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Kingsoft Corporation Limited

金山軟件有限公司

(Continued into the Cayman Islands with limited liability)

(Stock Code: 03888)

ANNOUNCEMENT OF THE RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019

The board (“**Board**”) of directors (the “**Directors**”) of Kingsoft Corporation Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries (the “**Group**” or “**Kingsoft**”) for the three months ended 30 September 2019.

FINANCIAL HIGHLIGHTS

	For the three months ended			Year- on-year Change %	Quarter- on-quarter Change %
	30 September 2019 RMB'000 (Unaudited)	30 September 2018 RMB'000 (Unaudited)	30 June 2019 RMB'000 (Unaudited)		
Revenue	2,022,940	1,537,712	1,874,069	32	8
Profit/(loss) attributable to owners of the parent*	36,061	(59,258)	(1,415,205)	Not Applicable	Not Applicable
	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)		
Basic earnings/(loss) per share	0.03	(0.04)	(1.04)	Not Applicable	Not Applicable
Diluted earnings/(loss) per share	0.03	(0.04)	(1.04)	Not Applicable	Not Applicable

* Profit/(loss) attributable to owners of the parent before the effect of share-based compensation costs is RMB80.9 million, RMB(21.6) million and RMB(1,372.4) million for the three months ended 30 September 2019, 30 September 2018 and 30 June 2019, respectively.

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year- on-year Change %	Quarter- on-quarter Change %
	30 September 2019	30 September 2018	30 June 2019		
Online Games					
Daily Average Peak Concurrent Users ("ADPCU")	571,992	729,372	680,869	(22)	(16)
Monthly Average Paying Accounts ("APA")	2,021,129	3,430,132	2,542,271	(41)	(20)
	In September 2019	In September 2018	In June 2019	Year- on-year Change %	Quarter- on-quarter Change %
Office Software*					
Monthly Active Users ("MAU")(Million)	382	287	348	33	10

* Office Software products include WPS Office and Kingsoft PowerWord.

The unaudited condensed consolidated statement of profit or loss, comprehensive income, financial position and cash flows of the Group are listed below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the three months ended		
	30 September 2019 <i>RMB'000</i> <i>(Unaudited)</i>	30 September 2018 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2019 <i>RMB'000</i> <i>(Unaudited)</i>
Revenue			
Online games	663,491	678,349	569,838
Cloud services	976,339	603,272	918,239
Office software and services and others	383,110	256,091	385,992
	<u>2,022,940</u>	<u>1,537,712</u>	<u>1,874,069</u>
Cost of revenue	<u>(1,200,072)</u>	<u>(843,209)</u>	<u>(1,159,999)</u>
Gross profit	822,868	694,503	714,070
Research and development costs, net	(533,898)	(514,519)	(498,483)
Selling and distribution expenses	(272,162)	(228,109)	(241,879)
Administrative expenses	(124,995)	(114,671)	(107,450)
Share-based compensation costs	(60,003)	(50,712)	(56,979)
Other income	46,428	57,310	60,109
Other expenses	(10,330)	(28,704)	(12,409)
	<u>(132,092)</u>	<u>(184,902)</u>	<u>(143,021)</u>
Operating loss	(132,092)	(184,902)	(143,021)
Other losses, net	(87,441)	(82,868)	(1,326,704)
Finance income	71,943	90,412	75,119
Finance costs	(98,581)	(91,712)	(99,297)
Share of profits and losses of:			
Joint ventures	8,405	15,866	8,756
Associates	127,556	27,563	(58,296)
	<u>(110,210)</u>	<u>(225,641)</u>	<u>(1,543,443)</u>
Loss before tax	(110,210)	(225,641)	(1,543,443)
Income tax expense	(28,539)	(28,964)	(5,143)
	<u>(138,749)</u>	<u>(254,605)</u>	<u>(1,548,586)</u>
Loss for the period	(138,749)	(254,605)	(1,548,586)
Attributable to:			
Owners of the parent	36,061	(59,258)	(1,415,205)
Non-controlling interests	(174,810)	(195,347)	(133,381)
	<u>(138,749)</u>	<u>(254,605)</u>	<u>(1,548,586)</u>
	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>
Earnings/(loss) per share attributable to ordinary equity holders of the parent			
Basic	<u>0.03</u>	<u>(0.04)</u>	<u>(1.04)</u>
Diluted	<u>0.03</u>	<u>(0.04)</u>	<u>(1.04)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended		
	30 September 2019 <i>RMB'000</i> <i>(Unaudited)</i>	30 September 2018 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2019 <i>RMB'000</i> <i>(Unaudited)</i>
LOSS FOR THE PERIOD	(138,749)	(254,605)	(1,548,586)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	102,253	217,645	41,546
Share of other comprehensive income/(loss) of associates	25,747	(9,088)	39,930
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	128,000	208,557	81,476
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value, net of tax	(26,981)	(155,787)	(65,510)
Share of comprehensive income/(loss) of associates	396	(444)	(21,655)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(26,585)	(156,231)	(87,165)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	101,415	52,326	(5,689)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(37,334)	(202,279)	(1,554,275)
Attributable to:			
Owners of the parent	148,569	(19,080)	(1,408,634)
Non-controlling interests	(185,903)	(183,199)	(145,641)
	(37,334)	(202,279)	(1,554,275)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2019 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2018 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS		
Property, plant and equipment	2,405,684	2,036,424
Investment properties	62,864	63,943
Prepaid land lease payments	—	288,401
Goodwill	—	9,559
Other intangible assets	41,461	56,382
Investments in joint ventures	186,439	155,574
Investments in associates	2,902,866	4,349,397
Equity investments designated at fair value through other comprehensive income	642,614	746,718
Financial assets at fair value through profit or loss	122,724	84,044
Right-of-use assets	415,927	—
Deferred tax assets	118,758	96,527
Other non-current assets	87,025	83,220
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Total non-current assets	6,986,362	7,970,189
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CURRENT ASSETS		
Inventories	12,671	11,679
Trade receivables	1,906,383	1,184,650
Prepayments, other receivables and other assets	1,152,189	906,383
Equity investments designated at fair value through other comprehensive income	10,000	10,000
Financial assets at fair value through profit or loss	4,000	—
Restricted cash	—	98,102
Cash and bank deposits	8,965,435	9,868,809
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Total current assets	12,050,678	12,079,623
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CURRENT LIABILITIES		
Trade payables	1,483,222	947,702
Interest-bearing bank loans	619,678	1,053,393
Other payables and accruals	1,216,318	1,100,560
Deferred revenue	880,654	722,781
Income tax payable	75,750	86,601
Liability component of convertible bonds	—	40,171
Lease liabilities	22,549	—
Derivative financial instruments	158,725	154,765
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Total current liabilities	4,456,896	4,105,973
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NET CURRENT ASSETS	7,593,782	7,973,650
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TOTAL ASSETS LESS CURRENT LIABILITIES	14,580,144	15,943,839
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 September 2019 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2018 <i>RMB'000</i> <i>(Audited)</i>
NON-CURRENT LIABILITIES		
Deferred revenue	53,848	29,661
Deferred tax liabilities	18,917	19,584
Interest-bearing bank loans	125,138	231,224
Lease liabilities	103,807	—
Liability component of redeemable convertible preferred shares	3,113,911	2,741,771
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Total non-current liabilities	3,415,621	3,022,240
	<hr/>	<hr/>
NET ASSETS	11,164,523	12,921,599
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EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,316	5,316
Share premium account	2,972,969	2,972,969
Treasury shares	(16,295)	(18,089)
Equity component of convertible bonds	—	1,274
Other reserves	8,740,888	10,076,369
	<hr/>	<hr/>
	11,702,878	13,037,839
Non-controlling interests	(538,355)	(116,240)
	<hr/>	<hr/>
TOTAL EQUITY	11,164,523	12,921,599
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the three months ended		
	30 September 2019 <i>RMB'000</i> <i>(Unaudited)</i>	30 September 2018 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2019 <i>RMB'000</i> <i>(Unaudited)</i>
Net cash flows from operating activities	87,465	5,649	293,985
Net cash flows from investing activities	532,289	84,476	156,885
Net cash flows used in financing activities	(1,767)	(66,191)	(96,480)
Net increase in cash and cash equivalents	617,987	23,934	354,390
Cash and cash equivalents at beginning of the period	4,236,773	3,251,538	3,859,611
Effect of foreign exchange rate changes, net	(43,365)	19,161	22,772
Cash and cash equivalents at end of the period	4,811,395	3,294,633	4,236,773
Non-pledged time deposits with original maturity of over three months when acquired	1,054,823	3,470,998	1,150,772
Principal protected structure deposits with original maturity of over three months when acquired	3,099,217	3,088,571	3,592,937
Cash and bank deposits as stated in the condensed consolidated statement of financial position	8,965,435	9,854,202	8,980,482

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company was incorporated under the Companies Act of the British Virgin Islands on 20 March 1998. On 15 November 2005, it was redomiciled to the Cayman Islands under the Company Law (2004 revision) of Cayman Islands. The Company's shares (the "Shares") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 October 2007.

The Group was principally involved in the following activities:

- research and development of games, and provision of online games, mobile games and casual game services;
- provision of cloud storage and cloud computation services; and
- design, research and development and sales and marketing of the office software products and services of WPS Office.

The interim condensed consolidated financial statements for the three months ended 30 September 2019 were approved and authorised for issue in accordance with a resolution of the Board on 13 November 2019.

2. Basis of preparation and significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, issued by International Accounting Standards Board ("IASB").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

Certain comparative amounts in the interim condensed consolidated financial statement have been reclassified to conform with the current period's presentation.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of preparation and significant accounting policies (continued)

Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), except for the adoption of new standards and interpretations effective as at 1 January 2019.

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements 2015–2017 Cycle	<i>Amendments to a number of IFRSs</i>

Other than as explained below regarding the impact of IFRS 16, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17. For those lease contracts whose lease terms end within 12 months as of 1 January 2019, the Group used the exemptions allowed by the standard.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended 30 September 2019

Revenue

Revenue for the third quarter of 2019 increased 32% year-on-year and 8% quarter-on-quarter to RMB2,022.9 million. Revenue from the online games, cloud services, office software and services and others represented 33%, 48% and 19%, respectively, of the Group's total revenue for the third quarter of 2019. Revenue from these business lines is reported net of intra-group transactions.

Revenue from the online games business for the third quarter of 2019 decreased 2% year-on-year and increased 16% quarter-on-quarter to RMB663.5 million. The year-on-year decrease primarily reflected decreased revenue from existing games, partially offset by the revenue contribution from newly released mobile games this year. The quarter-on-quarter increase was mainly due to revenue growth of our flagship game JX Online III PC game with continuous improvements in user experience through constant content updates, and revenue contribution from JX Online III mobile game launched in June 2019.

Revenue from the cloud services for the third quarter of 2019 increased 62% year-on-year and 6% quarter-on-quarter to RMB976.3 million. The rapid year-on-year increase was mainly driven by an increase of customer usage from mobile video sector and increased revenue from enterprise cloud. The steady quarter-on-quarter increase was mainly due to revenue growth from enterprise cloud, supported by our progress in expanding into particular industries.

Revenue from the office software and services and others for the third quarter of 2019 increased 50% year-on-year and decreased 1% quarter-on-quarter to RMB383.1 million. The year-on-year increase was mainly due to strong growth from value-added services of WPS Office personal edition, driven by enhanced user engagement and increased paid users with more practical functions and high quality resources provided. The slight quarter-on-quarter decrease was primarily due to weak seasonality in the third quarter.

Cost of Revenue and Gross Profit

Cost of revenue for the third quarter of 2019 increased 42% year-on-year and 3% quarter-on-quarter to RMB1,200.1 million. The year-on-year increase was primarily due to higher bandwidth and internet data center (“IDC”) cost resulting from increased customer usage of cloud services.

Gross profit for the third quarter of 2019 increased 18% year-on-year and 15% quarter-on-quarter to RMB822.9 million. The Group's gross profit margin decreased by four percentage points year-on-year and increased by three percentage points quarter-on-quarter to 41%. The year-on-year decrease of the gross profit margin was largely due to our change in sales mix. The quarter-on-quarter increase of gross profit margin mainly reflected improved operating efficiency of cloud business.

Research and Development (“R&D”) Costs, net

Net R&D costs for the third quarter of 2019 increased 4% year-on-year and 7% quarter-on-quarter to RMB533.9 million. The increases were mainly due to an increase in personnel related expenses, as we engaged in developing new value-added products and features, as well as new technology.

Selling and Distribution Expenses

Selling and distribution expenses for the third quarter of 2019 increased 19% year-on-year and 13% quarter-on-quarter to RMB272.2 million. The increases were primarily due to increased spendings on channel and promotional marketing.

Administrative Expenses

Administrative expenses for the third quarter of 2019 increased 9% year-on-year and 16% quarter-on-quarter to RMB125.0 million. The increases were mainly due to increased professional service fees.

Share-based Compensation Costs

Share-based compensation costs for the third quarter of 2019 increased 18% year-on-year and 5% quarter-on-quarter to RMB60.0 million. The increases were primarily due to the new grants of awarded shares and options to the selected employees of certain subsidiaries of the Company.

Operating Loss before Share-based Compensation Costs

Operating loss before share-based compensation costs was RMB72.1 million, RMB134.2 million and RMB86.0 million for the three months ended 30 September 2019, 30 September 2018 and 30 June 2019, respectively.

Other Losses, net

Net other losses were RMB87.4 million, RMB82.9 million and RMB1,326.7 million for the three months ended 30 September 2019, 30 September 2018 and 30 June 2019, respectively. The losses in the second quarter of 2019 were mainly due to provision for impairment on the carrying value of investments in Cheetah Mobile Inc. (“**Cheetah**”).

Share of Profits and Losses of Associates

We recorded share of profits of associates of RMB127.6 million for the third quarter of 2019, compared to share of profits of RMB27.6 million for the third quarter of 2018 and share of losses of RMB58.3 million for the second quarter of 2019. The increase in the third quarter of 2019 was mainly because Cheetah recognized a gain on deemed disposal of a subsidiary as a result of the dilution impact of issue of new shares of the subsidiary in this quarter.

Income Tax Expense

Income tax expense for the third quarter of 2019 decreased 1% year-on-year and increased 455% quarter-on-quarter to RMB28.5 million.

Profit/(Loss) Attributable to Owners of the Parent

As a result of the reasons discussed above, profit attributable to owners of the parent was RMB36.1 million for the three months ended 30 September 2019, compared with losses of RMB59.3 million and RMB1,415.2 million for the three months ended 30 September 2018 and 30 June 2019, respectively.

Profit/(Loss) Attributable to Owners of the Parent before Share-based Compensation Costs

Profit/(loss) attributable to owners of the parent before share-based compensation costs, which is defined as profit/(loss) attributable to owners of the parent excluding the effect of share-based compensation costs attributable to owners of the parent, is a measure supplementary to the consolidated financial statements presented in accordance with IFRS.

We believe that the profit/(loss) attributable to owners of the parent before share-based compensation costs will enhance investors' overall understanding of the Company's operating performance. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our profit/(loss) or any other operating performance measure that is calculated in accordance with IFRSs. In addition, our profit/(loss) attributable to owners of the parent before share-based compensation costs may not be comparable to similarly titled measures utilized by other companies.

Profit attributable to owners of the parent before share-based compensation costs was RMB80.9 million for the three months ended 30 September 2019, compared with losses of RMB21.6 million and RMB1,372.4 million for the three months ended 30 September 2018 and 30 June 2019, respectively. The net profit/(loss) margin excluding the effect of share-based compensation costs was 4%, (1%) and (73%) for the three months ended 30 September 2019, 30 September 2018 and 30 June 2019, respectively.

Liquidity and Financial Resource

The Group had a strong cash position towards the end of the reporting period. As at 30 September 2019, the Group had major financial resources in the forms of cash and bank deposits amounting to RMB8,965.4 million, which totally represented 47% of the Group's total assets.

As at 30 September 2019, the Group's gearing ratio, which represents total liabilities divided by total assets, was 41%, compared to 36% as at 31 December 2018. As at 30 September 2019, the Group had bank loans of RMB214.4 million, US\$75.0 million (equivalent to RMB530.4 million).

Foreign Currency Risk Management

Certain expenses of the Group were denominated in currencies other than RMB. The Directors considered that the Group has certain exposure to foreign currency risks as some of its revenue which is generated from license sales is denominated in foreign currencies, which are US\$ and HK\$. The Group will monitor any exchange risks closely and hold within appropriate limits.

As at 30 September 2019, RMB2,607.5 million of the Group's financial assets were held in deposits denominated in non-RMB currencies. As there are no cost-effective hedges against the fluctuation of RMB, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuation in connection with our deposits and investments.

Net Cash Generated from Operating Activities

Net cash generated from the operating activities reflects the Group's profit/(loss) for the three-month period mentioned above, as the case maybe, as adjusted for non-cash items, such as depreciation and share-based compensation costs, as well as the effect of changes in certain items of statement of financial position, such as deferred revenue, other payables and accruals.

Net cash generated from operating activities was RMB87.5 million, RMB5.6 million and RMB294.0 million for the three months ended 30 September 2019, 30 September 2018 and 30 June 2019, respectively.

Capital Expenditures

Capital expenditures represent cash payments for acquisition of business, fixed assets and intangible assets. Cash used for capital expenditures was RMB417.8 million, RMB532.4 million and RMB325.0 million for the three months ended 30 September 2019, 30 September 2018 and 30 June 2019, respectively.

Management comments

Mr. Jun LEI, Chairman of the Company, commented, “Our various businesses continued to show good momentum in the third quarter of 2019. Our flagship JX Online III PC game and JX Online I mobile game maintained their popularity among users and achieved satisfactory revenue growth quarter-on-quarter. Our cloud services business achieved rapid growth, and we officially released a new range of finance cloud solutions to expand our customer portfolio for this segment. Meanwhile, the revenue from the WPS value-added services maintained strong growth and WPS also strengthened its global presence with the international debut of WPS Office 2020 international suite in August 2019. We are glad to see that the listing of Beijing Kingsoft Office Software Inc. (北京金山辦公軟件股份有限公司) on the science and technology innovation board on the Shanghai Stock Exchange is expected to take place on 18 November 2019.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “Our revenue for the third quarter was RMB2,022.9 million, up 32% year-on-year and 8% quarter-on-quarter. Revenue of cloud services continued to grow rapidly year-on-year, driven by our competitive advantage in mobile videos and the internet market, as well as breakthroughs in the enterprise and government market.

In the third quarter, revenue from our flagship JX Online III PC game and JX Online I mobile game increased quarter-on-quarter. On 28 August 2019, we celebrated the 10th anniversary of JX Online III PC game in Xi’an, and shared with our gamers the development outlook on technological innovation, user operation and content creation. Regarding mobile games, we continued to pursue a diversified product strategy, and a new mobile game Double Life World (雙生視界) was launched in Japan on 20 September 2019. The domestic version of the game will be released in the near future. In the fourth quarter, we plan to launch a new expansion pack for JX Online III PC game to provide players with new game content and better experience.

Leveraging the Company’s leading infrastructure and technology, Kingsoft video cloud successfully supported the live broadcast of the Autohome’s “818 Global Car Night Gala” and the “National Day Parade on the PRC’s 70th Anniversary Celebration”. During the Asia Pacific Content Distribution Network (“CDN”) Summit 2019, Kingsoft Cloud Holdings Limited and its subsidiaries (collectively, “**Kingsoft Cloud**”) won the “CDN Leader Award for Top 10 Outstanding Operating Enterprises”. In terms of game cloud, together with China Telecom Corporation Limited and Intel Corporation, Kingsoft Cloud jointly released cloud gaming solutions to achieve fast cloud streaming from the player-end. In terms of the finance cloud development, Kingsoft Cloud has achieved a financial ecosystem from the most basic cloud infrastructure construction, by launching full-stack smart finance cloud solutions and Kingsoft Blockchain as a Service (“**KBaaS**”) commercial blockchain platform. “Jinggang Cloud”, an industrial cloud platform jointly built by Kingsoft Cloud’s government cloud and Ansteel Group Corporation Limited, was recognized as one of the “Top 10 Case Studies in Cloud Migration” in 2019. The Company secured a strategic cooperation with the Xiqing district of Tianjin to jointly develop the “Xiqing Cloud”, and with the government of Chibi city and Shuangliu district of Chengdu to build a big data industry ecosystem. Looking to the future, Kingsoft Cloud is committed to empowering enterprise clients in digital transformations across a variety of industries, by leading the integration and innovation of cloud computing, big data, artificial intelligence (“**AI**”) and other cutting-edge technologies.

Our office software and services business continued to show sustained growth. By providing a complete coverage of office use case scenarios, the performance of the personal value-added services of WPS Office remained robust. In addition, we launched a new version of WPS Office for Linux which utilizes its technological capabilities, including knowledge base, AI and data mining. By introducing AI technology into office products, WPS further enhanced user experience and service capabilities on the Linux system. This in turn strengthened our ability to drive our government enterprise business. In term of overseas expansion, we have released the WPS Office 2020 international suite in New Delhi, India on 28 August 2019. As WPS Office’s flagship office software suite in overseas market, WPS Office 2020 international suite features a comprehensive suite of functions and services, including pre-built templates and PDF editing, etc. as well as macOS support. Looking ahead, we are committed to provide a variety of cutting-edge office products and services, creating the best office user experience for global customers through technology empowerment.”

Mr. Jun LEI concluded, “On the whole, we are pleased to achieve a satisfactory performance in the third quarter amid a challenging environment. As we continue to see the convergence of innovation and digital transformation, Kingsoft will maintain its competitive edge in the industry. Looking ahead, we expect our business performance to remain robust, driven by sustainable growth of our cloud services business and office software and services business. We are cautiously confident to meet our 2019 target and endeavour to generate long-term value for our shareholders.”

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 13 November 2019

As at the date of this announcement, the Executive Directors are Messrs. Tao ZOU and Yuk Keung NG; the Non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Chi Ping LAU; the Independent Non-executive Directors are Messrs. Shun Tak WONG, David Yuen Kwan TANG, and Ms. Wenjie WU.