
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2012 when Kingsoft Corporation established our Company in the Cayman Islands and two wholly-owned subsidiaries of our Group, namely Kingsoft Cloud Corporation Limited and Beijing Kingsoft Cloud to commence operation of the cloud-based business. Under the leadership of Mr. Wang Yulin, our executive Director and Chief Executive Officer who joined our Group in December 2012, our core management team comprises seasoned professionals with strong expertise and extensive experience in cloud-based platform and technology. For the biographies and industry experience of Mr. Wang and other senior management members, please refer to the section headed “Directors and Senior Management” in this Document.

OUR BUSINESS DEVELOPMENT MILESTONES

The following table sets forth the key business development milestones of our Group:

Year	Event
2012	<p>Our Company was incorporated in the Cayman Islands as a subsidiary of Kingsoft Group.</p> <p>We commenced business operation upon establishment of Beijing Kingsoft Cloud in the PRC.</p>
2013	<p>We completed our series A financing, in an aggregate amount of approximately US\$20 million.</p>
2014	<p>We introduced and implemented our “<i>All in</i>” <i>Cloud</i> strategy.</p>
2015	<p>We extended our customer base to public service organizations on municipal level, including Beijing.</p> <p>We completed our series B financing, in an aggregate amount of approximately US\$55 million.</p>
2016	<p>We completed our series C financing and series C+ financing, in an aggregate amount of approximately US\$60 million and US\$48.9 million, respectively.</p>
2017	<p>We became a member of the Cloud Security Alliance (CSA), a global organization dedicated to defining and raising awareness of best practices to help ensure a secure cloud computing environment.</p>
2018	<p>We were among the first in the industry to offer cloud solutions to financial service providers.</p>

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Year	Event
	We completed our series D financing, in an aggregate amount of approximately US\$720 million.
2020	We completed our series D+ financing, in an aggregate amount of approximately US\$70 million. We were spun-off from Kingsoft Group and our ADSs are listed on the Nasdaq under the symbol “KC”. We completed our follow-on public offering on the Nasdaq.
2021	We published our first ESG report. We acquired the controlling interest in Camelot which enables us to benefit from rich industry experience of its management, large customer base and long-standing client relationships and deep vertical know-how with nationwide fulfillment centers.
2022	We attained the TRUSTe Enterprise Privacy & Data Governance Certification, a well-recognized certification for strong data privacy management practices in the industry. We made further progress in ESG by enhancing the Board’s overseeing on ESG issues through the Corporate Governance Committee and embracing gender diversity and workplace inclusiveness by appointing Ms. Qu Jingyuan as our first female Director on the Board.

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities, the place and date of incorporation of the members of our Group that made a material contribution to our results of operation during the Track Record Period are shown below:

Name	Place and date of incorporation	Principal business activities
Zhuhai Kingsoft Cloud ⁽¹⁾	PRC, August 21, 2009	Investment holding
Kingsoft Cloud Network ⁽¹⁾	PRC, March 25, 2011	Cloud services
Nanjing Qianyi ⁽¹⁾	PRC, March 20, 2014	Cloud services

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Name	Place and date of incorporation	Principal business activities
Yunxiang Zhisheng	PRC, December 15, 2015	Research and development
Kingsoft Cloud Information ⁽¹⁾	PRC, April 13, 2018	Investment holding
Beijing Jinxun Ruibo ⁽¹⁾	PRC, December 17, 2015	Cloud services
Wuhan Kingsoft Cloud ⁽¹⁾	PRC, December 26, 2017	Cloud services
Kingsoft Cloud Corporation Limited	Hong Kong, February 1, 2012	Cloud services
Beijing Kingsoft Cloud	PRC, April 9, 2012	Research and development
Kingsoft Cloud Tianjin ⁽¹⁾	PRC, May 30, 2019	Cloud services
Camelot Technology	PRC, March 12, 2001	Enterprise digital solutions and related services

Note:

- (1) We exercise effective control over the operation of these entities through contractual arrangements. Please refer to the section headed “Contractual Arrangements” for further details.

SPIN-OFF FROM KINGSOFT GROUP AND LISTING ON THE NASDAQ

Immediately prior to our listing on the Nasdaq, our Company was a non-wholly owned subsidiary of Kingsoft Corporation, a company listed on the Main Board of the Stock Exchange (stock code: 03888). The spin-off of our Company from the Kingsoft Group for a separate listing of ADSs on the Nasdaq, which constituted a major transaction of Kingsoft Corporation, was approved by its shareholders in March 2020 pursuant to paragraph 3(e)(1) of Practice Note 15 and Chapter 14 of the Listing Rules.

On May 8, 2020, we listed ADSs on the Nasdaq under the symbol “KC”. Our initial public offering on the Nasdaq was completed on May 12, 2020. Pursuant to the initial public offering (the “**Nasdaq Offering**”), our Company sold 30,000,000 ADSs, representing 450,000,000 Shares at an offering price of US\$17.00 per ADS, among which, 1,175,000 and 2,355,000 ADSs representing 17,625,000 and 35,325,000 Shares, were subscribed at the initial public offering price and on the same terms as the other ADSs offered at the initial public offering on the Nasdaq by (i) Kingsoft Corporation and (ii) Xiaomi, for the consideration of US\$19,975,000 and US\$40,035,000, respectively. Upon completion of the initial public

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offering, all of our issued and outstanding Preferred Shares were automatically converted into Shares on a one-for-one basis. On May 12, 2020, the underwriters had exercised their over-allotment option to purchase an additional 4,500,000 ADSs, representing 67,500,000 Shares at a price of US\$17.00 per ADS.

We received from our initial public offering gross proceeds of approximately US\$586.5 million and net proceeds, including the underwriters’ over-allotment option after deducting the underwriting discounts and offering expenses, of approximately US\$547.5 million. We intend to utilize the net proceeds from our initial public offering on the Nasdaq for upgrading and expanding our infrastructure, investment in technology and product development, expanding our ecosystem and international presence and for general corporate and working capital purposes as disclosed in our registration statement on Form F-1 filed with the SEC in connection with our initial public offering on the Nasdaq.

On September 23, 2020, we completed a follow-on public offering at a price of US\$31.00 per ADS, where (i) we sold 8,000,000 ADSs representing 120,000,000 Shares and (ii) several selling shareholders sold 8,421,576 ADSs representing 126,323,640 Shares. Additionally, the underwriters exercised their over-allotment option to purchase an additional 1,250,000 ADSs representing 18,750,000 Shares on October 30, 2020. We received from this offering gross proceeds of approximately US\$286.8 million and net proceeds, including the underwriters’ option, after deducting the underwriting discounts and offering expenses, of approximately US\$276.3 million.

COMPLIANCE WITH THE RULES OF NASDAQ

Our Directors confirm that since the date of our listing on the Nasdaq and up to the Latest Practicable Date, we had no instances of non-compliance with the rules of the Nasdaq in any material respect and, to the best knowledge of our Directors having made all reasonable inquiries, there is no matter that should be brought to [REDACTED] attention in relation to our compliance record on the Nasdaq.

REASONS FOR THE [REDACTED]

Our Board is of the view that the [REDACTED] and the [REDACTED] will present us with an opportunity to further expand our [REDACTED] base and broaden our access to capital markets and provide us with the necessary funding for us to upgrade our technology infrastructure, strengthen our technology capabilities and enhance product or solution offerings by investing in cutting-edge technologies, and expand our ecosystem through strategic partnership and investments. In addition, as a U.S. listed company, we are pursuing the [REDACTED] to provide our Shareholders with greater liquidity and protection amid an evolving market and regulatory environment. Please see the sections headed “Business – Our Strategies” and “Future Plans and Use of [REDACTED]” for details. It is expected that the [REDACTED] from the [REDACTED], after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses payable by us, will amount to approximately HK\$[REDACTED] (based on the indicative [REDACTED] of HK\$[REDACTED] per [REDACTED], and assuming the [REDACTED] is not exercised).

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MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Our Company was incorporated in the Cayman Islands on January 3, 2012 as the holding company of our Group. Upon incorporation, our Company had an authorized share capital of US\$300,000 divided into 300,000,000 Shares with a par value of US\$0.001 each. Following the increase of authorized share capital of our Company in December 2021, as of the Latest Practicable Date, our Company had an authorized share capital of US\$40,000,000 divided into 40,000,000,000 Shares with a par value of US\$0.001 each.

The major shareholding changes of our Company during the Track Record Period and up to the Latest Practicable Date were set out below:

Ordinary Shares

In May 2020, we sold a total of 34,500,000 ADSs, representing 517,500,000 Shares, pursuant to our initial public offering on the Nasdaq, and an additional 4,500,000 ADSs, representing 67,500,000 Shares were sold upon exercise of the over-allotment option by the underwriters in May 2020. In September 2020, we sold a total of 8,000,000 ADSs representing 120,000,000 Shares, pursuant to a follow-on offering on the Nasdaq, and an additional 1,250,000 ADSs representing 18,750,000 Shares were sold upon exercise of the over-allotment option by the underwriters in October 2020. Further details of our initial public offering and the follow-on offering are set out in the paragraph headed “Spin-off from Kingsoft Group and Listing on the Nasdaq” in this section.

In September 2021, we issued an aggregate of 247,475,446 Shares to certain then existing shareholders of Camelot, a company incorporated under the BVI laws, respectively, pursuant to an agreement and merger plan entered into by, among others, our Company and Camelot. For further details, please refer to the paragraph headed “Acquisition of Camelot” in this section.

Preferred Shares

Our Company issued certain preferred shares to various investors historically which include 458,116,000 series A preferred shares, 153,603,600 series B preferred shares, 185,665,192 series C preferred shares, and 842,738,782 series D preferred shares, all of which had a par value of US\$0.001 each.

On December 27, 2019, we further issued (i) 55,089,998 series D+ preferred shares with a par value of US\$0.001 each to China Internet Investment Fund (“CIIF”) for a consideration of US\$50,000,000, and (ii) 22,035,999 D+ preferred shares with a par value of US\$0.001 each to Design Time Limited (“Design Time”) for a consideration of US\$20,000,000, pursuant to the share purchase agreements entered into with CIIF on December 2, 2019 and Design Time on December 16, 2019, respectively.

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Immediately upon the completion of our initial public offering on the Nasdaq, all the issued and outstanding preferred shares were converted into ordinary shares on a one-for-one basis. As of the Latest Practicable Date, our Company has an issued share capital of US\$3,805,284.80 divided into 3,805,284,801 Shares of US\$0.001 each.

OUR INVESTORS PRIOR TO THE NASDAQ LISTING

Since our incorporation, we have received various rounds of investment from investors including professional equity investment funds and notable technology companies, where we issued ordinary shares and preferred shares in the share capital of our Company to these investors. The aggregate net proceeds from such investments amounted to approximately US\$990.4 million. The investments led to the issuance of certain preferred shares in the share capital of our Company which were converted into ordinary shares immediately prior to the completion of our initial public offering on the Nasdaq. Further details are as set out in the paragraph headed “Major Shareholding Changes of our Company – Preferred Shares” in this section. All the special rights of these investors have been terminated and of no further force or effect immediately upon our listing on the Nasdaq.

ACQUISITION OF CAMELOT

Camelot primarily offers enterprise digital solutions and related services. For further details of the financial service cloud solutions offered by Camelot, please refer to the paragraph headed “Business – Our Products and Solutions – Industry Specific Solutions – Financial Service Cloud Solutions”. By acquiring and integrating with Camelot, we expect to benefit from its (i) core senior management’s rich experience; (ii) large customer base and long-standing client relationships to cross-sell our products and solutions; (iii) deep vertical know-how for developing industry solutions; and (iv) nationwide fulfillment centers across major cities in China for project deployment with lower costs with enhanced efficiency and increased customer stickiness.

On July 31, 2021, the Camelot Merger Agreement was entered into by and among (i) our Company, (ii) Camelot, (iii) Yiming Ma (“**Mr. Ma**”) and Heidi Chou (“**Ms. Chou**”), being founders of Camelot (the “**Founders**”), (v) Benefit Overseas Limited (“**Benefit Overseas**”), a company incorporated under BVI laws and wholly-owned by Mr. Ma, and (vi) Dreams Power Ltd. (“**Dreams Power**”), a company incorporated under the BVI laws and wholly-owned by Ms. Chou. To the best knowledge, information and belief of the Directors having made all reasonable inquiries, each of Mr. Ma, Ms. Chou, other than existing shareholders of Camelot and their respective ultimate beneficial owners is an Independent Third Party.

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Pursuant to the Camelot Merger Agreement, the Company acquired the 79.53% equity interests in Camelot Technology by using a combination of (a) cash consideration in the approximate USD equivalent amount of RMB760.9 million and (b) share consideration in the approximate USD equivalent amount of RMB4.0 billion, to be settled in two tranches (the “**Camelot Consideration**” and the “**Camelot Acquisition**”). The Camelot Consideration was determined based on arm’s length negotiation among the parties with reference to the market value of comparable companies with similar business nature and the future business prospects of Camelot. There are no special rights granted to the Founders, the non-founder shareholders of Camelot (the “**Camelot Non-Founder Shareholders**”) or any of their investment holding companies as a result of the completion of the the Camelot Merger Agreement. As of the Latest Practicable Date, the Company has plans to acquire the remaining equity interests thereof and no definitive agreements had been signed with respect to the acquisition of such minority interests. The Company will comply with at all times with the applicable provisions under the Listing Rules in respect of any such further acquisitions that may materialize after [REDACTED].

The first tranche of the Camelot Consideration, according to the Camelot Merger Agreement, included (a) a cash consideration in the approximate USD equivalent amount of RMB350 million; and (b) a share consideration in the approximate USD equivalent amount of RMB3.05 billion. The second tranche of the Camelot Consideration, included (a) a cash consideration in the approximate USD equivalent amount of RMB260.9 million payable to the Camelot Non-Founder Shareholders on June 30, 2023; and (b) a share consideration in the approximate USD equivalent amount of RMB782.6 million to be issued to the Camelot Non-Founder Shareholders on June 30, 2023. The number of the Shares to be issued for the purpose of settling the second tranche share consideration shall be determined and calculated based on the volume-weighted average price of the Company’s ADSs listed on the Nasdaq for thirty (30) trading days immediately preceding June 30, 2023 (the “**Shares Calculation Basis**”). Additionally, in order to secure certain obligations such as tax filing, payment and indemnifications under the Camelot Merger Agreement, the parties also agreed that, among other things, an aggregate cash consideration of approximately RMB150 million was escrowed until April 30, 2022 and share consideration of approximately RMB180 million would be held back from issuance until June 30, 2023 (the “**Holdback Shares**”) based on the same Shares Calculation Basis. The second tranche and the escrowed tranche of the cash consideration are expected to be settled by the Company using internal resources.

The Camelot Acquisition has been properly and legally completed on September 3, 2021 (the “**Closing Date**”), upon the fulfillment of the customary closing conditions, the settlement of the first tranche of the cash consideration of USD equivalent amount of RMB350 million, as well as the Company’s issuance of 247,475,446 shares (excluding the Holdback Shares and calculated based on the volume weighted average price of the ADSs listed on the Nasdaq for thirty (30) trading days immediately preceding the Closing Date) as the first tranche share consideration to the then Camelot shareholders, of which 101,453,974, 73,034,892 and 72,986,580 Shares were issued to Mr. Ma, Ms. Chou and the Camelot Non-Founder Shareholders, respectively.

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Upon completion of the Camelot Merger on September 3, 2021, Camelot became a non-wholly owned subsidiary of the Company and its financial results were consolidated by the Company. Camelot was subsequently merged with and into Iridescence Limited, a wholly-owned subsidiary of the Company, pursuant to the Camelot Merger Agreement. Please refer to the paragraph headed “Our Structure Immediately Prior to the [REDACTED]” in this section for details.

Given that the Company will issue additional Shares with an aggregate USD equivalent amount of approximately RMB962.6 million on June 30, 2023 under the Camelot Merger Agreement, Shareholders will experience dilution on their shareholdings in the Company. For details of the dilution risk, please see “Risk Factors – Risks Relating to our Ordinary Shares and the ADSs – Purchasers of our Ordinary Shares will incur immediate and significant dilution and may experience further dilution if we issue additional shares or other equity securities in the future, including pursuant to the share incentive schemes.”

Each of Mr. Ma and Ms. Chou agreed, among other things, that with respect to 25% of our Shares issued to him or her (or his or her designated affiliate(s) to receive such Shares) on the Closing Date thereunder, it shall not transfer any such Shares (or ADSs representing such shares) until June 30, 2023.

Based on the historical financial information of Camelot, the Camelot Acquisition would have been classified as a major transaction under Chapter 14 of the Listing Rules if such acquisition was made by a listed issuer. Therefore, the Camelot Acquisition triggers the disclosure threshold pursuant to Rule 4.05A of the Listing Rules, and our Company is required to disclose the pre-acquisition financial information of Camelot from January 1, 2019 to September 3, 2021, which is set forth in Note 31 to the Accountant’s Report included in Appendix IA.

Save as disclosed above, we have not conducted any major acquisitions, disposals or mergers since our incorporation that we consider to be material to us during the Track Record Period and would be classified as a transaction that falls under Rule 4.05A of the Listing Rules.

RESTRUCTURING OF OUR CONTRACTUAL ARRANGEMENTS

The Group provides its cloud services mainly through (i) subsidiaries of Zhuhai Kingsoft Cloud and (ii) Kingsoft Cloud Information and its respective subsidiaries (the “**PRC Operating Entities**”). The Contractual Arrangements were put in place for the Company to obtain control over the Consolidated Affiliated Entities and to operate value-added telecommunication services. Please refer to the sections headed “Contractual Arrangements” and “Connected Transactions” for further details of the Contractual Arrangements.

In order to adhere to the “narrowly tailored” principle under the Listing Decision LD43-3 to the extent practicable, we underwent reorganization of the holding structure of our onshore subsidiaries and Consolidated Affiliated Entities in preparation for the [REDACTED]. To the extent permitted under the relevant PRC laws and regulations, certain PRC Operating Entities

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that have not yet commenced operations and are not subject to foreign investment restrictions under applicable PRC laws and regulations have been or are in the process of being (i) transferred to the wholly foreign owned enterprises (the “WFOE(s)”) within the Group and become indirect wholly-owned subsidiaries of the Company, or (ii) dissolved, with the relevant business, if any, transferred to a WFOE and/or its other wholly-owned subsidiaries (as the case may be). None of these entities is material to our business, operations and financial performance. Please refer to the paragraph headed “Our Structure Immediately Prior to the [REDACTED]” in this section for the shareholding and corporate structure of our Group after the completion of the aforesaid restructuring.

As we gradually expands our business in cloud services, we will procure Zhuhai Kingsoft Cloud to apply for the relevant prohibited licenses and/or restrictive licenses.

STRATEGIC COOPERATION AND ANTI-DILUTION FRAMEWORK AGREEMENTS

On January 27, 2022 and January 29, 2022, our Company entered into strategic cooperation and anti-dilution framework agreements (the “**Strategic Cooperation and Anti-Dilution Agreements**”) with Kingsoft Corporation and Xiaomi, respectively, pursuant to which the parties agree, among other things, to form a strategic cooperation with each other in respect of products, services and solutions under various potential business fields (each, a “**Strategic Cooperation**”). The parties to the Strategic Cooperation and Anti-dilution Agreements agree that, as part of their agreement to continuously explore Strategic Cooperation opportunities with each other, we shall, subject to compliance with applicable rules and regulations, grant an anti-dilution option (the “**Anti-Dilution Option**”) to each of Kingsoft Corporation and Xiaomi, respectively, to the effect that during the period from the date of the respective Strategic Cooperation and Anti-Dilution Agreement to December 31, 2024, Kingsoft Corporation and Xiaomi are entitled to subscribe such number of Shares to maintain their respective existing shareholding in our Company upon completion of such placing and issuance of new Shares by the Company.

Pursuant to the Anti-Dilution Option, each of Kingsoft Corporation and Xiaomi, is entitled to, by itself or through its affiliates, subscribe for such number of new Shares to be [REDACTED] by our Company in the [REDACTED] on a pro rata basis (the “**Anti-Dilution Subscriptions**”) such that the percentage of Shares held by each of them immediately following the completion of the [REDACTED] (including the exercise of any [REDACTED] which may be granted by us to the [REDACTED] of the [REDACTED]) will be up to that immediately prior to the completion of the [REDACTED]. The Anti-Dilution Subscription shall be made on the same terms and conditions as those generally [REDACTED] to other [REDACTED] under the [REDACTED], and the [REDACTED] subscribed by Kingsoft Corporation and Xiaomi in the [REDACTED] shall rank *pari passu* with and have the same rights as other [REDACTED] issued pursuant to the [REDACTED].

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EQUITY INCENTIVE PLANS

2013 Share Option Scheme

Our Company adopted 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 the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity. As of the Latest Practicable Date, 152,827,585 share options granted under the 2013 Share Option Scheme had been vested and exercised. For the principal terms and details of the outstanding share options (including the number of vested and unvested share options as of the Latest Practicable Date) under the 2013 Share Option Scheme, please refer to the paragraph headed “Appendix IV – Statutory and General Information – D. Equity Incentive Plans – 1. 2013 Share Option Scheme and – 4. Outstanding share options, share awards and RSUs granted under the Equity Incentive Plans.”

2013 Share Award Scheme

Our Company adopted the 2013 Share Award Scheme on February 22, 2013, as amended on January 9, 2015, March 3, 2016, June 8, 2016, 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 to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity. As of the Latest Practicable Date, 110,954,461 share awards granted under the 2013 Share Award Scheme had been vested. For the principal terms and details of the outstanding share awards (which have not been vested as of the Latest Practicable Date) under the 2013 Share Award Scheme, please refer to the paragraph headed “Appendix IV – Statutory and General Information – D. Equity Incentive Plans – 2. 2013 Share Award Scheme and – 4. Outstanding share options, share awards and RSUs granted under the Equity Incentive Plans.”

2021 Share Incentive Plan

Our Company adopted the 2021 Share Incentive Plan on November 15, 2021 and amended on [●], 2022. The purpose of the 2021 Share Incentive Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, Directors, and consultants and to promote the success of the Company’s business. As of the Latest Practicable Date, no share option had been granted under the 2021 Share Incentive Plan and 5,373,487 restricted share units granted thereunder had been vested. For the principal terms and details of the outstanding restricted share units (which have not been vested as of the Latest Practicable Date) under the 2021 Share Incentive Plans, please refer to the paragraph headed “Appendix IV – Statutory and General Information – D. Equity Incentive Plans – 3. 2021 Share Incentive Plan and – 4. Outstanding share options, share awards and RSUs granted under the Equity Incentive Plans.”

The Company will comply with Chapter 14A and other applicable rules of the Listing Rules for any share awards to be granted to connected persons under the Equity Incentive Plans after [REDACTED].

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PRC REGULATORY REQUIREMENTS

SAFE registration in the PRC

Pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment, Financing and Round Trip Investment via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular No. 37”), promulgated by SAFE on July 4, 2014, (i) a PRC resident must register with the local SAFE counterpart before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE counterpart for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Notice on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), promulgated by SAFE on February 13, 2015 and effective on June 1, 2015, the power of foreign exchange registration was delegated from the local SAFE counterpart to qualified local banks where the domestic entity was incorporated.

As advised by our PRC Legal Adviser, Mr. Wang Yulin has completed the registration under the SAFE Circular 37 in December 2015.

[REDACTED]

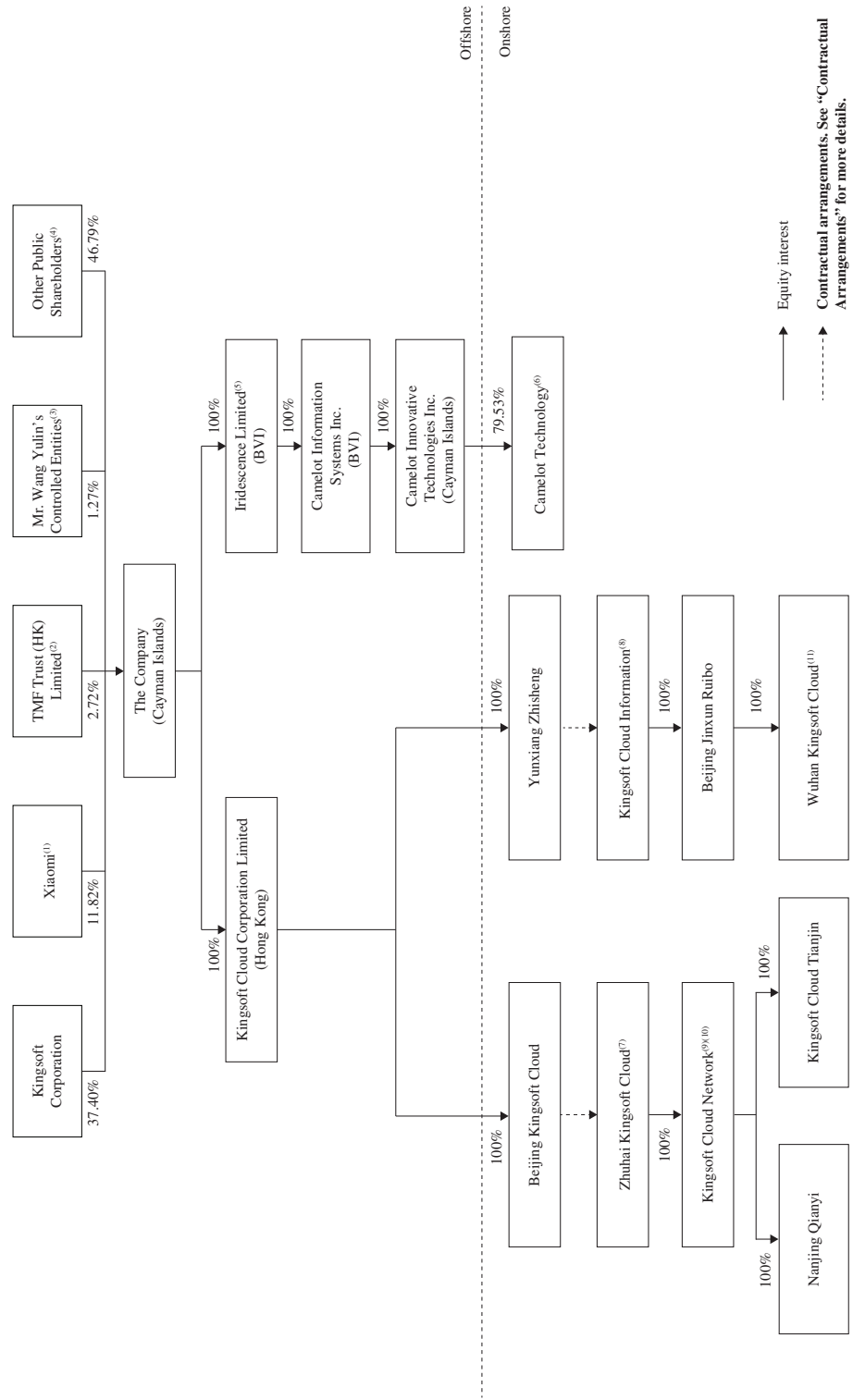
So far as our Directors are aware, upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares which may be further issued under the Equity Incentive Plans), the Shares held by Autogold Limited and River Jade Holdings Limited which are controlled by Mr. Wang Yulin, our core connected persons, the Shares held by Kingsoft Corporation and Xiaomi which are the substantial shareholders of our Company and the Shares or ADSs owned by the directors of our Company and subsidiaries, their respective spouses and entities controlled by them, will not be counted towards the [REDACTED].

So far as our Directors are aware, save as provided above and 103,501,929 Shares held by TMF Trust (HK) Limited as trustee for satisfying future exercise or vesting of share awards granted under the Equity Incentive Plans, the remaining Shareholders are not core connected persons and will collectively hold 2,250,822,863 Shares or approximately [REDACTED]% of the total number of issued shares of our Company, which will count towards the [REDACTED], upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares which may be further issued under the Equity Incentive Plans).

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OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following diagram illustrates our simplified corporate and shareholding structure, showing our major subsidiaries and operating entities as at the Latest Practicable Date and immediately prior to the completion of the [REDACTED] (assuming there is no change in the shareholding of the public Shareholders from the Latest Practicable Date to immediately prior to the [REDACTED] and assuming no further Shares are issued under the Equity Incentive Plans):



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Notes:

- (1) Xiaomi is controlled by Mr. Lei Jun, the chairman of our Board and our non-executive Director.
- (2) TMF Trust (HK) Limited, as trustee, holding 103,501,929 Shares underlying the share awards granted and to be granted under the Equity Incentive Plans, representing approximately 2.72% of the issued share capital of the Company as of the Latest Practicable Date. The voting rights with respect to these Shares were held by TMF Trust (HK) Limited, where it will exercise the respective voting rights in accordance with the instructions of the advisory committee of the Company as specified in the trust deed. Among the 103,501,929 Shares held by TMF Trust (HK) Limited, (i) 6,000,000 Shares are beneficially owned by Mr. Wang Yulin, underlying the share awards granted to and vested in him pursuant to the 2013 Share Award Scheme and (ii) 83,279,670 Shares have been transferred to Bank of New York Mellon in preparation for conversion into ADSs upon vesting of certain share awards granted under the Equity Incentive Plans.
- (3) Mr. Wang Yulin’s controlled entities include:
 - (a) River Jade Holdings Limited, a company incorporated under the laws of the BVI which is ultimately controlled by Mr. Wang Yulin, held 9,600,000 Shares, representing approximately 0.25% of the issued share capital of the Company as of the Latest Practicable Date; and
 - (b) Autogold Limited (“**Autogold**”) held 38,729,425 Shares, representing approximately 1.02% of the issued share capital of the Company as of the Latest Practicable Date. Autogold is a company incorporated under the laws of the BVI and wholly-owned by Prosper River Group Limited, which is 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. Wang Yulin, our executive Director and Chief Executive Officer, is the settlor of The YTCM Trust, and Mr. Wang and his family members are the beneficiaries of The YTCM Trust.
- (4) Other Public Shareholders include:
 - (a) Celestial Power Limited, a company incorporated under the laws of BVI and one of the investors prior to our listing on the Nasdaq holding 43,153,502 Shares, representing approximately 1.13% of the issued share capital of the Company as of the Latest Practicable Date;
 - (b) CIIF, a limited partnership established under the laws of the PRC and one of the investors prior to our listing on the Nasdaq, holding 55,089,998 Shares, representing approximately 1.45% of the issued share capital of the Company as of the Latest Practicable Date;
 - (c) Mr. Ma and Ms. Chou, being founders of Camelot, holding 89,453,974 Shares and 73,034,892 Shares, representing approximately 2.35% and 1.92% of the issued share capital of the Company as of the Latest Practicable Date;
 - (d) the Non-founder shareholders of Camelot, holding 50,648,715 Shares, representing approximately 1.33% of the issued share capital of the Company as of the Latest Practicable Date; and
 - (e) the remaining public Shareholders who each holds less than 5% of the issued share capital of the Company as of the Latest Practicable Date.

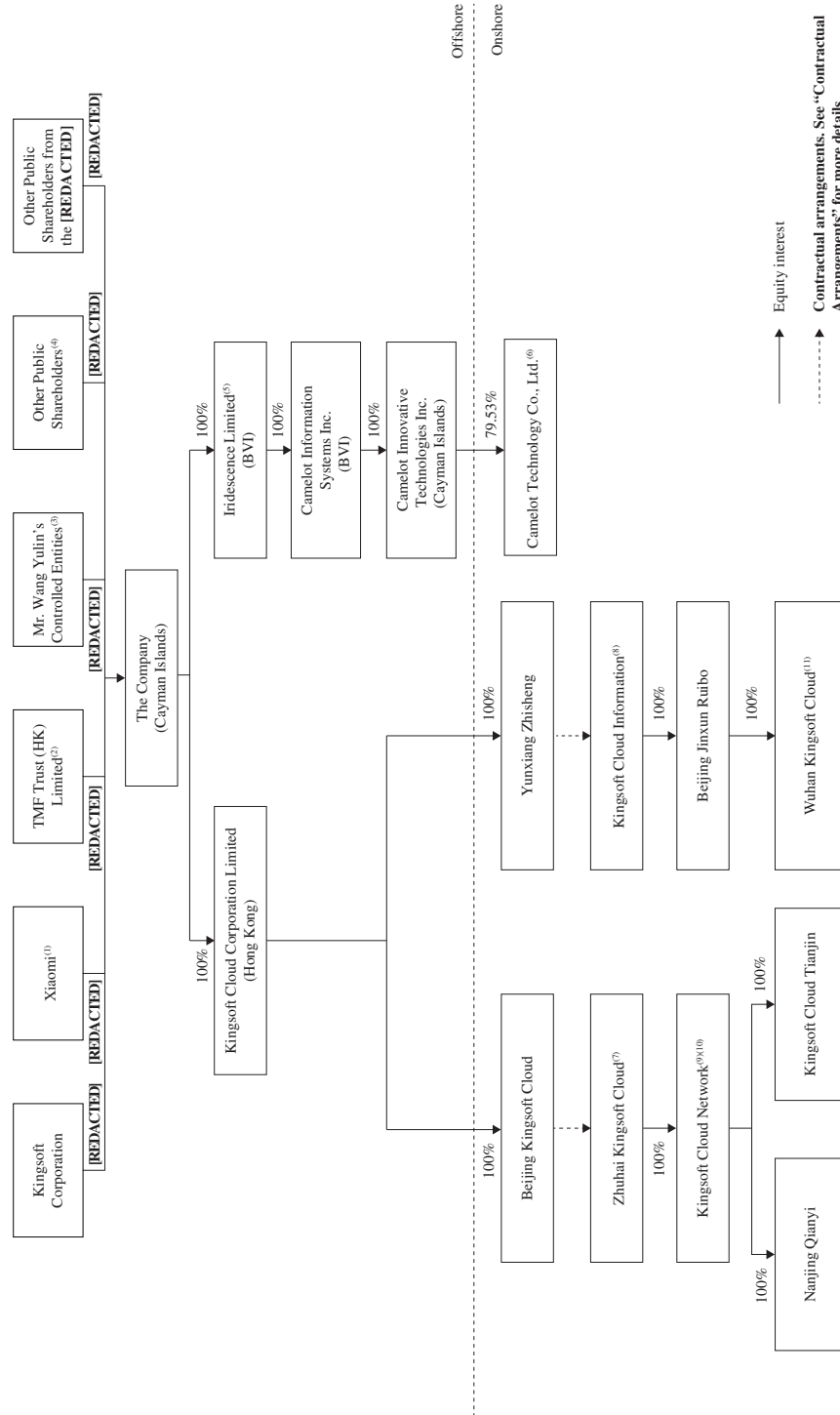
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (5) Pursuant to the Camelot Merger Agreement, after a series of mergers involving among others, Benefit Overseas and Dreams Power, Camelot has been merged with and into Iridescence Limited, a company incorporated under the BVI laws and wholly-owned by our Company.
- (6) The remaining approximately 20.47% of equity interest in Camelot Technology was held by three employees’ shareholding platforms and two other shareholders who are Independent Third Parties (apart from being the substantial shareholder of Camelot Technology).
- (7) Zhuhai Kingsoft Cloud is held as to 79.60% and 20.40% by Beijing Digital Entertainment and Ms. Qiu Weiqin as registered shareholders.
- (8) Kingsoft Cloud Information is held as to 80% and 20% by Ms. Qiu Weiqin and Mr. Wang Yulin, our executive Director and Chief Executive Officer, respectively, as registered shareholders.
- (9) Each of the following Project Entities (as defined in the section headed “Contractual Arrangements”), namely Rizhao Kingsoft Cloud Network Technology Co., Ltd.* (日照金山雲網絡技術有限公司), Kingsoft Cloud Network Technology (Jiangsu) Co., Ltd.* (金山雲網絡技術(江蘇)有限公司), Kingsoft Cloud (Qingyang) Data Information Technology Co., Ltd.* (金山雲(慶陽)數據信息科技(貴州)有限公司), Kingsoft Cloud Intelligent City Technology (Guizhou) Co., Ltd.* (金山雲智慧城市科技(貴州)有限公司) and Kingsoft Cloud Perception City Technology (Anhui) Co., Ltd.* (金山雲感知城市科技(安徽)有限公司), and its subsidiary, Changjiang Digital Technology (Anhui) Co., Ltd.* (長江數字科技(安徽)有限公司), is a subsidiary of Kingsoft Cloud Network.
- (10) Shanghai Jinxun Ruibo, being a Licensed Entity (as defined in the section headed “Contractual Arrangements”), is a subsidiary of Kingsoft Cloud Network.
- (11) Each of Chibi Kingsoft Cloud Network Technology Co., Ltd.* (赤壁金山雲網絡技術有限公司), being a Project Entity, and Kingsoft Cloud (Shenzhen) Edge Computing Technology Co., Ltd.* (金山雲(深圳)邊緣計算科技(深圳)有限公司) (formerly known as Shenzhen Yunfan Jiasu Technology Co., Ltd. (深圳市雲帆加速科技有限公司), being a Licensed Entity is a subsidiary of Wuhan Kingsoft Cloud.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The following diagram illustrates our simplified corporate and shareholding structure, showing our major subsidiaries and operating entities immediately following the completion of the [REDACTED] (assuming there is no change in the shareholding of the public Shareholders from the Latest Practicable Date to immediately following the [REDACTED] and assuming the [REDACTED] is not exercised and no further Shares are issued under Equity Incentive Plans):



Notes (1)-(11): Please see notes (1)-(11) under the paragraph headed “– Our Structure Immediately Prior to the [REDACTED]” in this section.