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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)

(Convertible Bonds Code: 40210)

ANNOUNCEMENT OF THE RESULTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2020

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 2020.

FINANCIAL HIGHLIGHTS

	For the three months ended			Year-on-year Change %	Quarter-on- quarter Change %
	30 September 2020 RMB'000 (Unaudited)	30 September 2019 RMB'000 (Unaudited) (Restated)*	30 June 2020 RMB'000 (Unaudited)		
Revenue	1,397,290	1,046,601	1,420,118	34	(2)
Operating profit	361,479	164,018	548,729	120	(34)
Profit attributable to owners of the parent**	666,893	36,061	9,151,331	1,749	(93)
	RMB (Unaudited)	RMB (Unaudited) (Restated)*	RMB (Unaudited)		
Basic earnings per share					
— For profit for the period	0.49	0.03	6.69	1,533	(93)
— For profit from continuing operations	0.49	0.22	0.10	123	390
Diluted earnings per share					
— For profit for the period	0.48	0.02	6.67	2,300	(93)
— For profit from continuing operations	0.48	0.22	0.10	118	380

* The comparative figures are restated to reflect the reclassification between continuing operations and a discontinued operation of the Group. The operating results of Kingsoft Cloud Holdings Limited (“**Kingsoft Cloud**”) and its subsidiaries (collectively, “**Kingsoft Cloud Group**”) before the deemed disposal have been presented as a discontinued operation of the Group.

** Profit attributable to owners of the parent before the effect of share-based compensation costs (including that from continuing operations and a discontinued operation) is RMB686.7 million, RMB80.9 million and RMB9,193.7 million for the three months ended 30 September 2020, 30 September 2019 and 30 June 2020, respectively.

OPERATIONAL HIGHLIGHTS

	In September 2020	In September 2019	In June 2020	Year-on- year Change %	Quarter-on- quarter Change %
Office Software*					
Monthly Average Users ("MAU")(Million)	457	382	454	20	1

* 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 2020 RMB'000 (Unaudited)	30 September 2019 RMB'000 (Unaudited) (Restated)	30 June 2020 RMB'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue			
Online games	788,206	663,491	869,162
Office software and services and others	609,084	383,110	550,956
	<u>1,397,290</u>	<u>1,046,601</u>	<u>1,420,118</u>
Cost of revenue	(239,539)	(219,362)	(217,922)
	<u>1,157,751</u>	<u>827,239</u>	<u>1,202,196</u>
Gross profit			
Research and development costs, net	(484,011)	(386,253)	(390,265)
Selling and distribution expenses	(221,320)	(194,188)	(192,909)
Administrative expenses	(117,473)	(92,385)	(101,418)
Share-based compensation costs	(31,143)	(35,507)	(36,559)
Other income	60,807	46,345	65,979
Other expenses	(3,132)	(1,233)	1,705
	<u>361,479</u>	<u>164,018</u>	<u>548,729</u>
Operating profit			
Other gains/(losses), net	367,600	4,858	(104,743)
Finance income	117,155	54,652	110,400
Finance costs	(37,401)	(4,622)	(28,387)
Share of profits and losses of:			
Joint ventures	1,959	9,237	3,764
Associates	12,334	127,629	(172,697)
	<u>823,126</u>	<u>355,772</u>	<u>357,066</u>
Profit before tax from continuing operations			
Income tax expense	(9,762)	(26,171)	(83,121)
	<u>813,364</u>	<u>329,601</u>	<u>273,945</u>
Profit for the period from continuing operations			
DISCONTINUED OPERATION			
Profit/(loss) for the period from a discontinued operation	—	(468,350)	8,927,436
	<u>813,364</u>	<u>(138,749)</u>	<u>9,201,381</u>
Profit/(loss) for the period			
Attributable to:			
Owners of the parent	666,893	36,061	9,151,331
Non-controlling interests	146,471	(174,810)	50,050
	<u>813,364</u>	<u>(138,749)</u>	<u>9,201,381</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

	For the three months ended		
	30 September 2020 RMB (Unaudited)	30 September 2019 RMB (Unaudited) (Restated)	30 June 2020 RMB (Unaudited)
Earnings per share attributable to ordinary equity holders of the parent			
Basic			
— For profit for the period	<u><u>0.49</u></u>	<u><u>0.03</u></u>	<u><u>6.69</u></u>
— For profit from continuing operations	<u><u>0.49</u></u>	<u><u>0.22</u></u>	<u><u>0.10</u></u>
Diluted			
— For profit for the period	<u><u>0.48</u></u>	<u><u>0.02</u></u>	<u><u>6.67</u></u>
— For profit from continuing operations	<u><u>0.48</u></u>	<u><u>0.22</u></u>	<u><u>0.10</u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended		
	30 September 2020 <i>RMB'000</i> <i>(Unaudited)</i>	30 September 2019 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2020 <i>RMB'000</i> <i>(Unaudited)</i>
PROFIT/(LOSS) FOR THE PERIOD	813,364	(138,749)	9,201,381
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	(103,166)	102,253	(17,555)
Reclassification adjustments for deemed disposal of a subsidiary	—	—	64,475
Reclassification adjustments for deemed disposal of an associate	4,620	—	—
Share of other comprehensive income/(loss) of associates	(171,567)	25,747	2,084
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(270,113)	128,000	49,004
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	(24,626)	(26,981)	457,340
Share of other comprehensive income/(loss) of associates	(2,366)	396	17,738
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	(26,992)	(26,585)	475,078
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(297,105)	101,415	524,082
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	516,259	(37,334)	9,725,463
Attributable to:			
Owners of the parent	376,419	148,569	9,669,404
Non-controlling interests	139,840	(185,903)	56,059
	516,259	(37,334)	9,725,463

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,196,878	2,913,460
Investment properties	64,386	62,504
Right-of-use assets	504,778	403,737
Goodwill	185,564	—
Other intangible assets	70,036	30,938
Investments in joint ventures	239,597	270,303
Investments in associates	13,083,061	2,437,522
Equity investments designated at fair value through other comprehensive income	949,071	746,992
Financial assets at fair value through profit or loss	190,714	49,314
Deferred tax assets	135,673	107,038
Other non-current assets	13,124	47,276
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Total non-current assets	16,632,882	7,069,084
CURRENT ASSETS		
Inventories	17,985	16,378
Trade receivables	822,166	2,059,031
Prepayments, other receivables and other assets	942,804	1,365,093
Equity investments designated at fair value through other comprehensive income	—	10,000
Financial assets at fair value through profit or loss	534,784	89,920
Cash and bank deposits	15,327,285	13,792,117
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Total current assets	17,645,024	17,332,539
CURRENT LIABILITIES		
Trade payables	302,005	1,501,604
Other payables and accruals	873,825	1,690,263
Interest-bearing bank loans	—	623,215
Lease liabilities	50,957	18,260
Deferred revenue	1,184,168	879,440
Income tax payable	164,863	93,430
Derivative financial instruments	—	128,236
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Total current liabilities	2,575,818	4,934,448
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NET CURRENT ASSETS	15,069,206	12,398,091
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TOTAL ASSETS LESS CURRENT LIABILITIES	31,702,088	19,467,175

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 September 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Deferred revenue	195,182	51,944
Deferred tax liabilities	1,102,249	50,691
Interest-bearing bank loans	—	74,351
Lease liabilities	171,276	97,789
Liability component of convertible bonds	2,263,671	—
Liability component of redeemable convertible preferred shares	—	3,583,019
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Total non-current liabilities	3,732,378	3,857,794
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NET ASSETS	27,969,710	15,609,381
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EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,316	5,316
Share premium account	2,751,703	2,995,605
Treasury shares	(12,848)	(14,631)
Equity component of convertible bonds	468,700	—
Other reserves	21,375,320	10,810,858
	<hr/>	<hr/>
	24,588,191	13,797,148
Non-controlling interests	3,381,519	1,812,233
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TOTAL EQUITY	27,969,710	15,609,381
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the three months ended		
	30 September 2020 <i>RMB'000</i> <i>(Unaudited)</i>	30 September 2019 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2020 <i>RMB'000</i> <i>(Unaudited)</i>
Net cash flows from operating activities	669,758	87,465	763,101
Net cash flows (used in)/from investing activities	(1,651,911)	532,289	(5,382,461)
Net cash flows (used in)/from financing activities	(185,473)	(1,767)	1,857,654
Net (decrease)/increase in cash and cash equivalents	(1,167,626)	617,987	(2,761,706)
Cash and cash equivalents at beginning of the period	4,320,828	4,236,773	7,101,667
Effect of foreign exchange rate changes, net	(56,527)	(43,365)	(19,133)
Cash and cash equivalents at end of the period	3,096,675	4,811,395	4,320,828
Non-pledged time deposits with original maturity of over three months when acquired	2,391,150	1,054,823	2,476,926
Principal protected structure deposits with original maturity of over three months when acquired	9,839,460	3,099,217	7,990,772
Cash and bank deposits as stated in the condensed consolidated statement of financial position	15,327,285	8,965,435	14,788,526

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, the Company was redomiciled to the Cayman Islands under the Company Law (2004 revision) of the 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; 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 2020 were approved and authorized for issue in accordance with a resolution of the Board on 17 November 2020.

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 2019.

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 applied in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

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 2020

Revenue

Revenue for the third quarter of 2020 increased 34% year-on-year and decreased 2% quarter-on-quarter to RMB1,397.3 million. Revenue from the online games, and office software and services and others represented 56% and 44% of the Group's total revenue for the third quarter of 2020. Revenue from these business lines is reported net of intra-group transactions.

Revenue from the online games business for the third quarter of 2020 increased 19% year-on-year and decreased 9% quarter-on-quarter to RMB788.2 million. The year-on-year increase was mainly attributable to robust revenue growth from flagship game JX Online III, as we focused on providing high quality gaming content and innovative gameplay for better user experience. The quarter-on-quarter decrease was largely due to declined revenue from JX Online III as a large-scale expansion pack being successfully launched in the second quarter of 2020, partially offset by the revenue contribution from newly released mobile games.

Revenue from the office software and services and others for the third quarter of 2020 increased 59% year-on-year and 11% quarter-on-quarter to RMB609.1 million. The year-on-year increase was largely due to fast growth in both licensing business and subscription services of Beijing Kingsoft Office Software, Inc. (“**Kingsoft Office**”) and its subsidiaries (collectively, “**Kingsoft Office Group**”), driven by increased paid users resulting from continuously improved products and services. The quarter-on-quarter increase was due to licensing business driven by solid demand from governments and enterprises.

Cost of Revenue and Gross Profit

Cost of revenue for the third quarter of 2020 increased 9% year-on-year and 10% quarter-on-quarter to RMB239.5 million. The increases were mainly due to higher server and bandwidth service fees associated with increased user traffic.

Gross profit for the third quarter of 2020 increased 40% year-on-year and decreased 4% quarter-on-quarter to RMB1,157.8 million. The Group's gross profit margin increased by four percentage points year-on-year and decreased by two percentage points quarter-on-quarter to 83%. The year-on-year increase of the Group's gross profit margin was mainly due to change of sales mix and improvement in operating efficiency.

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

Net R&D costs for the third quarter of 2020 increased 25% year-on-year and 24% quarter-on-quarter to RMB484.0 million. The year-on-year increase was mainly attributable to increased headcount as well as personnel related expenses, as we continuously strengthened the development of new products and services, as well as technology update. The quarter-on-quarter increase was due to increased personnel related expenses, as well as temporary exemption or reduction of social and medical insurance premiums for large enterprises which was stopped from implementation from July 2020.

Selling and Distribution Expenses

Selling and distribution expenses for the third quarter of 2020 increased 14% year-on-year and 15% quarter-on-quarter to RMB221.3 million. The increases were largely due to increased channel costs of Kingsoft Office Group aiming to strengthen regional technical service capabilities and brand influence.

Administrative Expenses

Administrative expenses for the third quarter of 2020 increased 27% year-on-year and 16% quarter-on-quarter to RMB117.5 million. The year-on-year increase was primarily due to increased staff-related expenses and professional service fees. To accommodate for the rapid growth of our business, we moved to new office buildings in Beijing, which led to the increased rent expenses. The quarter-on-quarter increase was attributable to increased staff-related expenses.

Share-based Compensation Costs

Share-based compensation costs for the third quarter of 2020 decreased 12% year-on-year and 15% quarter-on-quarter to RMB31.1 million.

Operating Profit before Share-based Compensation Costs

Operating profit before share-based compensation costs for the third quarter of 2020 increased 97% year-on-year and decreased 33% quarter-on-quarter to RMB392.6 million.

Finance costs

Finance costs for the third quarter of 2020 was RMB37.4 million, compared with finance costs of RMB4.6 million and RMB28.4 million for the third quarter of 2019 and second quarter of 2020. The increases were primarily due to newly issued convertible bonds in April 2020 with the interest rate of an equivalent market interest rate for a similar bond in the accounting treatment, which would not result in cash outflow, instead of the actual yield to maturity.

Other Gains/(Losses), net

Net other gains for the third quarter of 2020 were RMB367.6 million, compared with gains of RMB4.9 million in the corresponding period of last year, and losses of RMB104.7 million in the second quarter of 2020. The gains in the third quarter of 2020 were mainly due to that we recognized a gain on deemed disposal of Kingsoft Cloud as a result of the dilution impact of issue of new shares of it in this quarter. The losses in the second quarter of 2020 were primarily due to loss on deemed disposal of an associate and impairment provisions of certain investee companies.

Share of Profits and Losses of Associates

We recorded share of profits of associates of RMB12.3 million for the third quarter of 2020, compared with share of profits of RMB127.6 million for the third quarter of 2019 and share of losses of RMB172.7 million for the second quarter of 2020. The profits in the third quarter of 2020 were mainly attributable to the gains recognized in Cheetah Mobile Inc. (“**Cheetah Mobile**”), partially offset by the losses recognized in Kingsoft Cloud. The profits in the third quarter of 2019 were mainly due to that Cheetah Mobile recognized a gain on deemed disposal of a subsidiary in that quarter. The losses in the second quarter of 2020 were mainly due to the losses recognized in Kingsoft Cloud, partially offset by the profits recognized in Cheetah Mobile as it disposed shares in certain investee companies in that quarter.

Income Tax Expense

Income tax expense for the third quarter of 2020 decreased 63% year-on-year and 88% quarter-on-quarter to RMB9.8 million.

Profit/(Loss) for the period from a discontinued operation

Loss for the period from a discontinued operation for the third quarter of 2019 reflected loss from Kingsoft Cloud, which was loss of RMB468.4 million. Profit for the period from a discontinued operation for the second quarter of 2020 reflected the combination of the net loss and net gain on deemed disposal from Kingsoft Cloud, which was profit of RMB8,927.4 million. The net gain on deemed disposal of Kingsoft Cloud was RMB9,096.4 million recognized in the second quarter of 2020, which arose from spin-off and separate listing of Kingsoft Cloud.

Profit Attributable to Owners of the Parent

As a result of the reasons discussed above, profit attributable to owners of the parent (including that from continuing operations and a discontinued operation) for the third quarter of 2020 increased 1,749% year-on-year and decreased 93% quarter-on-quarter to RMB666.9 million.

Profit Attributable to Owners of the Parent before Share-based Compensation Costs

Profit attributable to owners of the parent before share-based compensation costs is profit attributable to owners of the parent excluding the effect of share-based compensation costs attributable to owners of the parent.

We believe that the profit attributable to owners of the parent before share-based compensation costs will enable the investors to better understand the Group’s overall operating performance. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our profit or any other operating performance measure that is calculated in accordance with IFRSs. In addition, our profit 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 for the third quarter of 2020 (including that from continuing operations and a discontinued operation) increased 749% year-on-year and decreased 93% quarter-on-quarter to RMB686.7 million. The net profit margin excluding the effect of share-based compensation costs was 49%, 4% and 500% for the three months ended 30 September 2020, 30 September 2019 and 30 June 2020, respectively.

Liquidity and Financial Resource

The Group had a strong cash position towards the end of reporting period. As at 30 September 2020, the Group had major financial resources in the forms of cash and bank deposits amounting to RMB15,327.3 million, which totally represented 45% of the Group's total assets.

As at 30 September 2020, the Group's gearing ratio, which represents total liabilities divided by total assets, was 18%, compared to 36% as at 31 December 2019.

Foreign Currency Risk Management

As at 30 September 2020, RMB3,780.0 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 our operating activities reflected our profit/(loss) for the three months period, as the case may be, 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 the statement of financial position, such as deferred revenue, other payables and accruals.

Net cash generated from operating activities (including that from continuing operations and a discontinued operation) was RMB669.8 million, RMB87.5 million and RMB763.1 million for the three months ended 30 September 2020, 30 September 2019 and 30 June 2020, respectively.

Capital Expenditures

Capital expenditures represent cash payments for acquisition of business, fix assets and intangible assets. Cash used for capital expenditures (including that from continuing operations and a discontinued operation) was RMB204.8 million, RMB417.8 million and RMB76.4 million for the three months ended 30 September 2020, 30 September 2019 and 30 June 2020, respectively.

MANAGEMENT COMMENTS

Mr. Jun LEI, Chairman of the Company, commented, “We maintained a steady performance in the third quarter of 2020. Our outstanding results are mainly attributed to the increasing market recognition of Kingsoft Office Group as well as our continuous innovation in premium games. Regarding office software, Kingsoft Office Group’s licensing business and subscription services have been growing year-on-year. We continued to explore technology enhancement in the office software industry, optimize our user experience and strengthen our competitive advantages in online collaborative office products. In the online games sector, we will further pursue product innovation and enhance our capabilities in product development and operation, so as to expand our game categories.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “In the third quarter, our total revenue reached RMB1,397.3 million, up 34% year-on-year showing strong resilience despite the impact of the pandemic. Both of our office software and services and others business, as well as online games business have maintained strong revenue momentum as they were up 59% and 19% year-on-year respectively in the third quarter.

In the third quarter, we saw significant growth in the office software and services and others business. Office software licensing business from government and enterprise clients maintained its rapid growth. Kingsoft Office Group has further enhanced its services and brand influence in several regional government and enterprise markets, as we continued to strengthen our technology capabilities and marketing efforts. We have also established close cooperation with leading customers in traditional industries.

Kingsoft Office Group organized the 2nd Office Application Developer Conference in the third quarter of 2020 and brought together a diverse group of around 200 developers in our ecosystem. Kingsoft Office Group has launched innovative office products such as WPS Document Writing and WPS Docs Online Preview during the period, and fully integrated the Linux version of Sogou Input Method into WPS for Linux Edition. Kingsoft Office has acquired Beijing Suwell Technology Co., Ltd. (北京數科網維技術有限責任公司) in the third quarter. Going forward, Kingsoft Office Group and Suwell’s collaboration in technology, and product developments will drive the fixed-layout document format standards for government and enterprise customers.

During the quarter, Kingsoft Office Group’s personal subscription services maintained its rapid growth year-on-year. We continued to explore innovative channels for marketing such as live-streaming e-commerce. By launching new products and services such as “PPT Design Manual”, we aimed to enrich platform contents and enhance user reputation for Docer. In addition, WPS Docs has become the official office software supplier for the 31st Summer World University Games, and we launched the WPS Docs Education Edition. Kingsoft Office also entered into a smart office cooperation framework agreement with Tsinghua University, which further strengthened our presence in different market segments.

In the third quarter, revenue from the online games business reached to RMB788.2 million, representing a 19% growth year-on-year, mainly attributable to the continuous growth of the flagship JX Online III PC game. In August 2020, we celebrated the 11th anniversary of JX Online III PC game and shared with gamers the latest development of its technological innovation and content creation. In addition, we introduced our development plans in film and television, music, animation, theatrical plays and e-sports which will help to further increase its user base and bring long-term growth potential to the core IP. In October 2020, we launched Feng Tian Zheng Dao (奉天正道), the anniversary expansion pack for JX Online III PC game, with a new season and enriched content, which brought players a better gaming experience. In addition, JX Online I mobile game has been 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 received positive feedbacks from the players.”

Mr. Jun LEI concluded, “In the third quarter, we once again demonstrated stable performance across all business divisions amidst a turbulent economic environment and complex international situations. We are confident in our strategy, business model, operation resilience and our prospects going forward. We will further strengthen our research and development capabilities, improve operational efficiency and promote product and service innovation. We strived to provide our customers with excellent user experience, so as to achieve a sustainable growth in our business and create fruitful returns for our shareholders and business partners.”

By Order of the Board
Kingsoft Corporation Limited
Jun Lei
Chairman

Hong Kong, 17 November 2020

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.