

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 31 MARCH 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 31 March 2019.

FINANCIAL HIGHLIGHTS

	For the three months ended			Year-on-year Change %	Quarter-on-quarter Change %
	31 March 2019 RMB'000 (Unaudited)	31 March 2018 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Unaudited)		
Revenue	1,726,512	1,263,727	1,758,959	37	(2)
Profit/(loss) attributable to owners of the parent*	(67,764)	118,388	229,139	(157)	(130)
	<i>RMB</i> (Unaudited)	<i>RMB</i> (Unaudited)	<i>RMB</i> (Unaudited)		
Basic earnings per share	(0.05)	0.09	0.17	(156)	(129)
Diluted earnings per share	(0.05)	0.09	0.16	(156)	(131)

* Profit/(loss) attributable to owners of the parent before the effect of share-based compensation costs is RMB(33.3) million, RMB157.6 million and RMB261.9 million for the three months ended at 31 March 2019, 31 March 2018 and 31 December 2018, respectively. This represents a year-on-year decrease of 121% and a quarter-on-quarter decrease of 113%.

OPERATIONAL HIGHLIGHTS

For the three months ended

	31 March 2019	31 March 2018	31 December 2018	Year-on- year Change %	Quarter- on-quarter Change %
Online Games					
Daily Average Peak Concurrent Users ("ADPCU")	570,694	698,480	673,413	(18)	(15)
Monthly Average Paying Accounts ("APA")	2,369,662	3,297,038	3,036,203	(28)	(22)
	In March 2019	In March 2018	In December 2018	Year-on- year Change %	Quarter- on-quarter Change %
Office Software*					
Monthly Active Users ("MAU")(Million)	328	263	310	25	6

* 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		
	31 March 2019 <i>RMB'000</i> <i>(Unaudited)</i>	31 March 2018 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2018 <i>RMB'000</i> <i>(Unaudited)</i>
Revenue			
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
	<u>1,726,512</u>	<u>1,263,727</u>	<u>1,758,959</u>
Cost of revenue	<u>(1,068,565)</u>	<u>(648,084)</u>	<u>(1,003,598)</u>
Gross profit	657,947	615,643	755,361
Research and development costs, net	(482,978)	(380,314)	(513,236)
Selling and distribution expenses	(157,535)	(126,632)	(214,877)
Administrative expenses	(110,413)	(82,885)	(146,059)
Share-based compensation costs	(56,077)	(58,060)	(51,337)
Other income	70,000	58,852	72,365
Other expenses	(2,604)	(646)	(58,921)
	<u>(81,660)</u>	<u>25,958</u>	<u>(156,704)</u>
Operating profit/(loss)	(81,660)	25,958	(156,704)
Other gains/(losses), net	24,578	19,175	(8,280)
Finance income	75,153	65,741	86,126
Finance costs	(95,242)	(51,533)	(95,318)
Share of profits and losses of:			
Joint ventures	2,455	17,363	1,235
Associates	(77,942)	19,762	260,657
	<u>(152,658)</u>	<u>96,466</u>	<u>87,716</u>
Profit/(loss) before tax	(152,658)	96,466	87,716
Income tax expense	(47,656)	(43,081)	(11,147)
	<u>(200,314)</u>	<u>53,385</u>	<u>76,569</u>
Profit/(loss) for the period	(200,314)	53,385	76,569
Attributable to:			
Owners of the parent	(67,764)	118,388	229,139
Non-controlling interests	(132,550)	(65,003)	(152,570)
	<u>(200,314)</u>	<u>53,385</u>	<u>76,569</u>
	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>
Earnings per share attributable to ordinary equity holders of the parent			
Basic	<u>(0.05)</u>	<u>0.09</u>	<u>0.17</u>
Diluted	<u>(0.05)</u>	<u>0.09</u>	<u>0.16</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended		
	31 March 2019 RMB'000 (Unaudited)	31 March 2018 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	(200,314)	53,385	76,569
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	(48,435)	(143,856)	16,148
Share of other comprehensive loss of associates	(17,559)	(42,309)	(14,999)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(65,994)</u>	<u>(186,165)</u>	<u>1,149</u>
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	(30,345)	(308,287)	(293,421)
Share of other comprehensive income/(loss) of associates	<u>1,727</u>	<u>—</u>	<u>(15,955)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(28,618)</u>	<u>(308,287)</u>	<u>(309,376)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(94,612)</u>	<u>(494,452)</u>	<u>(308,227)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(294,926)</u></u>	<u><u>(441,067)</u></u>	<u><u>(231,658)</u></u>
Attributable to:			
Owners of the parent	(168,269)	(364,791)	(82,934)
Non-controlling interests	<u>(126,657)</u>	<u>(76,276)</u>	<u>(148,724)</u>
	<u><u>(294,926)</u></u>	<u><u>(441,067)</u></u>	<u><u>(231,658)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Non-current assets		
Property, plant and equipment	2,096,357	2,036,424
Investment properties	63,265	63,943
Prepaid land lease payments	287,194	288,401
Goodwill	9,559	9,559
Other intangible assets	51,533	56,382
Investments in joint ventures	158,029	155,574
Investments in associates	4,240,109	4,349,397
Equity investments designated at fair value through other comprehensive income	700,789	746,718
Financial assets at fair value through profit or loss	102,657	84,044
Right-of-use assets	134,852	—
Deferred tax assets	98,503	96,527
Other non-current assets	74,484	83,220
	<hr/>	<hr/>
Total non-current assets	8,017,331	7,970,189
Current assets		
Inventories	9,615	11,679
Trade receivables	1,592,377	1,184,650
Prepayments, other receivables and other assets	998,415	906,383
Equity investments designated at fair value through other comprehensive income	10,000	10,000
Restricted cash	—	98,102
Cash and bank deposits	8,995,763	9,868,809
	<hr/>	<hr/>
Total current assets	11,606,170	12,079,623
Current liabilities		
Trade payables	268,591	229,288
Other payables and accruals	1,898,391	1,818,974
Interest-bearing bank loans	528,932	1,053,393
Deferred revenue	802,749	722,781
Income tax payable	87,182	86,601
Liability component of convertible bonds	39,447	40,171
Derivative financial instruments	152,002	154,765
	<hr/>	<hr/>
Total current liabilities	3,777,294	4,105,973
Net current assets	<hr/>	<hr/>
	7,828,876	7,973,650
Total assets less current liabilities	<hr/>	<hr/>
	15,846,207	15,943,839

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 31 March 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	26,909	29,661
Deferred tax liabilities	21,168	19,584
Interest-bearing bank loans	231,224	231,224
Lease liabilities	128,845	—
Liability component of redeemable convertible preferred shares	2,772,850	2,741,771
	<u>3,180,996</u>	<u>3,022,240</u>
Total non-current liabilities	3,180,996	3,022,240
	<u>12,665,211</u>	<u>12,921,599</u>
Net assets	12,665,211	12,921,599
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	(17,383)	(18,089)
Equity component of convertible bonds	1,274	1,274
Other reserves	9,925,030	10,076,369
	<u>12,887,206</u>	<u>13,037,839</u>
Non-controlling interests	(221,995)	(116,240)
	<u>12,665,211</u>	<u>12,921,599</u>
Total equity	12,665,211	12,921,599

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the three months ended		
	31 March 2019 <i>RMB'000</i> <i>(Unaudited)</i>	31 March 2018 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2018 <i>RMB'000</i> <i>(Unaudited)</i>
Net cash flows (used in)/from operating activities	(49,780)	97,599	401,334
Net cash flows (used in)/from investing activities	(112,063)	(1,338,466)	882,511
Net cash flows (used in)/from financing activities	<u>(496,580)</u>	<u>1,315,932</u>	<u>(47,999)</u>
Net (decrease)/increase in cash and cash equivalents	(658,423)	75,065	1,235,846
Cash and cash equivalents at beginning of the period	4,544,784	3,036,488	3,294,633
Effect of foreign exchange rate changes, net	<u>(26,750)</u>	<u>(137,415)</u>	<u>14,305</u>
Cash and cash equivalents at end of the period	3,859,611	2,974,138	4,544,784
Non-pledged time deposits with original maturity of over three months when acquired	1,700,565	3,204,190	2,811,271
Principal protected structure deposits with original maturity of over three months when acquired	<u>3,435,587</u>	<u>3,374,860</u>	<u>2,512,754</u>
Cash and bank deposits as stated in the condensed consolidated statement of financial position	<u>8,995,763</u>	<u>9,553,188</u>	<u>9,868,809</u>

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 Cayman Islands. The Company's 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 31 March 2019 were approved and authorised for issue in accordance with a resolution of the Board on 14 May 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.

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 modified retrospective method and did not restate the comparatives. For leases previously classified as an operating lease applying IAS 17 *Leases*, the Group recognised right-of-use assets and lease liabilities. The lease liabilities were measured at the present values of remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amounts equal to the lease liabilities, adjusted by the amounts of prepaid lease payments relating to those leases recognised in the statement of financial position immediately before 1 January 2019. 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 recognised lease liabilities amounting to RMB35.9 million as at 1 January 2019.

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 31 March 2019

Revenue

Revenue for the first quarter of 2019 increased 37% year-on-year and decreased 2% quarter-on-quarter to RMB1,726.5 million. Revenue from the online games, cloud services and office software and services and others represented 34%, 49% and 17% of the Group's total revenue for the first quarter of 2019, respectively. Revenue from these business lines is reported net of intra-group transactions.

Revenue from the online games business for the first quarter of 2019 decreased 5% year-on-year and 9% quarter-on-quarter to RMB599.7 million. The slight year-on-year decrease was mainly due to decreased revenue from existing games, partially offset by the revenue contribution from expanded game portfolio by introducing several new mobile games. The quarter-on-quarter decrease mainly reflected natural declining life cycles of existing games.

Revenue from the cloud services for the first quarter of 2019 increased 100% year-on-year and 16% quarter-on-quarter to RMB839.3 million. The increases were primarily due to strong customer usage of cloud services from mobile video and internet sectors, as well as revenue growth from enterprise cloud, through continuous technology innovations and artificial intelligence (“AI”) applications.

Revenue from the office software and services and others for the first quarter of 2019 increased 35% year-on-year and decreased 23% quarter-on-quarter to RMB287.6 million. The year-on-year increase was mainly due to fast growth from value-added services of WPS Office personal edition and sales of its enterprise edition, demonstrated increases in user amount and engagement by providing ongoing product function upgrade and consistent enrichments of content. The quarter-on-quarter decrease was mainly attributable to a seasonal decline in sales of WPS Office enterprise edition, partially offset by the revenue growth from value-added services of its personal edition.

Cost of Revenue and Gross Profit

Cost of revenue for the first quarter of 2019 increased 65% year-on-year and 6% quarter-on-quarter to RMB1,068.6 million. The year-on-year increase was primarily due to higher bandwidth and internet data center cost associating with fast-growing customer usage of cloud services, and increased investments in cloud infrastructure as well.

Gross profit for the first quarter of 2019 increased 7% year-on-year and decreased 13% quarter-on-quarter to RMB657.9 million. The Group's gross profit margin decreased by eleven percentage points year-on-year and five percentage points quarter-on-quarter to 38%. The decrease in the Group's gross profit margin was mainly due to greater revenue contribution from cloud services, which has relatively lower gross profit margin and higher growth potential.

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

R&D costs, net, for the first quarter of 2019 increased 27% year-on-year and decreased 6% quarter-on-quarter to RMB483.0 million. The year-on-year increase was primarily the result of increased expenditure on product function enhancement and new technology development.

Selling and Distribution Expenses

Selling and distribution expenses for the first quarter of 2019 increased 24% year-on-year and decreased 27% quarter-on-quarter to RMB157.5 million. The year-on-year increase mainly reflected greater marketing spending on WPS and cloud services businesses to capture the opportunities in enterprise markets. The quarter-on-quarter decrease reflected less spending on advertising and promotional activities in the first quarter of 2019.

Administrative Expenses

Administrative expenses for the first quarter of 2019 increased 33% year-on-year and decreased 24% quarter-on-quarter to RMB110.4 million. The year-on-year increase was primarily due to increased staff-related costs and professional service fees. The quarter-on-quarter decrease mainly reflected reduced professional service fees.

Share-based Compensation Costs

Share-based compensation costs for the first quarter of 2019 decreased 3% year-on-year and increased 9% quarter-on-quarter to RMB56.1 million.

Operating Profit/(Loss) before Share-based Compensation Costs

Operating loss before share-based compensation costs for the first quarter of 2019 was RMB25.6 million, compared to profit of RMB84.0 million for the first quarter of 2018 and loss of RMB105.4 million for the fourth quarter of 2018.

Other Gains/(Losses), net

Net other gains of RMB24.6 million were recorded for the first quarter of 2019, compared to net other gains of RMB19.2 million for the first quarter of 2018 and net other losses of RMB8.3 million for the fourth quarter of 2018.

Share of Profits and Losses of Associates

Share of losses of associates of RMB77.9 million were recorded for the first quarter of 2019, compared to share of profits of RMB19.8 million for the first quarter of 2018 and share of profits of RMB260.7 million for the fourth quarter of 2018. The share of profits for the fourth quarter of 2018 was mainly the result of Cheetah Mobile Inc. and its subsidiaries disposing shares in certain investee companies.

Income Tax Expense

Income tax expense for the first quarter of 2019 increased 11% year-on-year and 328% quarter-on-quarter to RMB47.7 million.

Profit/(Loss) Attributable to Owners of the Parent

As a result of the reasons discussed above, loss attributable to owners of the parent for the first quarter of 2019 was RMB67.8 million, compared to profit of RMB118.4 million for the first quarter of 2018 and profit of RMB229.1 million for the fourth quarter of 2018.

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 is profit/(loss) 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/(loss) attributable to owners of the parent before share-based compensation costs will enable the investor 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/(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.

Loss attributable to owners of the parent before share-based compensation costs for the first quarter of 2019 was RMB33.3 million, compared to profit of RMB157.6 million for the first quarter of 2018 and profit of RMB261.9 million for the fourth quarter of 2018. The net profit/(loss) margin excluding the effect of share-based compensation costs was (2%), 12% and 15% for the three months ended 31 March 2019, 31 March 2018 and 31 December 2018, respectively.

Liquidity and Financial Resource

The Group had a strong cash position towards the end of the reporting period. As at 31 March 2019, the Group had major financial resources in the forms of cash and bank deposits amounting to RMB8,995.8 million, which totally represented 46% of the Group's total assets.

As at 31 March 2019, the Group's gearing ratio, which represents total liabilities divided by total assets, was 35%, compared to 36% as at 31 December 2018. As at 31 March 2019, the Group had debts of convertible bonds of HK\$46.2 million (equivalent to RMB39.4 million) and bank loans of RMB255.1 million and US\$75.0 million (equivalent to RMB505.1 million).

Foreign Currency Risk Management

Certain expenses of the Group were denominated in currencies other than the 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 31 March 2019, RMB2,909.2 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 (used in)/from Operating Activities

Net cash generated (used in)/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 (used in)/from operating activities was RMB(49.8) million, RMB97.6 million and RMB401.3 million for the three months ended 31 March 2019, 31 March 2018 and 31 December 2018, respectively.

Capital Expenditures

Capital expenditures represent cash payments for acquisition of business, property, fixed assets and intangible assets. Cash used for capital expenditures was RMB278.5 million, RMB245.1 million and RMB374.4 million for the three months ended 31 March 2019, 31 March 2018 and 31 December 2018, respectively.

Significant Subsequent Event

The HK\$2,327.0 million 1.25% convertible bonds due 2019 issued by the Company in April 2014 (the “**2014 Convertible Bonds**”) matured on 11 April 2019. Pursuant to the terms and conditions of the 2014 Convertible Bonds, the Company redeemed the outstanding 2014 Convertible Bonds in full at their principal amount of HK\$46,000,000 with accrued interests on the maturity date. Upon completion of the redemption, no 2014 Convertible Bonds were outstanding, and all redeemed 2014 Convertible Bonds were cancelled and delisted from the Singapore Exchange Securities Trading Limited.

MANAGEMENT COMMENTS

Mr. Jun LEI, Chairman of the Company, 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. Cloud services business 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 the Company, 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. Cloud services business recorded a year-on-year growth of 100% and office software and services and others businesses grew 35% year-on-year in the first quarter.

Our 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-on-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 our 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, our 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 our classic IP.

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

With the business upgrade for the enterprise market and rapid growth from value-added services, WPS Office achieved a solid year-on-year growth during the first quarter of 2019. WPS Office 2019 for Linux Professional was officially launched in March 2019, and it is expected to help our expansion in government departments and 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 JX Online III mobile game. We will continue to drive long-term growth and are committed to deliver increased value to our shareholders.”

By order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 14 May 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.