



KINGSOFT ANNOUNCES 2020 INTERIM AND SECOND QUARTER RESULTS

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**WPS Office Benefits from Increased Demand in Remote Working
Online Games Business Achieves Excellent Performance with Operational Innovations**

FINANCIAL HIGHLIGHTS

<i>RMB'000</i> <i>(Unaudited)</i>	For the 6 Months Ended June 30		For the 3 Months Ended June 30	
	2020	2019 (restated)	2020	2019 (restated)
Revenue	2,591,443	1,843,072	1,420,118	955,830
- Online Games	1,649,901	1,169,491	869,162	569,838
- Office Software and Services and Others	941,542	673,581	550,956	385,992
Gross Profit	2,172,344	1,485,529	1,202,196	773,394
Operating Profit	933,888	336,876	548,729	165,041
Profit/(Loss) Attributable to Owners of the Parent	9,157,588	(1,482,969)	9,151,331	(1,415,205)
Basic Earnings/(loss) Per share (RMB)	6.70	(1.09)	6.69	(1.04)

(18 August 2020 – 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 2020 interim results and its second quarter results for the period ended 30 June 2020.

For the first half of 2020, the revenue of Kingsoft increased 41% year-on-year to RMB2,591.4 million. Revenue from the online games, and office software and services and others represented 64% and 36%, respectively, of the Company’s total revenue for the first half of 2020.

For the second quarter of 2020, the Company’s revenue increased 49% year-on-year and 21% quarter-on-quarter to RMB1,420.1 million. Revenue from the online games, and office software and services and others represented 61% and 39%, respectively, of the Company’s total revenue for the second quarter of 2020. Gross profit for the second quarter of 2020 increased 55% year-on-year and 24% quarter-on-quarter to RMB1,202.2 million, while operating profit increased 232% year-on-year and 42% quarter-on-quarter to RMB548.7 million.

Mr. Jun LEI, Chairman of Kingsoft, commented, “The Company saw strong growth in the second quarter, driven by continued demand for subscription and licensing services of WPS Office, coupled with excellent performance by core online games. WPS Office focused on product development and promotion, explored into complementary verticals, to build its core competitiveness. In the online games sector, we continued

to improve our ability to develop and operate premium games, while expanding into new game categories. On 8 May 2020 (New York time), Kingsoft Cloud Holdings Limited was successfully listed on the NASDAQ. As the largest shareholder of Kingsoft Cloud, we have full confidence in its future performance.”

Mr. Tao ZOU, Chief Executive Officer of Kingsoft, added, “Our revenue in the second quarter of 2020 was RMB1,420.1 million, up 49% year-on-year and 21% quarter-on-quarter. Our revenue in the first half of 2020 was RMB2,591.4 million, up 41% year-on-year. In the second quarter of the year, our online games business recorded a year-on-year growth of 53% and office software and services and others businesses grew 43% year-on-year, respectively.

BUSINESS REVIEW

Office Software and Services and Others

For the first half of 2020, revenue from office software and services and others increased 40% year-on-year to RMB941.5 million. Revenue in the second quarter increased 43% year-on-year and 41% quarter-on-quarter to RMB551.0 million. The year-on-year increase was largely due to solid growth from subscription services and licensing products of Kingsoft Office, driven by fast growing paid users through offering new innovative content, rich product features, and better user experience.

For the second quarter of 2020, Kingsoft Office, as a beneficiary of increased demand in remote working, maintained stable and healthy development. Kingsoft Office’s office software licensing business maintained its rapid growth. The Company continued to promote cloud office migration to its leading customers, further strengthening its market leadership in document and information processing. In the first half of 2020, Kingsoft Office launched new editions of WPS Office such as Integrated Edition, Business Edition and Graphics Edition, while establishing an open Application Program Interface (API) with developer partners in its ecosystem. As of June 2020, Kingsoft has completed product adaptation with 190 developer partners, achieving integration in areas such as work collaboration, input method, mail, voice recognition, handwriting pad and tablet. In addition, over hundreds of thousands of micro, small and medium enterprises have used WPS+ cloud office services.

WPS Office’s personal subscription services continued to show robust growth, due to innovative content, rich features, as well as improved user outreach and experience via innovative channels such as live streaming sales. In addition to online document editing, WPS Docs provides collaborative office products such as spreadsheet, calendar, to-do list and meeting, enabling users to work together seamlessly via Kingsoft Office’s cloud platform.

Kingsoft Office continues to expand its partnerships and brand awareness. During this period, Kingsoft Office has become the official supplier of Beijing 2022 Winter Olympics. In addition, Kingsoft Office entered a strategic cooperation with the International Centre for Higher Education Innovation under the auspices of United Nations Educational, Scientific and Cultural Organization (UNESCO-ICHEI), providing WPS Office-related online courses to this global education resource platform. Forging ahead, Kingsoft Office continues to adhere to its philosophy of technological empowerment, focusing its efforts on technological innovation and product optimization and continue to innovate the organizational structure and strengthen the construction of R&D Center.

Online Games

Revenue from the online games business for the first half of 2020 increased 41% year-on-year to RMB1,649.9 million and revenue for the second quarter of 2020 increased 53% year-on-year to RMB869.2 million. The increase was mainly due to strong performance of self-developed PC games, as well as an increase in mobile games. In the second quarter, revenue and average daily active users of its flagship JX Online III PC game recorded year-on-year growth of 120% and 39% respectively, reflecting its track record in developing and operating blockbuster online games. In June, Kingsoft launched a beta test for the JX Online III mobile game and received positive player response. In the same month, the Company also started the pre-registration for War of the Visions: Final Fantasy Brave Exvius. Meanwhile, the cloud version of JX Online III PC game has officially launched its testing version in July, becoming one of the first cloud games in China. The Company further strengthened cooperation with Tencent and launched JX Online II mobile game on all platforms in August, which was ranked as the number one in the iOS top free charts on its debut.

In the coming quarters, Kingsoft will continue to focus on new product development and operation optimization. We will celebrate the 11th anniversary of JX Online III PC game and launch a new expansion pack to further strengthen the longevity and vitality of our core IP. During the year, JX Online I mobile game will be renamed as New JX Online I: Yuan Qi Wang You (新劍俠情緣：緣起忘憂) with an all-new game appearance and experience for players. Wo Long Yin 2 (臥龍吟 2) will also be launched later.”

Mr. Jun LEI concluded, “Our results were robust in the first half of 2020 despite the impact of COVID-19. Going forward, we remain confident in the resilience of our business model and the pace of our developments. We will continue to focus on optimizing our organizational structure, technological innovation and product enhancement, so as to provide our customers with the best user experiences. We strive to deliver sustainable business growth and bring solid returns to our shareholders and partners.”

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 two subsidiaries including Season 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 services and AI as the new directions. The Company has more than 5,000 staff around the world and enjoys a large market share in China. For more information, please visit <http://www.kingsoft.com>.

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