



KINGSOFT ANNOUNCES 2019 THIRD QUARTER RESULTS

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Cloud Services Recorded Rapid Growth WPS Office Sustained Fast Development by Optimizing Products and Services

FINANCIAL HIGHLIGHTS

<i>RMB'000 (Unaudited)</i>	For the three months ended		
	30 September 2019	30 September 2018	30 June 2019
Revenue	2,022,940	1,537,712	1,874,069
- 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
Gross Profit	822,868	694,503	714,070
Operating Profit/(Loss)	(132,092)	(184,902)	(143,021)
Profit/(Loss) Attributable to Owners of the Parent	36,061	(59,258)	(1,415,205)
Basic Earnings/(Loss) per share (RMB)	0.03	(0.04)	(1.04)

(13 November 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 30 September 2019 (“period under review”).

During the period under review, the revenue of Kingsoft increased 32% year-on-year and 8% quarter-on-quarter to RMB2,022.9 million. Revenue from online games, cloud services, and office software and services and others represented 33%, 48% and 19% respectively of total revenue. Gross profit for the third quarter increased 15% quarter-on-quarter to RMB822.9 million.

Mr. Jun LEI, Chairman of Kingsoft, 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, revenue from the WPS value-added services maintained strong growth, and the listing of Beijing Office Software 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 Kingsoft, added, “Our revenue 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 markets.”

BUSINESS REVIEW

Online Games

Revenue from the online games business for the third quarter of 2019 increased 16% quarter-on-quarter to RMB663.5 million. 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.

On 28 August, Kingsoft celebrated the 10th anniversary of the JX Online III PC game in Xi’an, and shared with its gamers the development outlook on technological innovation, user operation and content creation. Regarding mobile games, Kingsoft 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. The domestic version of the game will be released in the near future. In the fourth quarter, the Company plans to launch a new expansion pack for the JX Online III PC game to provide players with new game content and better experience.

Cloud Services

Driven by its competitive advantage in mobile videos and the internet market, as well as breakthroughs in the enterprise market, revenue from the cloud services for the third quarter of 2019 maintained rapid growth, increasing 62% year-on-year and 6% quarter-on-quarter to RMB976.3 million.

Leveraging the Company’s leading infrastructure and technology, Kingsoft video cloud successfully supported the live broadcast of Autohome’s “818 Global Car Night Gala” and the “National Day Parade on the PRC’s 70th Anniversary Celebrations”. During the Asia Pacific CDN Summit 2019, Kingsoft Cloud won the “CDN Leader Award for Top 10 Outstanding Operating Enterprises”. In terms of game cloud, together with China Telecom and Intel, 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 KBaaS commercial blockchain platform. “Jinggang Cloud”, an industrial cloud platform jointly built by Kingsoft Cloud’s government cloud and Ansteel, 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 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, AI and other cutting-edge technologies.

Office Software and Services and Others

Revenue from the office software and services and others for the third quarter of 2019 increased 50% year-on-year to RMB383.1 million. The year-on-year increase was mainly due to stable 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.

Office software and services business continued to show sustained growth. By providing complete coverage of office use case scenarios, the performance of the personal value-added services of WPS Office remained robust. In addition, the Company 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 Kingsoft's ability to drive its government enterprise business. In terms of overseas expansion, Kingsoft released the WPS Office 2020 suite in New Delhi, India on 28 August. As Kingsoft Office's flagship office software suite, WPS Office 2020 features a comprehensive suite of functions and services, including pre-built templates and PDF editing, etc. as well as macOS support. Looking ahead, Kingsoft is committed to providing 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 business. We are cautiously confident to meet our 2019 target and endeavor to generate long-term value for 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 Seasun, 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 7,000 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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