are made only for their respective licensed matters, and each entity does not bear joint and several liability for each other.
  - 2.5 Upon the execution of this Contract, Party A does not set any restrictive rights such as pledge rights or other security interests on the licensed trademarks; during the license period, if Party A sets any restrictive rights such as pledge rights or other security interests on the licensed trademark, invests in shares with the licensed trademarks, it shall do so under the premise of not affecting Party B and B Group's right to use the licensed trademarks under this Contract.
3. Party B warrants and undertakes as follows:
- 3.1 It shall pay Party A the entire consideration in accordance with the Contract after execution;
  - 3.2 It shall properly perform the matters agreed in this Contract, including but not limited to, license use standard, trademark maintenance, trademark protection, and bear all costs that may be involved;
  - 3.3 It has not taken any action or omitted to take any action to cause or allow the rights attached under this Contract to be prejudiced or the assignment of this Contract to be invalid; and
  - 3.4 It shall accept that Party A may license the trademarks in application and licensed trademarks referred to in this Contract on an as-is basis.

4. Party A Group has all the complete intellectual property rights to trademarks (including trade names and business names), LOGOs, identifiers, and domain names that are the same as or similar to Kingsoft, 王, KS, and KSC globally, regardless of whether the intellectual property rights have been submitted for registration or registered. Without the prior written permission of Party A, any company of Party B Group shall not apply for trademarks and copyrights that contain the above intellectual property rights, and shall not apply for trademarks and copyrights that are the same as or similar to the intellectual property rights, and shall not apply for domain names globally. In respect of the above-mentioned intellectual property rights that have been applied for or registered in the name of Party B Group, Party B Group agrees to transfer to Party A Group unconditionally and bear all costs. If Party B Group does not transfer back within a reasonable period of [3 months], Party B Group agrees and entrusts any company of Party A Group to handle the transfer registration on its behalf.

#### **Article 9 Change of Contract and Term**

1. The parties may reach an agreement through friendly negotiation to change or terminate this Contract by executing a written contract.
2. Party A shall have the right to rescind or terminate this Contract through unilateral notice in any of the following circumstances, and this Contract shall be immediately rescinded or terminated from the date of the notice of rescission or termination:
  - 2.1 A licensed trademark under this Contract is invalid, invalidated for any reason or Party A is no longer the holder to it (for the trademark only);
  - 2.2 Licensee is no longer a member of Party B Group (for the entity only).
  - 2.3 Party B Group's use of a licensed trademark for any act violating this Contract, and refuses to correct it after Party A's notice;
  - 2.4 Party B Group causes any company of Party A Group to suffer goodwill and/or financial loss for any act violating this Contract.
  - 2.5 Any of the following agreements is not reached which the effective existence of this Contract is subject to:
    - i. Kingsoft Corporation Limited is the sole substantial shareholder of Party B Group;
    - ii. Kingsoft Corporation Limited holds not less than 30% of the equity of Party B Group.

Note: If Party B or Party B Group adopts the multiple voting mechanism, the above agreements shall satisfy both the voting right ratio and the equity income ratio.

3. Party A shall have the right to change the holder to the licensed trademarks after confirming that it does not adversely affect the performance of this Agreement, but shall notify Party B 5 working days before the change, and shall ensure that this Contract continues to be performed by the successor of Party A's trademark ownership.

#### **Article 10 Confidentiality**

The parties shall (and shall ensure that their agents or their employees) reasonably maintain the confidentiality of any confidential information relating to this Contract at all times. Neither party shall disclose such information to others unless the other party permits or disclosure is in accordance with an order of a competent court or an order of any government agency or regulatory authority.

#### **Article 11 Default**

If a party violates any of the obligations, undertakings and warranties under this Contract, the other party shall have the right to request the defaulting party to make corrections within a time limit. If the defaulting party fails to make corrections within the time limit or within ten days of receiving the notice from the other party, the other party shall have the right to require the defaulting party to make up for all losses suffered by it.

#### **Article 12 Governing Laws and Dispute Resolution**

This Contract shall be governed by the laws of the People's Republic of China (excluding Hong Kong, Macao, and Taiwan), and shall take effect immediately after the seal of the parties, and shall be binding on both parties;

Any disputes arising from the signing, performance, termination or effectiveness of this Contract or in connection with this Contract shall be resolved through friendly negotiations between the parties. If the parties fail to resolve the dispute through negotiation, either party shall have the right to submit it to a people's court with jurisdiction over the place where this Contract is executed (No. 33 Xiaoying West Road, Haidian District, Beijing).



---

**Article 13 Notice and Service**

All notices and demands of a party's failure to perform this Contract or relating to this Contract shall be in writing and shall be delivered directly or sent via notice to the contact person of the other party according to the contact information at the beginning of this Contract. If a party changes the contact person or contact information, it shall notify the other party in advance in writing. Otherwise, the written documents sent by a party to the other party according to the original contact information shall still be deemed to have been served, and all adverse consequences caused by the changing party's negligence in notice shall be borne by the party.

The notices and demands issued under this Contract shall be deemed to have been effectively served in the following cases:

1. If sent by letter, they shall be deemed served when the contact person or staff of the office or the mail room of the other party signing the receipt;
2. If delivered by hand, they shall be deemed served when delivered to the contact person;
3. If sent by fax, they shall be deemed served after the automatically generated message indicating the fax has been successfully sent is received;
4. If sent by E-mail, they shall be deemed served when the E-mail arrives at the other party's E-mail system.

**Article 14 Miscellaneous**

1. Matters not covered in this Contract shall be determined through separate negotiations between the parties;
2. This Contract shall severable. If any provision of this Contract is determined to be invalid, it shall not affect the validity of other provisions;
3. This Contract is executed in eight counterparts. Party A shall hold six copies and Party B shall hold two copies. Each copy shall have the same legal effect.

(No text below this page, which is the signing page of the Trademark License Contract)

(No text below this page, which is the signing page of the Trademark License Contract)

Party A (Seal): Kingsoft Corporation Limited

/s/ Seal of Kingsoft Corporation Limited

Authorized representative (Signature):\_\_\_\_\_

Party A (Seal): Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

/s/ Seal of Beijing Kingsoft Digital Entertainment Technology Co., Ltd.

Authorized representative (Signature):\_\_\_\_\_

Party A (Seal): Zhuhai Kingsoft Software Co., Ltd.

/s/ Seal of Zhuhai Kingsoft Software Co., Ltd.

Authorized representative (Signature):\_\_\_\_\_

---

(No text below this page, which is the signing page of the Trademark License Contract)

Party B (Seal): Kingsoft Cloud Holdings Limited

/s/ Seal of Kingsoft Cloud Holdings Limited

Authorized representative (Signature): \_\_\_\_\_

Annex I: A total of 178 domestic general licensed trademarks.

| Trademark name | No. | Place of registration | Class | Registration No./ Application No. | Current legal status   | Application date  | Applicant/Registrant  | License type |
|----------------|-----|-----------------------|-------|-----------------------------------|------------------------|-------------------|---|--------------|
| □□□            | 1   | PRC                   | 9     | 10302123                          | Registered             | 13 December 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 2   | PRC                   | 35    | 10302151                          | Registered             | 13 December 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 3   | PRC                   | 35    | 21506400                          | Registered             | 9 October 2016    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 4   | PRC                   | 35    | 25853855                          | Registered             | 14 August 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 5   | PRC                   | 36    | 25837124                          | Rejected and in review | 14 August 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 6   | PRC                   | 37    | 10332609                          | Registered             | 20 December 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 7   | PRC                   | 38    | 10302168                          | Registered             | 13 December 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 8   | PRC                   | 39    | 10332698                          | Registered             | 20 December 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 9   | PRC                   | 41    | 10302240                          | Registered             | 13 December 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 10  | PRC                   | 42    | 10302286                          | Registered             | 13 December 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 11  | PRC                   | 41    | 11543782                          | Registered             | 25 September 2012 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 12  | PRC                   | 42    | 11543791                          | Registered             | 25 September 2012 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 13  | PRC                   | 38    | 11543720                          | Registered             | 25 September 2012 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |

|                |    |     |    |          |            |                  |   |         |
|----------------|----|-----|----|----------|------------|------------------|---|---------|
|                | 14 | PRC | 42 | 24794664 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□ (graphic)  | 15 | PRC | 43 | 24788537 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 16 | PRC | 44 | 24794731 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 17 | PRC | 45 | 24794757 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 18 | PRC | 9  | 10326269 | Registered | 19 December 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 19 | PRC | 35 | 10326338 | Registered | 19 December 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 20 | PRC | 37 | 10332587 | Registered | 20 December 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 21 | PRC | 38 | 10326294 | Registered | 19 December 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| Kingsoft Cloud | 22 | PRC | 39 | 10332643 | Registered | 20 December 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 23 | PRC | 41 | 10326376 | Registered | 19 December 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 24 | PRC | 42 | 10326473 | Registered | 19 December 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 25 | PRC | 42 | 24794650 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 26 | PRC | 43 | 24791627 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 27 | PRC | 44 | 24800362 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                | 28 | PRC | 45 | 24805013 | Registered | 15 June 2017     | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |

|           |    |     |    |          |                      |               |   |         |
|-----------|----|-----|----|----------|----------------------|---------------|---|---------|
|           | 29 | PRC | 9  | 9800888  | Partially registered | 4 August 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 30 | PRC | 35 | 9800889  | Partially registered | 4 August 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 31 | PRC | 37 | 9623248  | Registered           | 21 June 2011  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 32 | PRC | 41 | 9800891  | Registered           | 4 August 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 33 | PRC | 42 | 9800892  | Partially registered | 4 August 2011 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 34 |     |    |          |                      |               | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. |         |
| KingCloud | 35 | PRC | 42 | 24732491 | Registered           | 13 June 2017  | (Zhichanyi)   | General |
|           | 36 | PRC | 39 | 24721700 | Registered           | 13 June 2017  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 37 |     |    |          |                      |               | (Zhichanyi)   |         |
|           | 38 | PRC | 43 | 24726294 | Registered           | 13 June 2017  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 39 |     |    |          |                      |               | (Zhichanyi)   |         |
|           | 40 | PRC | 44 | 24722780 | Registered           | 13 June 2017  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 41 |     |    |          |                      |               | (Zhichanyi)   |         |
|           | 42 | PRC | 45 | 24722815 | Registered           | 13 June 2017  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|           | 43 |     |    |          |                      |               | (Zhichanyi)   |         |

|                   |    |     |    |          |            |                 |                                    |         |
|-------------------|----|-----|----|----------|------------|-----------------|------------------------------------|---------|
| Kyun<br>(graphic) | 44 | PRC | 9  | 10625610 | Registered | 15 March 2012   | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 45 | PRC | 35 | 10625618 | Registered | 15 March 2012   | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 46 | PRC | 37 | 10669687 | Registered | 23 March 2012   | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 47 | PRC | 38 | 10625629 | Registered | 15 March 2012   | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 48 | PRC | 41 | 10625648 | Registered | 15 March 2012   | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 49 | PRC | 42 | 10625671 | Registered | 15 March 2012   | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 50 | PRC | 39 | 10625688 | Registered | 15 March 2012   | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 51 | PRC | 42 | 24813815 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 52 | PRC | 43 | 24814388 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 53 | PRC | 44 | 24822580 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |
| KSYUN             | 54 | PRC | 45 | 24810841 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 55 | PRC | 9  | 16218124 | Registered | 23 January 2015 | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 56 | PRC | 35 | 16218275 | Registered | 23 January 2015 | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 57 | PRC | 35 | 25836558 | Registered | 14 August 2017  | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 58 | PRC | 37 | 16218648 | Registered | 23 January 2015 | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 59 | PRC | 38 | 16218985 | Registered | 23 January 2015 | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 60 | PRC | 41 | 16219967 | Registered | 23 January 2015 | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 61 | PRC | 42 | 16220131 | Registered | 23 January 2015 | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 62 | PRC | 39 | 16220845 | Registered | 23 January 2015 | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 63 | PRC | 42 | 24824781 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 64 | PRC | 43 | 24814392 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 65 | PRC | 44 | 24828333 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |
|                   | 66 | PRC | 45 | 24841812 | Registered | 16 June 2017    | Zhuhai Kingsoft Software Co., Ltd. | General |

|                                |    |     |    |          |                           |                 |  |         |
|--------------------------------|----|-----|----|----------|---------------------------|-----------------|--|---------|
| Kloud<br>(graphic,<br>color)   | 67 | PRC | 9  | 10571917 | Partially<br>registered   | 5 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 68 | PRC | 35 | 10578618 | Registered                | 6 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 69 | PRC | 37 | 10669724 | Registered                | 23 March 2012   | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 70 | PRC | 38 | 10578658 | Registered                | 6 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 71 | PRC | 41 | 10572020 | Registered                | 5 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 72 | PRC | 42 | 10572354 | Registered                | 5 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 73 | PRC | 39 | 10607206 | Registered                | 12 March 2012   | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 74 | PRC | 9  | 10571955 | Registered                | 5 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 75 | PRC | 35 | 10578622 | Registered                | 6 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 76 | PRC | 37 | 10669745 | Registered                | 23 March 2012   | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
| Kscloud<br>(graphic,<br>color) | 77 | PRC | 38 | 10578712 | Registered                | 6 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 78 | PRC | 41 | 10572032 | Registered                | 5 March 2012    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 79 | PRC | 42 | 33979307 | Rejected and<br>in review | 11 October 2018 | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 80 | PRC | 39 | 10607410 | Registered                | 12 March 2012   | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 81 | PRC | 42 | 24799196 | Registered                | 15 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 82 | PRC | 43 | 24791633 | Registered                | 15 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 83 | PRC | 44 | 24796734 | Registered                | 15 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                                | 84 | PRC | 45 | 24792923 | Registered                | 15 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |



|                           |    |     |    |          |            |                |  |         |
|---------------------------|----|-----|----|----------|------------|----------------|--|---------|
| □□□+□□<br>logo<br>(color) | 85 | PRC | 39 | 11387763 | Registered | 22 August 2012 | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                           | 86 | PRC | 9  | 24592002 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                           | 87 | PRC | 35 | 24591417 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                           | 88 | PRC | 37 | 24592295 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
| □□□□□                     | 89 | PRC | 38 | 24592004 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                           | 90 | PRC | 39 | 24592273 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                           | 91 | PRC | 41 | 24592108 | In dispute | 8 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |
|                           | 92 | PRC | 42 | 24592232 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment<br>Technology Co., Ltd. | General |

|       |     |     |    |          |            |                |   |         |
|-------|-----|-----|----|----------|------------|----------------|---|---------|
|       | 93  | PRC | 9  | 24591848 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 94  | PRC | 35 | 24591926 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 95  | PRC | 37 | 24592301 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□ | 96  | PRC | 38 | 24591501 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 97  | PRC | 39 | 24592242 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 98  | PRC | 41 | 24592077 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 99  | PRC | 42 | 24591650 | Registered | 8 June 2017    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 100 | PRC | 9  | 25938456 | Registered | 18 August 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 101 | PRC | 35 | 25938465 | Registered | 18 August 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 102 | PRC | 37 | 25934838 | Registered | 18 August 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□  | 103 | PRC | 38 | 25945715 | Registered | 18 August 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 104 | PRC | 39 | 25950605 | Registered | 18 August 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 105 | PRC | 41 | 25941425 | Registered | 18 August 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 106 | PRC | 42 | 25952854 | Registered | 18 August 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |

|       |     |     |    |          |            |                  |   |         |
|-------|-----|-----|----|----------|------------|------------------|---|---------|
|       | 107 | PRC | 9  | 27751900 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 108 | PRC | 35 | 27751927 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□ | 109 | PRC | 38 | 27757063 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 110 | PRC | 41 | 27759934 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 111 | PRC | 42 | 27745549 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 112 | PRC | 45 | 27751033 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 113 | PRC | 9  | 27738206 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 114 | PRC | 35 | 27750928 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□ | 115 | PRC | 38 | 27748012 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 116 | PRC | 41 | 27745530 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 117 | PRC | 42 | 27759967 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 118 | PRC | 45 | 27739829 | Registered | 28 November 2017 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 119 | PRC | 9  | 29726154 | Registered | 21 March 2018    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 120 | PRC | 35 | 29738448 | Registered | 21 March 2018    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□ | 121 | PRC | 38 | 29736783 | Registered | 21 March 2018    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 122 | PRC | 41 | 29730445 | Registered | 21 March 2018    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 123 | PRC | 42 | 29741272 | Registered | 21 March 2018    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |

|      |     |     |    |          |                        |              |   |         |
|------|-----|-----|----|----------|------------------------|--------------|---|---------|
|      | 124 | PRC | 9  | 29998235 | Registered             | 2 April 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 125 | PRC | 35 | 29995374 | Registered             | 2 April 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□ | 126 | PRC | 38 | 29987243 | Registered             | 2 April 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 127 | PRC | 41 | 30005721 | Registered             | 2 April 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 128 | PRC | 42 | 30001860 | Registered             | 2 April 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 129 | PRC | 9  | 31462159 | Registered             | 7 June 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 130 | PRC | 35 | 31462183 | Rejected and in review | 7 June 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□ | 131 | PRC | 38 | 31475357 | Registered             | 7 June 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 132 | PRC | 41 | 31460541 | Rejected and in review | 7 June 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 133 | PRC | 42 | 31474533 | Registered             | 7 June 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 134 | PRC | 9  | 32508658 | Registered             | 26 July 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 135 | PRC | 35 | 32493595 | Registered             | 26 July 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□ | 136 | PRC | 38 | 32499519 | Registered             | 26 July 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 137 | PRC | 41 | 32508271 | Registered             | 26 July 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|      | 138 | PRC | 42 | 32490011 | Registered             | 26 July 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |

|       |     |     |    |          |                          |               |   |         |
|-------|-----|-----|----|----------|--------------------------|---------------|---|---------|
|       | 139 | PRC | 9  | 32508666 | Registered               | 26 July 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 140 | PRC | 35 | 32511324 | Registered               | 26 July 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□  | 141 | PRC | 38 | 32492733 | Registered               | 26 July 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 142 | PRC | 41 | 32493967 | Registered               | 26 July 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 143 | PRC | 42 | 32494011 | Registered               | 26 July 2018  | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 144 | PRC | 9  | 32718029 | Registered and announced | 6 August 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 145 | PRC | 35 | 32701211 | Registered and announced | 6 August 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□ | 146 | PRC | 38 | 32713210 | Registered and announced | 6 August 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 147 | PRC | 41 | 32718082 | Registered and announced | 6 August 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|       | 148 | PRC | 42 | 32707295 | Registered and announced | 6 August 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |

|                                      |     |     |    |          |                        |                 |   |         |
|--------------------------------------|-----|-----|----|----------|------------------------|-----------------|---|---------|
|                                      | 149 | PRC | 9  | 35075215 | Accepted               | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□                                 | 150 | PRC | 35 | 35085552 | Accepted               | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 151 | PRC | 38 | 35095311 | Accepted               | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 152 | PRC | 42 | 35086242 | Accepted               | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 153 | PRC | 9  | 35084834 | Rejected and in review | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□<br>AI-house                      | 154 | PRC | 35 | 35099625 | Accepted               | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 155 | PRC | 38 | 35086224 | Rejected and in review | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 156 | PRC | 42 | 35083689 | Rejected and in review | 4 December 2018 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 157 | PRC | 9  | 39724384 | Accepted               | 17 July 2019    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□                                 | 158 | PRC | 35 | 39733007 | Accepted               | 17 July 2019    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 159 | PRC | 38 | 39729132 | Accepted               | 17 July 2019    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 160 | PRC | 42 | 39712960 | Accepted               | 17 July 2019    | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 161 | PRC | 9  | 40688183 | Accepted               | 2019-8-29       | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| Kingsoft<br>Cloud<br>Galaxy<br>Stack | 162 | PRC | 35 | 40685160 | Accepted               | 2019-8-29       | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 163 | PRC | 38 | 40698671 | Accepted               | 2019-8-29       | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 164 | PRC | 41 | 40704443 | Accepted               | 2019-8-29       | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                                      | 165 | PRC | 42 | 40704446 | Accepted               | 2019-8-29       | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |

|                 |     |     |    |          |          |                   |   |         |
|-----------------|-----|-----|----|----------|----------|-------------------|---|---------|
|                 | 166 | PRC | 9  | 40868566 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□           | 167 | PRC | 35 | 40859450 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 168 | PRC | 38 | 40849081 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 169 | PRC | 42 | 40862769 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 170 | PRC | 9  | 40868579 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□□          | 171 | PRC | 35 | 40852727 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 172 | PRC | 38 | 40844048 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 173 | PRC | 42 | 40857007 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 174 | PRC | 9  | 40856006 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□□□           | 175 | PRC | 35 | 40859477 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 176 | PRC | 38 | 40849111 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
|                 | 177 | PRC | 42 | 40844067 | Accepted | 2019-9-5          | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |
| □□□<br>ai-house | 178 | PRC | 42 | 40998265 | Accepted | 11 September 2019 | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General |

Annex II:A total of 70 foreign general licensed trademarks.

| Trademark name | No. | Place of registration    | Class | Registration No./ Application No. | Current legal status      | Application date | Applicant/Registrant  | License type |
|----------------|-----|--------------------------|-------|-----------------------------------|---------------------------|------------------|---|--------------|
| KINGSOFT CLOUD | 1   |                          | 9     |                                   |                           | 24 May 2018      | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 2   | United States of America | 35    | 87934460                          | Evidence of use submitted | 24 May 2018      | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 3   |                          | 38    |                                   |                           | 24 May 2018      | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 4   |                          | 41    |                                   |                           | 24 May 2018      | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 5   |                          | 42    |                                   |                           | 24 May 2018      | ZHUHAI KINGSOFT CORPORATION                                 | General      |
| 6              |     | 9                        |       |                                   |                           | 6 July 2018      | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
| KINGSOFT CLOUD | 7   |                          | 35    | 87934460                          | Registered                | 6 July 2018      | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 8   | Russia                   | 38    |                                   |                           | 6 July 2018      | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 9   |                          | 41    |                                   |                           | 6 July 2018      | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
|                | 10  |                          | 42    |                                   |                           | 6 July 2018      | Beijing Kingsoft Digital Entertainment Technology Co., Ltd. | General      |
| KINGSOFT CLOUD | 11  |                          | 9     | 304626171                         | Registered                | 7 August 2018    | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 12  | Hong Kong                | 35    |                                   |                           | 7 August 2018    | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 13  |                          | 38    |                                   |                           | 7 August 2018    | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 14  |                          | 41    |                                   |                           | 7 August 2018    | ZHUHAI KINGSOFT CORPORATION                                 | General      |
|                | 15  |                          | 42    |                                   |                           | 7 August 2018    | ZHUHAI KINGSOFT CORPORATION                                 | General      |



|                   |    |                   |    |               |            |                 |                             |         |
|-------------------|----|-------------------|----|---------------|------------|-----------------|-----------------------------|---------|
| KINGSOFT<br>CLOUD | 16 |                   | 9  | 3911383       |            | 8 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 17 |                   | 35 | 3911384       |            | 8 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 18 | India             | 38 | 3911385       | Registered | 8 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 19 |                   | 41 | 3911386       |            | 8 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 20 |                   | 42 | 3911387       |            | 8 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
| KINGSOFT<br>CLOUD | 21 |                   | 9  | D002018037767 |            | 7 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 22 |                   | 35 | J002018037787 |            | 7 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 23 | Indonesia         | 38 | J002018037789 | Accepted   | 7 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 24 |                   | 41 | J002018037791 |            | 7 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 25 |                   | 42 | J002018037792 |            | 7 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
| KINGSOFT<br>CLOUD | 26 |                   | 9  | 40201815520S  |            | 6 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 27 |                   | 35 | 40201815522W  |            | 6 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 28 | Singapore         | 38 | 40201815525P  | Registered | 6 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 29 |                   | 41 | 40201815526Y  |            | 6 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 30 |                   | 42 | 40201815528X  |            | 6 August 2018   | ZHUHAI KINGSOFT CORPORATION | General |
| KINGSOFT<br>CLOUD | 31 |                   | 9  |               |            | 3 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 32 |                   | 35 |               |            | 3 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 33 | United<br>Kingdom | 38 | 3358129       | Registered | 3 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 34 |                   | 41 |               |            | 3 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 35 |                   | 42 |               |            | 3 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |

|                   |    |                   |    |               |            |                  |                             |         |
|-------------------|----|-------------------|----|---------------|------------|------------------|-----------------------------|---------|
| KINGSOFT<br>CLOUD | 36 | European<br>Union | 9  | 17995856      | Registered | 4 December 2018  | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 37 |                   | 35 |               |            | 4 December 2018  | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 38 |                   | 38 |               |            | 4 December 2018  | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 39 |                   | 41 |               |            | 4 December 2018  | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 40 |                   | 42 |               |            | 4 December 2018  | ZHUHAI KINGSOFT CORPORATION | General |
| KINGSOFT<br>CLOUD | 41 | Taiwan            | 9  | 107079577     | Accepted   | 10 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 42 |                   | 35 |               |            | 10 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 43 |                   | 38 |               |            | 10 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 44 |                   | 41 |               |            | 10 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 45 |                   | 42 |               |            | 10 December 2018 | ZHUHAI KINGSOFT CORPORATION | General |
| □□□               | 46 | Singapore         | 9  | 40201905166W  | Accepted   | 8 March 2019     | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 47 |                   | 35 | 40201905169U  |            | 8 March 2019     | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 48 |                   | 38 | 40201905173Y  |            | 8 March 2019     | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 49 |                   | 41 | 40201905174W  |            | 8 March 2019     | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 50 |                   | 42 | 40201905177Q  |            | 8 March 2019     | ZHUHAI KINGSOFT CORPORATION | General |
| □□□               | 51 | Indonesia         | 9  | DID2019014645 | Accepted   | 21 March 2019    | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 52 |                   | 35 | DID2019014643 |            | 21 March 2019    | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 53 |                   | 38 | DID2019014624 |            | 21 March 2019    | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 54 |                   | 41 | DID2019014629 |            | 21 March 2019    | ZHUHAI KINGSOFT CORPORATION | General |
|                   | 55 |                   | 42 | DID2019014630 |            | 21 March 2019    | ZHUHAI KINGSOFT CORPORATION | General |

|     |    |           |    |           |          |               |                             |         |
|-----|----|-----------|----|-----------|----------|---------------|-----------------------------|---------|
|     | 56 |           | 9  |           |          | 8 March 2019  | ZHUHAI KINGSOFT CORPORATION | General |
|     | 57 |           | 35 |           |          | 8 March 2019  | ZHUHAI KINGSOFT CORPORATION | General |
| □□□ | 58 | Hong Kong | 38 | 304851180 | Accepted | 8 March 2019  | ZHUHAI KINGSOFT CORPORATION | General |
|     | 59 |           | 41 |           |          | 8 March 2019  | ZHUHAI KINGSOFT CORPORATION | General |
|     | 60 |           | 42 |           |          | 8 March 2019  | ZHUHAI KINGSOFT CORPORATION | General |
|     | 61 |           | 9  |           |          | 15 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
|     | 62 |           | 35 |           |          | 15 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
| □□□ | 63 | Taiwan    | 38 | 108015748 | Accepted | 15 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
|     | 64 |           | 41 |           |          | 15 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
|     | 65 |           | 42 |           |          | 15 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
|     | 66 |           | 9  | N/151269  |          | 11 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
|     | 67 |           | 35 | N/151270  |          | 11 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
| □□□ | 68 | Macau     | 38 | N/151271  | Accepted | 11 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
|     | 69 |           | 41 | N/151272  |          | 11 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |
|     | 70 |           | 42 | N/151273  |          | 11 March 2019 | ZHUHAI KINGSOFT CORPORATION | General |



## Principal Subsidiaries and VIEs of the Registrant

Principal Subsidiaries

Kingsoft Cloud Corporation Limited

Kingsoft Cloud INC.

Beijing Kingsoft Cloud Technology Co., Ltd.

Beijing Yunxiang Zhisheng Technology Co., Ltd.

Nanyang Kingsoft Cloud Network Technology Co., Ltd.

Place of Incorporation

Hong Kong

The United States

PRC

PRC

PRC

VIE

Zhuhai Kingsoft Cloud Technology Co., Ltd.

Kingsoft Cloud (Beijing) Information Technology Co., Ltd.

Place of Incorporation

PRC

PRC

Significant Subsidiaries of VIEs

Beijing Kingsoft Cloud Network Technology Co., Ltd.

Beijing Jinxun Ruibo Network Technology Co., Ltd.

Xiong'an Kingsoft Cloud Information Technology Co., Ltd.

Nanjing Qianyi Shixun Information Technology Co., Ltd.

Suzhou Yunxiang Zhisheng Network Technology Co., Ltd.

Rizhao Kingsoft Cloud Network Technology Co., Ltd.

Hainan ChengMai Yunxiang Zhisheng Network Technology Co., Ltd.

Kingsoft Cloud (Tianjin) Technology Development Co., Ltd.

Nanjing Kingsoft Cloud Network Technology Co., Ltd.

Wuhan Kingsoft Cloud Information Technology Co., Ltd.

Place of Incorporation

PRC

PRC

PRC

PRC

PRC

PRC

PRC

PRC

PRC

PRC

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated March 10, 2020 (except Note 21, as to which the date is April 17, 2020), in the Registration Statement (Form F-1) and related Prospectus of Kingsoft Cloud Holdings Limited dated April 17, 2020.

/s/ Ernst & Young Hua Ming LLP  
Beijing, the People’s Republic of China  
April 17, 2020

**Kingsoft Cloud Holdings Limited****(the “Company”)****Code of Business Conduct and Ethics**

Adopted , 2020

**Introduction**

This Code of Business Conduct and Ethics (the “**Code**”) has been adopted by our Board of Directors (the “**Board**”) and summarizes the standards that must guide our actions. Although they cover a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation in which ethical decisions must be made, but rather set forth key guiding principles that represent Company policies and establish conditions for employment at the Company.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the Company’s business activities, including, but not limited to, relationships with employees, customers, suppliers, competitors, the government, the public and our shareholders. All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well intentioned actions that violate the law or this Code may result in negative consequences for the Company and for the individuals involved.

One of our Company’s most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

**Conflicts of Interest**

Our employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and to act in the best interest of the Company. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Company.

A “conflict of interest” occurs when a person’s private interest interferes in any way, or even appears to interfere, with the interests of the Company as a whole, including those of its subsidiaries and affiliates. A conflict of interest may arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. A conflict of interest may also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of the employee’s, officer’s or director’s position in the Company.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations that may constitute a conflict of interest:

- Working, in any capacity, for a competitor, customer or supplier while employed by the Company.
- Accepting gifts of more than modest value or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as a result of your position in the Company from a competitor, customer or supplier.

- 
- Competing with the Company for the purchase or sale of property, products, services or other interests.
  - Having an interest in a transaction involving the Company, a competitor, customer or supplier (other than as an employee, officer or director of the Company and not including routine investments in publicly traded companies).
  - Receiving a loan or guarantee of an obligation as a result of your position with the Company.
  - Directing business to a supplier owned or managed by, or which employs, a relative or friend.

Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report actions that may involve a conflict of interest to the Audit Committee of the Board of Directors.

In order to avoid conflicts of interests, senior executive officers and directors must disclose to the Audit Committee of the Board any material transaction or relationship that reasonably could be expected to give rise to such a conflict. Conflicts of interests involving the Audit Committee of the Board shall be disclosed to the Board.

In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

### **Quality of Public Disclosures**

The Company has a responsibility to provide full and accurate information in our public disclosures, in all material respects, about the Company's financial condition and results of operations. Our reports and documents filed with or submitted to the United States Securities and Exchange Commission and our other public communications shall include full, fair, accurate, timely and understandable disclosure, and the Company's senior management and the Audit Committee of the Board to assist in monitoring such disclosures.

### **Compliance with Laws, Rules and Regulations**

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Company shall commit an illegal or unethical act, or instruct others to do so, for any reason.

### **Compliance with this Code and Reporting of Any Illegal or Unethical Behavior**

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including by subjecting persons who violate its provisions to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities.

Situations which may involve a violation of ethics, laws, rules, regulations or this Code may not always be clear and may require the exercise of judgment or the making of difficult decisions.



Employees, officers and directors should promptly report any concerns about a violation of ethics, laws, rules, regulations or this Code to their supervisor or the Legal Department or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee of the Board. Interested parties may also communicate directly with the Company's non-management directors through contact information located in the Company's annual report on Form 20-F.

Any concerns about a violation of ethics, laws, rules, regulations or this Code by any senior executive officer or director should be reported promptly to the Audit Committee of the Board. Reporting of such violations may also be done anonymously through email to the Company at a designated email address for compliance reporting. An anonymous report should provide enough information about the incident or situation to allow the Company to investigate properly. If concerns or complaints require confidentiality, including keeping an identity anonymous, the Company will endeavor to protect this confidentiality, subject to applicable law, regulation or legal proceedings.

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Company will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees, officers and directors without fear of retribution or retaliation is vital to the successful implementation of this Code. All employees, officers and directors are required to cooperate in any internal investigations of misconduct and unethical behavior.

The Company recognizes the need for this Code to be applied equally to everyone it covers. The Legal Department of the Company will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Audit Committee of the Board, and the Company will devote the necessary resources to enable the Legal Department to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with this Code. Questions concerning this Code should be directed to the Legal Department.

The provisions of this section are qualified in their entirety by reference to the following section.

### **Reporting Violations to a Governmental Agency**

Employees have the right under applicable law to certain protections for cooperating with or reporting legal violations to governmental agencies or entities and self-regulatory organizations. As such, nothing in this Code is intended to prohibit any employee from disclosing or reporting violations to, or from cooperating with, a governmental agency or entity or self-regulatory organization, and employees may do so without notifying the Company. The Company may not retaliate against all employee for any of these activities, and nothing in this Code or otherwise requires any employee to waive any monetary award or other payment that he or she might become entitled to from a governmental agency or entity, or self-regulatory organization.

All employees of the Company have the right to:

- Report possible violations of applicable law or regulation that have occurred, are occurring, or are about to occur to any governmental agency or entity, or self-regulatory organization;
- Cooperate voluntarily with, or respond to any inquiry from, or provide testimony before any self-regulatory organization or any other national or local regulatory or law enforcement authority;

- Make reports or disclosures to law enforcement or a regulatory authority without prior notice to, or authorization from, the Company; and
- Respond truthfully to a valid subpoena.

All employees have the right to not be retaliated against for reporting, either internally to the Company or to any governmental agency or entity or self-regulatory organization, information which the employee reasonably believe relates to a possible violation of law. It is a violation of law to retaliate against anyone who has reported such potential misconduct either internally or to any governmental agency or entity or self-regulatory organization. Retaliatory conduct includes discharge, demotion, suspension, threats, harassment, and any other manner of discrimination in the terms and conditions of employment because of any lawful act the employee may have performed. It is unlawful for the company to retaliate against an employee for reporting possible misconduct either internally or to any governmental agency or entity or self-regulatory organization.

Notwithstanding anything contained in this Code or otherwise, employees may not disclose confidential Company information, including the existence and terms of any confidential agreements between the employee and the Company (including employment or severance agreements), to any governmental agency or entity or self-regulatory organization.

The Company cannot require an employee to withdraw reports or filings alleging possible violations of national or local law or regulation, and the Company may not offer employees any kind of inducement, including payment, to do so.

An employee's rights and remedies as a whistleblower protected under applicable whistleblower laws, including a monetary award, if any, may not be waived by any agreement, policy form, or condition of employment, including by a predispute arbitration agreement.

Even if an employee has participated in a possible violation of law, the employee may be eligible to participate in the confidentiality and retaliation protections afforded under applicable whistleblower laws, and the employee may also be eligible to receive an award under such laws.

### **Waivers and Amendments**

Any waiver (including any implicit waiver) of the provisions in this Code for executive officers or directors may only be granted by the Board or a committee thereof and will be promptly disclosed to the Company's shareholders. Any such waiver will also be disclosed in the Company's annual report on Form 20-F. Amendments to this Code must be approved by the Board and will also be disclosed in the Company's annual report on Form 20-F.

### **Trading on Inside Information**

Using non-public Company information to trade in securities, or providing a family member, friend or any other person with non-public Company information, is illegal. All non-public, Company information should be considered inside information and should never be used for personal gain. You are required to familiarize yourself and comply with the Company's Policy against Insider Trading, copies of which are distributed to all employees, officers and directors and are available from the Legal Department. You should contact the Legal Department with any questions about your ability to buy or sell securities.

---

## **Protection of Confidential Proprietary Information**

Confidential proprietary information generated by and gathered in our business is a valuable Company asset. Protecting this information plays a vital role in our continued growth and ability to compete, and all proprietary information should be maintained in strict confidence, except when disclosure is authorized by the Company or required by law.

Proprietary information includes all non-public information that might be useful to competitors or that could be harmful to the Company, its customers or its suppliers if disclosed. Intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, research and new product plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of proprietary information violates Company policy and could be illegal. Such use or distribution could result in negative consequences for both the Company and the individuals involved, including potential legal and disciplinary actions. We respect the property rights of other companies and their proprietary information and require our employees, officers and directors to observe such rights.

Your obligation to protect the Company's proprietary and confidential information continues even after you leave the Company, and you must return all proprietary information in your possession upon leaving the Company.

The provisions of this section are qualified in their entirety by the section entitled "Reporting Violations to Governmental Agencies" above.

## **Protection and Proper Use of Company Assets**

Protecting Company assets against loss, theft or other misuse is the responsibility of every employee, officer and director. Loss, theft and misuse of Company assets directly impact our profitability. Any suspected loss, misuse or theft should be reported to a supervisor or the Legal Department.

The sole purpose of the Company's equipment, vehicles, supplies and electronic resources (including hardware, software and the data thereon) is the conduct of our business. They may only be used for Company business consistent with Company guidelines.

## **Corporate Opportunities**

Employees, officers and directors are prohibited from taking for themselves business opportunities that are discovered through the use of corporate property, information or position. No employee, officer or director may use corporate property, information or position for personal gain, and no employee, officer or director may compete with the Company. Competing with the Company may involve engaging in the same line of business as the Company or any situation in which the employee, officer or director takes away from the Company opportunities for sales or purchases of property, products, services or interests. Employees, officers and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

---

## **Fair Dealing**

Each employee, officer and director of the Company should endeavor to deal fairly with customers, suppliers, competitors, the public and one another at all times and in accordance with ethical business practices.

Each employee has an obligation to comply with the anti-corruption and anti-bribery laws of the People's Republic of China and any other regions and countries in which the Company operates. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No bribes, kickbacks or other similar payments in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. In the event of a violation of these provisions, the Company and any employee, officer or director involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy.

Occasional business gifts to, or entertainment of, non-government employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of Company business. However, these gifts should be given infrequently and their value should be modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted. Practices that are acceptable in a commercial business environment may be against the law or the policies governing national or local government employees.

Except in certain limited circumstances, the United States Foreign Corrupt Practices Act (the "FCPA") prohibits giving anything of value directly or indirectly to any "non-U.S. official" for the purpose of obtaining or retaining business. When in doubt as to whether a contemplated payment or gift may violate the FCPA, contact a supervisor or the Audit Committee of the Board before taking any action.

## **Compliance with Antitrust Laws**

The antitrust laws prohibit agreements among competitors on such matters as prices, terms of sale to customers and the allocation of markets or customers. Antitrust laws can be complex, and violations may subject the Company and its employees to criminal sanctions, including fines, jail time and civil liability. If you have any questions about our antitrust compliance policies, consult the Legal Department.

## **Political Contributions and Activities**

Any political contributions made by or on behalf of the Company and any solicitations for political contributions of any kind must be lawful and in compliance with Company policies. This policy applies solely to the use of Company assets and is not intended to discourage or prevent individual employees, officers or directors from making political contributions or engaging in political activities on their own behalf. No one may be reimbursed directly or indirectly by the Company for personal political contributions.

---

## **Doing Business with Others**

We strive to promote the application of the standards of this Code by those with whom we do business. Our policies, therefore, prohibit the engaging of a third party to perform any act prohibited by law or by this Code, and we shall avoid doing business with others who intentionally and continually violate the law or the standards of this Code.

## **Accuracy of Company Financial Records**

We maintain the highest standards in all matters relating to accounting, financial controls, internal reporting and taxation. All financial books, records and accounts must accurately reflect transactions and events and conform both to required accounting principles and to the Company's system of internal controls. Records shall not be distorted in any way to hide, disguise or alter the Company's true financial position.

## **Retention of Records**

All Company business records and communications shall be clear, truthful and accurate. Employees, officers and directors of the Company shall avoid exaggeration, guesswork, legal conclusions and derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including email and "informal" notes or memos. Records should always be handled according to the Company's record retention policies. If an employee, officer or director is unsure whether a document should be retained, consult a supervisor or the Legal Department before proceeding.

## **Anti-Money Laundering**

We are committed to preserving our reputation in the financial community by assisting in efforts to combat money laundering and terrorist financing. Money laundering is the practice of disguising the ownership or source of illegally obtained funds through a series of transactions to "clean" the funds so they appear to be proceeds from legal activities.

We have adopted measures to reduce the extent to which the Company's facilities, products and services can be used for a purpose connected with market abuse or financial crimes. Additionally, where necessary, we screen customers, potential customers and suppliers to ensure that our products and services cannot be used to facilitate money laundering or terrorist activity. If you have any questions about our internal anti-money laundering process and procedure, consult the Legal Department.

## **Social Media**

Unless you are authorized by the Company, you are discouraged from discussing the Company as part of your personal use of social media. While business should only be conducted through approved channels, we understand that social media is used as a source of information and as a form of communicating with friends, family and workplace contacts.

When you are using social media and identify yourself as a Company employee, officer or director or mention the Company incidentally, for instance on a WeChat moments or professional networking site, please remember the following:

- Never disclose confidential information about the Company or its business, customers or suppliers.
- Make clear that any views expressed are your own and not those of the Company.
- Remember that our policy on Equal Opportunity, Non-Discrimination and Fair Employment applies to social media sites.
- Be respectful of your colleagues and all persons associated with the Company, including customers and suppliers.
- Promptly report to the Company's corporate communications department any social media content which inaccurately or inappropriately discusses the Company.
- Never respond to any information, including information that may be inaccurate about the Company.
- Never post documents, parts of documents, images or video or audio recordings that have been made with Company property or of Company products, services or people or at Company functions or events.

### **Professional Networking**

Online networking on professional or industry sites, such as LinkedIn, has become an important and effective way for colleagues to stay in touch and exchange information. Employees, officers and directors should use good judgment when posting information about themselves or the Company on any of these services.

What you post about the Company or yourself will reflect on all of us. When using professional networking sites, you should observe the same standards of professionalism and integrity described in our code and follow the social media guidelines outlined above.

### **Government Inquiries**

The Company cooperates with government agencies and authorities. Forward all requests for information, other than routine requests, to the Legal Department immediately to ensure that we respond appropriately.

All information provided must be truthful and accurate. Never mislead any investigator. Do not ever alter or destroy documents or records subject to an investigation.

### **Review**

The Board shall review this Code annually and make changes as appropriate.

# 方達律師事務所

## FANGDA PARTNERS

上海 Shanghai • 北京 Beijing • 深圳 Shenzhen • 广州 Guangzhou • 香港 Hong Kong

<http://www.fangdalaw.com>

中国北京市朝阳区光华路1号  
嘉里中心北楼27楼  
邮政编码: 100020

电子邮件  
电话  
传真

E-mail: [email@fangdalaw.com](mailto:email@fangdalaw.com)  
Tel.: 86-10-5769-5600  
Fax: 86-10-5769-5788

27/F, North Tower, Kerry Center  
No. 1, Guanghua Road, Chaoyang District  
Beijing 100020, PRC

To: **Kingsoft Cloud Holdings Limited**

April 17, 2020

### Re: Legal Opinion

Dear Sirs,

We are lawyers qualified in the People's Republic of China (the "PRC", which, for the purpose of this opinion, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) and, as such, are qualified to issue this opinion on PRC Laws (as defined below).

We are acting as PRC legal counsel to Kingsoft Cloud Holdings Limited (the "Company"), solely in connection with (A) the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed by the Company with the U.S. Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended, relating to the proposed initial public offering (the "**Offering**") by the Company of a certain number of the Company's American depositary shares (the "**ADSs**"), each representing a certain number of ordinary shares of par value US\$ 0.001 per share of the Company, and (B) the proposed issuance and sale of the ADSs and the proposed listing and trading of the ADSs on the Nasdaq Global Select Market.

As used in this opinion, (A) "**PRC Authorities**" means any national, provincial or local governmental, regulatory or administrative authority, agency or commission in the PRC, or any court, tribunal or any other judicial or arbitral body in the PRC; (B) "**PRC Laws**" means all laws, rules, regulations, statutes, orders, decrees, notices, circulars, judicial interpretations and other legislations of the PRC effective and available to the public as of the date hereof; (C) "**Governmental Authorizations**" means all approvals, consents, waivers, sanctions, certificates, authorizations, filings, registrations, exemptions, permissions, annual inspections, qualifications, permits and licenses required by any PRC

Authorities pursuant to any PRC Laws; (D) “**PRC Subsidiaries**” means Beijing Kingsoft Cloud Technology Co., Ltd. and Beijing Yunxiang Zhisheng Technology Co., Ltd., two wholly-foreign owned enterprises incorporated under the PRC Laws; and (E) “**Variable Interest Entities**” means Zhuhai Kingsoft Cloud Technology Co., Ltd. and Kingsoft Cloud (Beijing) Information Technology Co., Ltd.; and (F) “**M&A Rules**” means the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which was issued by six PRC regulatory agencies, namely, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, which has been merged into the State Administration for Market Regulation, the China Securities Regulatory Commission (the “**CSRC**”) and the State Administration for Foreign Exchange, on August 8, 2006 and became effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009.

In so acting, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of the documents provided to us by the Company, the PRC Subsidiaries and the Variable Interest Entities, and such other documents, corporate records, certificates, Governmental Authorizations and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion, including, without limitation, originals or copies of the agreements listed in Appendix A hereof (the “**VIE Agreements**”) and the certificates issued by the PRC Authorities and officers of the Company (collectively, the “**Documents**”).

In reviewing the Documents and for the purpose of this opinion, we have assumed:

- (1) the genuineness of all the signatures, seals and chops;
- (2) the authenticity of the Documents submitted to us as originals, the conformity with the originals of the Documents provided to us as copies and the authenticity of such originals;
- (3) the truthfulness, accuracy, completeness and fairness of all factual statements contained in the Documents;
- (4) that the Documents have not been revoked, amended, varied or supplemented except as otherwise indicated in such Documents;
- (5) that all information (including factual statements) provided to us by the Company, the PRC Subsidiaries and the Variable Interest Entities in response to our enquiries for the purpose of this opinion is true, accurate, complete and not misleading, and that the Company, the PRC Subsidiaries and the Variable Interest Entities have not withheld



anything that, if disclosed to us, would reasonably cause us to alter this opinion in whole or in part;

(6) that all parties other than the PRC Subsidiaries, and the Variable Interest Entities have the requisite power and authority to enter into, execute, deliver and perform the Documents to which they are parties;

(7) that all parties other than the PRC Subsidiaries and the Variable Interest Entities have duly executed, delivered and performed the Documents to which they are parties, and all parties will duly perform their obligations under the Documents to which they are parties;

(8) that all Governmental Authorizations and other official statement or documentation were obtained from competent PRC Authorities by lawful means; and

(9) that all the Documents are legal, valid, binding and enforceable under all such laws as govern or relate to them, other than PRC Laws.

#### I. Opinions

Based on the foregoing and subject to the disclosures contained in the Registration Statement and the qualifications set out below, we are of the opinion that, as of the date hereof, so far as PRC Laws are concerned:

(a) Based on our understanding of PRC Laws (i) the ownership structures of the PRC Subsidiaries and the Variable Interest Entities, both currently and immediately after giving effect to the Offering, do not and will not violate applicable PRC Laws; (ii) each of the VIE Agreements is valid, binding and enforceable in accordance with its terms and applicable PRC Laws both currently and immediately after giving effect to the Offering, does not and will not violate applicable PRC Laws. However, there are substantial uncertainties regarding the interpretation and application of PRC Laws and future PRC laws, rules, regulations, statutes, orders, decrees, notices, circulars, judicial interpretations and other legislations, and there can be no assurance that the PRC Authorities will not take a view that is contrary to or otherwise different from our opinion stated above.

(b) The M&A Rules, among other things, purport to require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of overseas listing of securities through acquisitions of PRC domestic interests held by such PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The CSRC has not issued any definitive rules or interpretations concerning whether offerings such as the Offering are subject to the CSRC approval

procedures under the M&A Rules. Based on our understanding of the PRC Laws (including the M&A Rules), a prior approval from the CSRC is not required under the M&A Rules for the Offering because (i) the PRC Subsidiaries were established by means of direct investment rather than by merger with or acquisition of any PRC domestic companies as defined under the M&A Rules; and (ii) there is no statutory provision that clearly classifies the contractual arrangements among the PRC Subsidiaries and the Variable Interest Entities and their respective shareholders under the VIE Agreements as transactions regulated by the M&A Rules. However, uncertainties still exist as to how the M&A Rules will be interpreted and implemented and our opinion stated above is subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules.

(c) The statements set forth in the Registration Statement under the heading “Taxation —People’s Republic of China Taxation”, to the extent that the discussion states definitive legal conclusions under PRC tax laws and regulations, subject to the qualifications therein, constitute our opinion on such matters.

## II. Qualifications

This opinion is subject to the following qualifications:

(a) This opinion is, in so far as it relates to the validity and enforceability of a contract, subject to (i) any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors’ rights generally, (ii) possible judicial or administrative actions or any PRC Laws affecting creditors’ rights, (iii) certain equitable, legal or statutory principles affecting the validity and enforceability of contractual rights generally under concepts of public interest, interests of the State, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (iv) any circumstance in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, or coercive at the conclusions thereof; and (v) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney’s fees and other costs, and the waiver of immunity from jurisdiction of any court or from legal process.

(b) This opinion is subject to the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC.

(c) This opinion relates only to PRC Laws and there is no assurance that any of such PRC Laws will not be changed, amended or replaced in the immediate future or in the longer

term with or without retrospective effect. We express no opinion as to any laws other than PRC Laws.

(d) This opinion is intended to be used in the context which is specially referred to herein and each section should be considered as a whole and no part should be extracted and referred to independently.

This opinion is delivered solely for the purpose of and in connection with the Registration Statement submitted to the U.S. Securities and Exchange Commission on the date of this opinion and may not be used for any other purpose without our prior written consent.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to, the Registration Statement, and to the use of our firm's name under the captions "Risk Factors", "Enforceability of Civil Liabilities", "Corporate History and Structure" and "Legal Matters" in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Yours sincerely,

/s/ Fangda Partners

---

Fangda Partners

## Appendix A List of VIE Agreements

I. VIE Agreements among Beijing Kingsoft Cloud Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd. and the shareholders of Zhuhai Kingsoft Cloud Technology Co., Ltd.:

(a) Exclusive Purchase Option Agreement dated June 20, 2014, as amended and supplemented on November 29, 2019, among Beijing Kingsoft Cloud Technology Co., Ltd., Weiqin Qiu, Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Zhuhai Kingsoft Cloud Technology Co., Ltd.;

(b) Equity Pledge Agreement dated June 20, 2014, among Beijing Kingsoft Cloud Technology Co., Ltd., Zhuhai Kingsoft Cloud Technology Co., Ltd., Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Weiqin Qiu;

(c) Exclusive Consultation and Technical Service Agreement dated November 9, 2012, as amended and supplemented on November 29, 2019, among Beijing Kingsoft Cloud Network Technology Co., Ltd., Beijing Kingsoft Cloud Technology Co., Ltd. and Zhuhai Kingsoft Cloud Technology Co., Ltd.;

(d) Shareholder Voting Right Trust Agreement dated June 20, 2014, as amended and supplemented on November 29, 2019, among Beijing Kingsoft Cloud Technology Co., Ltd., Weiqin Qiu, Beijing Kingsoft Digital Entertainment Technology Co., Ltd. and Zhuhai Kingsoft Cloud Technology Co., Ltd.;

(e) Loan Agreements dated November 9, 2012 and June 20, 2014 respectively, as amended and supplemented on November 29, 2019, between Beijing Kingsoft Cloud Technology Co., Ltd. and Weiqin Qiu.

II. VIE Agreements among Beijing Yunxiang Zhisheng Technology Co., Ltd., Kingsoft Cloud (Beijing) Information Technology Co., Ltd. and the shareholders of Kingsoft Cloud (Beijing) Information Technology Co., Ltd.:

(a) Exclusive Purchase Option Agreement dated July 18, 2018, as amended and supplemented on November 29, 2019, among Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu, Yulin Wang and Kingsoft Cloud (Beijing) Information

Technology Co., Ltd.;

(b) Equity Pledge Agreement dated July 18, 2018, among Kingsoft Cloud (Beijing) Information Technology Co., Ltd., Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu and Yulin Wang;

(c) Exclusive Consultation and Technical Service Agreement dated July 18, 2018, as amended and supplemented on November 29, 2019, between Kingsoft Cloud (Beijing) Information Technology Co., Ltd. and Beijing Yunxiang Zhisheng Technology Co., Ltd.;

(d) Shareholder Voting Right Trust Agreement dated July 18, 2018, as amended and supplemented on November 29, 2019, among Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu, Yulin Wang and Kingsoft Cloud (Beijing) Information Technology Co., Ltd.;

(e) Loan Agreement dated July 18, 2018, as amended and supplemented on November 29, 2019, among Beijing Yunxiang Zhisheng Technology Co., Ltd., Weiqin Qiu and Yulin Wang.

April 17, 2020

Kingsoft Cloud Holdings Limited  
Kingsoft Tower, No. 33, Xiao Ying West Road,  
Haidian District  
Beijing, 100085, the People's Republic of China  
+86 10 6292 7777

Re: Consent of Frost & Sullivan

Ladies and Gentlemen,

Reference is made to the registration statement on Form F-1 (the "Registration Statement") filed by Kingsoft Cloud Holdings Limited (the "Company") with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in connection with its proposed initial public offering (the "Proposed IPO").

We hereby consent to the use of and references to our name and the inclusion of information, data and statements from our research reports and amendments thereto, including, without limitation, the industry report titled "Independent Market Research For China Cloud Service Industry" (collectively, the "Reports"), and any subsequent amendments to the Reports, as well as the citation of our reports and amendments thereto, (i) in the Registration Statement and any amendments thereto, including, but not limited to, under the "Prospectus Summary", "Industry Overview" and "Business" sections; (ii) in any written correspondence with the SEC, (iii) in any other future filings with the SEC by the Company, including, without limitation, filings on Form 20-F, Form 6-K and other SEC filings (collectively, the "SEC Filings"), (iv) on the websites or in the publicity materials of the Company and its subsidiaries and affiliates, (v) in institutional and retail roadshows and other activities in connection with the Proposed IPO, and (vi) in other publicity and marketing materials in connection with the Proposed IPO.

We further hereby consent to the filing of this letter as an exhibit to the Registration Statement and any amendments thereto and as an exhibit to any other SEC Filings by the Company for the use of our data and information cited for the above-mentioned purposes.

Yours faithfully,

For and on behalf of

**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.**

/s/ Yves Wang  
Name: Yves Wang  
Title: Managing Director, China

March 10, 2020

**Kingsoft Cloud Holdings Limited (the “Company”)**

Kingsoft Tower

No. 33, Xiao Ying West Road

Haidian District, Beijing, 100085

the People’s Republic of China

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the references to my name in the Registration Statement on Form F-1 (the “Registration Statement”) of the Company and any amendments thereto, which indicate that I have accepted the nomination to become a director of the Company. I further agree that immediately upon the Securities and Exchange Commission’s declaration of effectiveness of the Registration Statement, I will serve as a member of the board of directors of the Company.

---

Sincerely yours,

/s/ Hang Wang

Name: Hang Wang



March 10, 2020

**Kingsoft Cloud Holdings Limited (the “Company”)**

Kingsoft Tower

No. 33, Xiao Ying West Road

Haidian District, Beijing, 100085

the People’s Republic of China

Ladies and Gentlemen:

Pursuant to Rule 438 under the Securities Act of 1933, as amended, I hereby consent to the references to my name in the Registration Statement on Form F-1 (the “Registration Statement”) of the Company and any amendments thereto, which indicate that I have accepted the nomination to become a director of the Company. I further agree that immediately upon the Securities and Exchange Commission’s declaration of effectiveness of the Registration Statement, I will serve as a member of the board of directors of the Company.

---

Sincerely yours,

/s/ Mingto Yu

---

Name: Mingto Yu