



KINGSOFT ANNOUNCES 2019 FIRST QUARTER RESULTS

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**Kingsoft Cloud Achieves Robust Growth
Rapid Growth from Value-Added Services Continue to Fuel Growth of WPS Office**

FINANCIAL HIGHLIGHTS

<i>RMB'000 (Unaudited)</i>	For the three months ended		
	31 March 2019	31 March 2018	31 December 2018
Revenue	1,726,512	1,263,727	1,758,959
- Online Games	599,653	632,378	659,106
- Cloud Services	839,270	418,920	726,584
- Office Software and Services and Others	287,589	212,429	373,269
Gross Profit	657,947	615,643	755,361
Operating Profit/(Loss)	(81,660)	25,958	(156,704)
Profit/(Loss) Attributable to Owners of the Parent	(63,550)	118,388	229,139
Basic EPS (RMB cents)	(5)	9	17

(14 May 2019 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company”; HKEx stock code: 03888), a leading Chinese software and Internet service company, has announced its unaudited quarterly results for the three months ended 31 March 2019 (“period under review”).

During the period under review, the revenue of Kingsoft increased 37% year-over-year to RMB1,726.5 million. Revenue from the online games, cloud services, and office software and services and others represented 34%, 49% and 17%, respectively, of total revenue. Gross profit was RMB657.9 million.

Mr. Jun LEI, Chairman of Kingsoft, commented, “We saw a steady development momentum across all of our businesses in the first quarter of 2019. We continued to expand the influence of our JX IP, and are expecting to launch JX Online III mobile game in the second quarter. Kingsoft Cloud expanded its cooperation and service coverage in a continuous and steady way. Meanwhile, we launched WPS Office 2019 for Linux Professional and WPS Office for Mac in March and April respectively, and we are constantly looking for new and creative ways to improve customer experience in smart offices.”

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added, “In the first quarter, our total revenue increased by 37% year-on-year to RMB1,726.5 million, which shows a positive start to 2019. Kingsoft Cloud recorded

a year-on-year growth of 100% and office software and services and other businesses grew 35% year-on-year in the first quarter.”

BUSINESS REVIEW

Online Games

Revenue from the online games business for the first quarter of 2019 reached to RMB599.7million. Kingsoft’s mobile games business achieved a stable performance during the first quarter. Gross billings of JX Online I mobile game and Eudemons Online (魔域) grew steadily quarter-over-quarter, showing their potential for long-term development. We are going to launch JX Online III mobile game in the second quarter. The number of bookings has already reached 12 million and we believe that the release of JX Online III mobile game will drive the growth of online games business. Regarding Kingsoft’s flagship PC game JX Online III, we have set up a professional league club in March this year, indicating its continuous improvement and growing popularity as an e-sports. As a long-term product, we are focusing on the continuous improvement of quality and user experience to achieve long-term stability of JX Online III. Meanwhile, the Company’s IP derivative business is growing steadily. The theatrical play JX Online III: Live Fantasy (劍網3: 曲雲傳) will be on a tour across country this spring and summer, constantly expanding the influence of Kingsoft’s classic IP.

Cloud Services

Driven by both the internet market and the enterprise cloud market, revenue from the cloud services for the first quarter of 2019 achieved robust growth, increasing 100% year-on-year and 16% quarter-on-quarter to RMB839.3million.

Kingsoft Cloud maintained its leading position in the video sector, with breakthroughs in enterprise cloud markets such as government, finance, game, and healthcare, leading to the rapid growth of the business. In the video sector, leveraging its strong capabilities and deep understanding of the video industry, Kingsoft Cloud set out a development strategy incorporating AI and edging cloud computing technology to provide its customers with a better experience. Regarding the financial cloud, Kingsoft Cloud continued to provide diversified services across more business scenarios to large banks, namely China Construction Bank and China Merchants Bank. Going forward, Kingsoft Cloud will continue to promote the all-cloud services, explore integration and innovation with cloud computing, artificial intelligence and different scenarios, accelerate digital transformation of enterprises customers, and strive to meet its customers’ needs for optimizing cost and better video experiences.

Office Software and Services and Others

Revenue from the office software and services and others for the first quarter of 2019 increased 35% year-on-year to RMB287.6million. The solid year-on-year growth was mainly due to the business upgrade for the enterprise market and the rapid growth from value added services.

WPS Office 2019 for Linux Professional was officially launched in March 2019, and it is expected to help the Company’s expansion in government enterprises. In April 2019, the WPS Office for Mac was officially released in Apple’s App Store, topping the most downloaded free app list on its debut day. During the period, WPS Office continued to push forward its “Cloud+AI” strategy. After teaming up with Alibaba’s DingTalk, WPS provided a customized Web Office for Baidu Wangpan, to further expand its cloud office ecosystem. Meanwhile, WPS Office continued to enhance its overall brand recognition and product

appeal. In March 2019, WPS Office teamed up with the Palace Museum and China's Forbidden City Association to hold the first Digital Creative Design Competition for Chinese symbols. WPS Office will continue exploring the integration of technology innovation and traditional Chinese culture to build an efficient and creative office experience for users from home and abroad.

Mr. Jun LEI concluded, “The first quarter demonstrated another good performance across all business divisions. Today, we are confident in our strategy, the strength of our business model and our development going forward. Looking ahead, we intend to bring our new flagship mobile games to our users in the coming quarters and continue the strong growth and development of our cloud services and office software and services businesses. We expect the performance will further improve in the year upon the debut of our new JX Online III mobile game. We will continue to drive long-term growth and are committed to deliver increased value to our shareholders.”

About Kingsoft Corporation Limited

Kingsoft is a leading software and Internet services company based in China listed on the stock exchange of Hong Kong. It has three subsidiaries including Season, Kingsoft Cloud and Kingsoft Office. Following the implementation of its “mobile internet transformation” strategy, Kingsoft has completed the comprehensive transformation of its overall business and management models and formed a strategic platform with interactive entertainment and office software as the pillars and cloud computing as the new growth driver and source. The Company has over 6,000 staff around the world. It enjoys a large market share in various countries and regions both home and abroad. For more information, please visit <http://www.kingsoft.com>.

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