



(continued into the Cayman Islands with limited liability)
Stock Code: 03888

KINGSOFT CORPORATION LIMITED

2024 INTERIM REPORT



剑侠情缘网络版叁



新剑侠情缘手游

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CORPORATE INFORMATION

Legal Name of the Company

Kingsoft Corporation Limited

Stock Code

03888

Date of Listing

9 October 2007

Principal Place of Business in Beijing

Building D

Xiaomi Campus

No. 33 Xierqi Middle Road

Haidian District

Beijing 100085

PRC

Principal Place of Business in Hong Kong

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The Gateway, Harbour City

Tsim Sha Tsui, Kowloon

Hong Kong

Registered Office

P. O. Box 309

Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Executive Director

Mr. Tao ZOU

Non-executive Directors

Mr. Jun LEI (Chairman)

Mr. Pak Kwan KAU

Mr. Leiwen YAO

Independent Non-executive Directors

Mr. Shun Tak WONG

Mr. Zuotao CHEN

Ms. Wenjie WU

Audit Committee

Ms. Wenjie WU (Chairman)

Mr. Shun Tak WONG

Mr. Zuotao CHEN

Remuneration Committee

Mr. Shun Tak WONG (Chairman)

Mr. Jun LEI

Mr. Zuotao CHEN

Ms. Wenjie WU

Nomination Committee

Mr. Shun Tak WONG (Chairman)

Mr. Leiwen YAO

Ms. Wenjie WU

Environmental, Social and Governance Committee

Mr. Zuotao CHEN (Chairman)

Mr. Tao ZOU

Mr. Shun Tak WONG

Ms. Wenjie WU

CORPORATE INFORMATION (continued)

Board Secretary/Company Secretary

Ms. Ou LU

Authorised Representatives

Mr. Tao ZOU

Ms. Ou LU

Principal Share Registrar and Transfer Office

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Grand Cayman, KY1-1102

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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Shops 1712-1716, 17/F. Hopewell Centre

183 Queen's Road East

Hong Kong

Auditor

Ernst & Young, Registered Public Interest Entity Auditor

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Legal Advisor on Hong Kong Law

Baker & McKenzie

14th Floor, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Principal Bankers

China CITIC Bank Co., Ltd.

China Merchants Bank Co., Ltd.

Bank of Beijing Co., Ltd.

Bank of Communications Co., Ltd.

Industrial and Commercial Bank of China (Asia) Limited

Investor and Media Relations

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OPERATIONAL HIGHLIGHTS

	In June 2024	In June 2023	In March 2024	Year-on-year Change %	Quarter-on- quarter Change %
Office Software					
Monthly Active Devices of the key products* (Million)	602	584	602	3	—
			As at 30 June 2024	As at 30 June 2023	Year-on-year Change %
Accumulated paying subscribers** (Million)			38.15	33.24	15

* Monthly Active Devices of the key products are defined as the aggregate Monthly Active Devices of both WPS Office and Kingsoft Powerword across all platforms, excluding WPS Docs and other products.

** Accumulated paying subscribers are defined as paying individual subscribers in the past twelve months (excluding onetime purchase) in Chinese Mainland.

FINANCIAL HIGHLIGHTS

	For the three months ended		
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)	31 March 2024 RMB'000 (Unaudited)
Revenue			
Office software and services	1,187,730	1,120,845	1,225,349
Online games and others	1,286,036	1,072,645	911,526
	2,473,766	2,193,490	2,136,875
Cost of revenue	(431,731)	(361,644)	(396,222)
Gross profit	2,042,035	1,831,846	1,740,653
Research and development costs	(741,263)	(665,652)	(712,788)
Selling and distribution expenses	(379,407)	(301,049)	(261,292)
Administrative expenses	(155,353)	(153,371)	(160,273)
Share-based compensation costs	(81,794)	(90,937)	(76,469)
Other income	106,230	81,318	71,301
Other expenses	3,589	(26,442)	446
Operating profit	794,037	675,713	601,578
Other losses, net	(12,273)	(102,690)	(4,306)
Finance income	162,564	139,199	188,584
Finance costs	(44,738)	(41,716)	(43,596)
Share of profits and losses of:			
Joint ventures	(5,485)	(1,944)	(9,615)
Associates	(169,192)	(322,806)	(168,721)
Profit before tax	724,913	345,756	563,924
Income tax expense	(48,372)	(77,979)	(42,335)
Profit for the period	676,541	267,777	521,589
Attributable to:			
Owners of the parent	393,353	57,187	284,570
Non-controlling interests	283,188	210,590	237,019
	676,541	267,777	521,589
	RMB	RMB	RMB
	(Unaudited)	(Unaudited)	(Unaudited)
Earnings per share attributable to ordinary equity holders of the parent			
Basic	0.29	0.04	0.21
Diluted	0.28	0.04	0.21

FINANCIAL HIGHLIGHTS (continued)

	For the six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Revenue		
Office software and services	2,413,079	2,172,497
Online games and others	2,197,562	1,991,300
	4,610,641	4,163,797
Cost of revenue	(827,953)	(706,558)
Gross profit	3,782,688	3,457,239
Research and development costs	(1,454,051)	(1,326,711)
Selling and distribution expenses	(640,699)	(652,203)
Administrative expenses	(315,626)	(303,159)
Share-based compensation costs	(158,263)	(163,723)
Other income	177,531	176,025
Other expenses	4,035	(51,453)
Operating profit	1,395,615	1,136,015
Other losses, net	(16,579)	(58,646)
Finance income	351,148	274,028
Finance costs	(88,334)	(82,474)
Share of profits and losses of:		
Joint ventures	(15,100)	(5,753)
Associates	(337,913)	(553,563)
Profit before tax	1,288,837	709,607
Income tax expense	(90,707)	(103,882)
Profit for the period	1,198,130	605,725
Attributable to:		
Owners of the parent	677,923	249,530
Non-controlling interests	520,207	356,195
	1,198,130	605,725
	RMB	RMB
	(Unaudited)	(Unaudited)
Earnings per share attributable to ordinary equity holders of the parent		
Basic	0.51	0.18
Diluted	0.49	0.17

BUSINESS REVIEW AND OUTLOOK

In the second quarter, we steadfastly implemented our established strategy, making good progress in our core businesses. Kingsoft Office Group maintained steady operations and adhered to the strategy of “multi-screen, cloud, content, collaboration, AI”. We actively embraced the opportunities presented by large language models, and continuously invested in collaboration and AI R&D to enhance product competitiveness and promote the practical application of new productive forces in intelligent office. For online games business, we focused on prime games, updating and iterating the classic JX series while actively expanding into new game genres.

In this quarter, we achieved steady growth both in revenue and operating profit. The total revenue for the second quarter amounted to RMB2,473.8 million, representing year-on-year and quarter-on-quarter increases of 13% and 16% respectively. Among which, the revenue from online games and others business was RMB1,286.0 million, representing a year-on-year increase of 20% and a significant quarter-on-quarter increase of 41%, and the revenue from office software and services business was RMB1,187.7 million, representing a year-on-year increase of 6%. The operating profit of the Group amounted to RMB794.0 million, marking a 18% year-on-year and a 32% quarter-on-quarter growth.

In July, Kingsoft Office Group upgraded its AI strategy with the launch of WPS AI 2.0. For individuals, we introduced four new AI office assistants for writing, reading, data and design. For enterprise users, we have launched WPS AI Enterprise Edition, which includes AI Hub (intelligent base), AI Docs (intelligent document library), and Copilot Pro (enterprise intelligent assistant). For government clients, we released Kingsoft Government Office Model, based on which the WPS AI Government Edition was released.

In the second quarter, domestic individual office subscription business grew steadily. We enhanced the end-to-cloud integration experience, increasing user stickiness to WPS cloud services, which in turn boosted user engagement in the cloud. Simultaneously, we continually improved users' awareness and utilization of AI features. For institutions, leveraging the upgrade WPS 365, we continued to promote the adoption of cloud, collaboration, and AI applications, enabling efficient and intelligent management of enterprise digital assets and advancing digital office processes in government and enterprises. We also focused deeply on the business scenarios of key government and enterprise customers, incubating secure and efficient industry-wide solutions. Meanwhile, we expanded public cloud business into the private and state-owned enterprises. In the field of localization industry, we addressed the actual replacement needs of critical industries, facilitating localized migration adaptation and application reconstruction of office systems. The overseas business maintained healthy growth, with the upgraded release of WPS AI overseas version and membership system.

In the second quarter, core games achieved milestone breakthrough. The mobile version of JX3 Ultimate (劍網3 無界) was launched successfully in June, achieving cross-platform data inheritance and interconnectivity with the flagship JX3 Online, setting a new record in daily active users across all platforms. Many dormant players returned as the influx of new players, which strengthened the long-term operation of the franchise. We will hold the 15th anniversary celebration of JX3 Online in August and release a new expansion pack in October to further consolidate its long-term vitality. The sci-fi mecha game, Mecha BREAK (解限機), has completed its first domestic public beta test in August.

Looking ahead to the second half of the year, Kingsoft Office Group will remain dedicated to focusing on collaboration and AI, and improve the products related to WPS 365 and WPS AI to provide more efficient and intelligent office solutions. In terms of online games business, we will adhere to a user-centered approach, deeply cultivating the established market segments while seeking innovative breakthroughs. We will adhere to the technology-driven business, continually creating value for our users and shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Second Quarter of 2024 Compared with Second Quarter of 2023 and First Quarter of 2024

Revenue

Revenue for the second quarter of 2024 increased 13% year-on-year and 16% quarter-on-quarter to RMB2,473.8 million. Revenue from office software and services, and online games and others represented 48% and 52% of the Group's total revenue for the second quarter of 2024, respectively.

Revenue from office software and services business for the second quarter of 2024 increased 6% year-on-year and decreased 3% quarter-on-quarter to RMB1,187.7 million. The year-on-year increase was mainly due to the growth of domestic individual office subscription business, partially offset by decreased domestic institutional licensing business of Kingsoft Office Group. The growth of domestic individual office subscription business was primarily attributed to the improved user stickiness and conversion rates, driven by our continuous product enhancements and the optimization of user experience in cloud services and AI features. The slight quarter-on-quarter decrease was mainly due to decreased domestic institutional licensing and subscription businesses, partially offset by the increase of individual office subscription business.

Revenue from online games and others business for the second quarter of 2024 increased 20% year-on-year and 41% quarter-on-quarter to RMB1,286.0 million. The solid year-on-year increase was primarily driven by the contribution from several games, partially offset by declined revenue from JX3 Online, which had a relatively high base in the second quarter of 2023. The significant quarter-on-quarter increase was mainly attributed to ongoing improvements in game experience and the successful launch of JX3 Ultimate.

Cost of Revenue and Gross Profit

Cost of revenue for the second quarter of 2024 increased 19% year-on-year and 9% quarter-on-quarter to RMB431.7 million. The increases were primarily due to higher server and bandwidth costs associated with the business expansion, as well as increased channel costs along with the revenue growth of online games.

Gross profit for the second quarter of 2024 increased 11% year-on-year and 17% quarter-on-quarter to RMB2,042.0 million. The Group's gross profit margin decreased by one percentage point year-on-year and increased by two percentage points quarter-on-quarter to 83%. The fluctuations were mainly due to changes in the revenue mix.

R&D Costs

R&D costs for the second quarter of 2024 increased 11% year-on-year and 4% quarter-on-quarter to RMB741.3 million. The increases were mainly due to higher staff costs, including accrued performance-based bonus.

Selling and Distribution Expenses

Selling and distribution expenses for the second quarter of 2024 increased 26% year-on-year and 45% quarter-on-quarter to RMB379.4 million. The increases mainly reflected the increased promotional efforts to support newly launched games.

Administrative Expenses

Administrative expenses for the second quarter of 2024 increased 1% year-on-year and decreased 3% quarter-on-quarter to RMB155.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Share-based Compensation Costs

Share-based compensation costs for the second quarter of 2024 decreased 10% year-on-year and increased 7% quarter-on-quarter to RMB81.8 million. The quarter-on-quarter increase was mainly due to the grants of awarded shares to the selected employees of certain subsidiaries of the Company in this quarter.

Operating Profit before Share-based Compensation Costs

Operating profit before share-based compensation costs for the second quarter of 2024 increased 14% year-on-year and 29% quarter-on-quarter to RMB875.8 million.

Other Losses, net

Net other losses for the second quarter of 2024 were RMB12.3 million, compared with losses of RMB102.7 million and RMB4.3 million for the second quarter of 2023 and the first quarter of 2024, respectively. The losses for the second quarter of 2023 were primarily attributed to the combined effects of: i) foreign exchange losses; and ii) losses from deemed disposals of certain investee companies.

Share of Profits and Losses of Associates

We recorded share of losses of associates of RMB169.2 million for the second quarter of 2024, compared with share of losses of RMB322.8 million and RMB168.7 million for the second quarter of 2023 and the first quarter of 2024, respectively.

Income Tax Expense

Income tax expense for the second quarter of 2024 was RMB48.4 million, compared with income tax expense of RMB78.0 million and RMB42.3 million for the second quarter of 2023 and the first quarter of 2024, respectively.

Profit Attributable to Owners of the Parent

As a result of the reasons discussed above, profit attributable to owners of the parent was RMB393.4 million for the second quarter of 2024, compared with profit of RMB57.2 million and RMB284.6 million for the second quarter of 2023 and the first quarter of 2024, respectively.

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 was RMB440.9 million for the second quarter of 2024, compared with profit of RMB123.2 million and RMB329.1 million for the second quarter of 2023 and the first quarter of 2024, respectively. The net profit margin excluding the effect of share-based compensation costs was 18%, 6% and 15% for the second quarter of 2024, the second quarter of 2023 and the first quarter of 2024, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

First Half of 2024 Compared with First Half of 2023

Revenue

Revenue for the first half of 2024 increased 11% year-on-year to RMB4,610.6 million. Revenue from office software and services and online games and others represented 52% and 48% of the Group's total revenue for the first half of 2024, respectively.

Revenue from office software and services business for the first half of 2024 increased 11% year-on-year to RMB2,413.1 million. The increase was mainly due to the growth of domestic individual office subscription business, which was attributed to increases in user stickiness and conversion rates, resulting from our continuous product iteration and enhancement of cloud and AI features to better meet users' office needs.

Revenue from online games and others business for the first half of 2024 increased 10% year-on-year to RMB2,197.6 million. The year-on-year increase was primarily driven by our continuous innovation in game content and efforts to offer enhanced services to core players, which was partially offset by the decline of several other games, including JX3 Online, which had a relatively high base in the first half of 2023.

Cost of Revenue and Gross Profit

Cost of revenue for the first half of 2024 increased 17% year-on-year to RMB828.0 million. The increase was mainly due to greater server and bandwidth costs associated with the business growth, as well as increased personnel related expenses.

Gross profit for the first half of 2024 increased 9% year-on-year to RMB3,782.7 million. The Group's gross profit margin decreased by one percentage point year-on-year to 82%.

R&D Costs

R&D costs for the first half of 2024 increased 10% year-on-year to RMB1,454.1 million. The increase was mainly due to increased investment in collaboration and AI of Kingsoft Office Group, as well as higher accrued performance-based bonus.

Selling and Distribution Expenses

Selling and distribution expenses for the first half of 2024 decreased 2% year-on-year to RMB640.7 million.

Administrative Expenses

Administrative expenses for the first half of 2024 increased 4% year-on-year to RMB315.6 million.

Share-based Compensation Costs

Share-based compensation costs for the first half of 2024 decreased 3% year-on-year to RMB158.3 million.

Operating Profit before Share-based Compensation Costs

Operating profit before share-based compensation costs for the first half of 2024 increased 20% year-on-year to RMB1,553.9 million.

Other Losses, net

Net other losses for the first half of 2024 was RMB16.6 million, compared with losses of RMB58.6 million in the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Share of Profits and Losses of Associates

We recorded share of losses of associates of RMB337.9 million for the first half of 2024, compared with losses of RMB553.6 million for the first half of 2023.

Income Tax Expense

Income tax expense was RMB90.7 million and RMB103.9 million for the first half of 2024 and 2023, respectively.

Profit Attributable to Owners of the Parent

As a result of the reasons discussed above, profit attributable to owners of the parent was RMB677.9 million for the first half of 2024, compared with profit of RMB249.5 million in the same period last year.

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

Profit attributable to owners of the parent before share-based compensation costs for the first half of 2024 was RMB769.9 million, compared with profit of RMB358.8 million in the same period last year. The net profit margin excluding the effect of share-based compensation costs was 17% and 9% for the first half of 2024 and 2023, respectively.

Liquidity and Financial Resource

The Group had a strong cash position towards the end of reporting period. As at 30 June 2024, the Group had major financial resources in the forms of cash and bank deposits and restricted cash amounting to RMB19,713.9 million and RMB2.7 million, respectively, which together represented 55% of the Group's total assets.

As at 30 June 2024, the Group's gearing ratio, representing total liabilities divided by total assets, was 24%, which kept flat with that of 31 December 2023.

Note:

The cash resources which the Group considered in cash management include but are not limited to cash and bank deposits, restricted cash and financial assets at fair value through profit or loss. As at 30 June 2024, the aggregate amount of cash resources of the Group was RMB23,553.1 million.

Foreign Currency Risk Management

As at 30 June 2024, RMB4,107.8 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 reflected the Group's profit for the six-month period mentioned above, as the case may be, as adjusted for non-cash items, such as share of profits and losses of associates, finance income, and share-based compensation costs, as well as the effect of changes in certain items of statement of financial position, such as contract liabilities, other payables and accruals.

Net cash generated from operating activities was RMB1,374.3 million and RMB2,307.6 million for the six months ended 30 June 2024 and 30 June 2023, respectively.

Capital Expenditures

Capital expenditures represent cash payments for fix assets, investment properties and intangible assets. Cash used for capital expenditures was RMB164.3 million and RMB183.1 million for the six months ended 30 June 2024 and 30 June 2023, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Material Investments

Kingsoft Cloud Group offers various cloud services to customers in strategically selected verticals. It helps customers achieve digitalization through its extensive cloud infrastructure, advanced cloud products based on its vigorous cloud technology R&D capabilities, industry-specific solutions and end-to-end fulfillment and deployment covering all project stages for customers. Following completion of the spin-off and separate listing on 8 May 2020, Kingsoft Cloud ceased to be a subsidiary and has been accounted as an associate of the Company. We hold the investment in Kingsoft Cloud to continue the implementation of the cloud strategy, one of our core strategies.

As at 30 June 2024, we held 1,423,246,584 shares of Kingsoft Cloud, which accounted for 37.40% of its voting power. The fair value of the equity interest of Kingsoft Cloud held by the Group was approximately RMB1,779.6 million (31 December 2023: RMB2,592.4 million) which was estimated based on the market price of Kingsoft Cloud, accounted for 5% of the Group's total assets.

Adjusted net loss from Kingsoft Cloud for the first half of 2024 was RMB701.0 million (the first half of 2023: RMB1,115.8 million).

Except for investment in Kingsoft Cloud, there was no other individual investment with a carrying value of 5% or more of the Group's total assets as at 30 June 2024.

Future Plans for Material Investments or Capital Assets

As at 30 June 2024, we planned to invest approximately RMB1,900.0 million in the construction of Wuhan Campus to better attract R&D talents and enhance the R&D and innovation capabilities with respect to our products and services.

Wuhan Campus is expected to be put into use in 2025. Going forward, the Group will continue to look for new business opportunities to complement and enhance its existing business and explore new markets.

Save as disclosed above, there were no other plans for material investments or capital assets as at 30 June 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

In the first half of 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

OTHER INFORMATION

Directors' Interests in Securities

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Interests in the shares and underlying shares of the Company

Name of Directors	Capacity	Number of shares interested	% of the total number of issued shares (Note 1)	Nature of shares interested
Jun LEI	Interest of controlled corporation	213,157,048	15.92	Long position
	Other	95,000,000	7.09	Long position
	Total	308,157,048 (Note 2)	23.01	Long position
Pak Kwan KAU	Interest of controlled corporation	95,000,000 (Note 3)	7.09	Long position
Tao ZOU	Beneficial owner	12,111,707	0.90	Long position

Notes:

1. % of the total number of issued shares was calculated on basis of the total number of issued shares of the Company as at 30 June 2024, which was 1,339,184,157.
2. As at 30 June 2024, among these 308,157,048 shares, (i) 174,818,191 shares are held by Color Link Management Limited, a British Virgin Islands company owned as to 100% by Mr. Jun LEI; (ii) 38,338,857 shares are held by wholly-owned subsidiaries of Xiaomi Corporation, a company controlled by Mr. Jun LEI under the SFO; and (iii) 95,000,000 shares are deemed to be interested by Mr. Jun LEI under the SFO because under a voting consent agreement and its supplemental agreement entered into by Mr. Jun LEI and Mr. Pak Kwan KAU, Mr. Pak Kwan KAU would vote in the same way as Mr. Jun LEI with these shares.
3. These shares are held by Topclick Holdings Limited, a British Virgin Islands company wholly owned by Mr. Pak Kwan KAU. In addition, Mr. Jun LEI is also deemed to be interested in these shares under the SFO because under a voting consent agreement and its supplemental agreement entered into by Mr. Jun LEI and Mr. Pak Kwan KAU, Mr. Pak Kwan KAU would vote in the same way as Mr. Jun LEI with these shares.

OTHER INFORMATION (continued)

Interests in the shares and underlying shares of associated corporations of the Company

Season Holdings (Note 1)

Name of Director	Capacity	Number of shares interested	% of issued share capital in class (Note 2)	Nature of shares interested
Tao ZOU	Beneficial owner	18,123,462	1.97	Long position

Notes:

1. Season Holdings is a non-wholly owned subsidiary of the Company.
2. % of issued share capital in class was calculated on basis of the issued ordinary shares of Season Holdings as at 30 June 2024, which was 920,289,438.

Kingsoft Cloud (Note 1)

Name of Director	Capacity	Number of shares interested	% of issued share capital in class (Note 2)	Nature of shares interested
Tao ZOU	Beneficial owner	2,000,000	0.05	Long position

Notes:

1. Kingsoft Cloud is owned as to 37.40% by the Company and an associated corporation of the Company.
2. % of issued share capital in class was calculated on basis of the issued ordinary shares of Kingsoft Cloud as at 30 June 2024, which was 3,805,284,801.

Cheetah Mobile (Note 1)

Name of Director	Capacity	Number of shares interested	% of issued share capital in class (Note 2)	Nature of shares interested
Jun LEI (Note 3)	Interest of controlled corporation	17,660,264	3.41	Long position

Notes:

1. The Company held 44.23% ownership interest and 24.99% voting power of Cheetah Mobile as at 30 June 2024, which is listed on the NYSE.
2. % of issued share capital in class was calculated on basis of the issued Class A Cheetah Shares as at 30 June 2024, which was 518,104,900.
3. Among these 17,660,264 shares, (i) 14,285,714 shares are held by Xiaomi Corporation, a company owned as to more than 30% voting power by Mr. Jun LEI under the SFO; (ii) 3,374,550 shares are held by Team Guide Limited, a wholly-owned subsidiary of Techno Frontier Investments Limited. The entire interests in Techno Frontier Investments Limited are held by ARK Trust (Hong Kong) Limited as trustee for the trusts established by Mr. Jun LEI (as settlor) for the benefit of Mr. Jun LEI and his family.

Save as disclosed above, none of the Directors or chief executive and their associates, had interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations as at 30 June 2024.

OTHER INFORMATION (continued)

Share Scheme

2024 Share Scheme

The 2024 Share Scheme was approved and adopted at the annual general meeting by the shareholders of the Company on 23 May 2024. The purpose of the 2024 Share Scheme is to provide incentives or rewards to eligible participants thereunder for their contribution to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The eligible participants comprise the employee participants, the related entity participants and the service provider or with the approval of the Board or the Scheme Administrator, any special-purpose vehicle (such as a trust or a private company) that is set up for the only purpose of holding the options or awards on behalf of any eligible participant or a group thereof. Under the 2024 Share Scheme, the Board may at its absolute discretion determine, subject to the Listing Rules, the eligibility of the participants, the number of shares to be comprised in the options or awards, performance targets, the exercise period and vesting period of options or awards. The maximum number of new shares issuable under the 2024 Share Scheme and any other schemes of the Company (if any) in aggregate will be 133,916,711 shares, being 10% of the total number of shares in issue on 23 May 2024 (excluding any treasury shares) (the “**Scheme Mandate Limit**”). Within the Scheme Mandate Limit, the total number of shares which may be issued in respect of all options and awards to be granted to service provider participants under the 2024 Share Scheme shall not exceed 13,391,671 shares, being 1% of the total number of shares in issue on 23 May 2024 (the “**Service Provider Sublimit**”). During the reporting period, no share awards or options were granted to eligible participants under the 2024 Share Scheme. It follows that, as of 30 June 2024, 133,916,711 shares and 13,391,671 shares were available for grant under the Scheme Mandate Limit and the Service Provider Sublimit, respectively. The number of shares that may be issued in respect of awards and upon exercise of the share options granted under the 2024 Share Scheme during the reporting period divided by the weighted average number of the number of shares in issue for the reporting period was 0. Please refer to the circular of the Company dated 30 April 2024 and note 13 to the financial statements for details of 2024 Share Scheme.

Share Option Schemes

2011 Share Option Scheme

The Company operates the 2011 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants. Eligible participants of the 2011 Share Option Scheme include (a) employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director); and (b) any non-executive director (including independent non-executive directors) of the Group or any invested entity. The 2011 Share Option Scheme became effective on 9 December 2011 and expired on 8 December 2021, thus, there were no share options available for grant under the 2011 Share Option Scheme as at 1 January 2024 or 30 June 2024. The number of shares that may be issued upon exercise of the share options granted under the 2011 Share Option Scheme during the reporting period divided by the weighted average number of the number of shares in issue for the reporting period was 0.

The following share options were outstanding under the 2011 Share Option Scheme during the six months ended 30 June 2024.

Name or category of participant	Vesting period	Exercise period	Number of share options						At 30 Jun 2024	Date of grant of share options	Exercise price of share options HK\$ per share
			At 1 Jan 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	At 30 Jun 2024			
Executive Director											
Tao ZOU	1 December 2017~ 1 December 2021	1 December 2017~ 20 April 2027	2,529,800	—	—	—	—	2,529,800	21 April 2017	20.25	
Total			2,529,800	—	—	—	—	2,529,800			

OTHER INFORMATION (continued)

2021 Share Option Scheme

On 9 December 2021, the Company adopted the 2021 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants, recruiting and retaining high-calibre employees and attracting valuable human resources in the anticipation of the expiration of the 2011 Share Option Scheme. The number of share options available for grant under the 2021 Share Option Scheme as at 1 January 2024 and 30 June 2024 was 131,520,371. For avoidance of doubt, upon the 2024 Share Scheme taking effect, the Company shall not grant any further options under the 2021 Share Option Scheme. For details, please refer to the circular of the Company dated 30 April 2024. The number of shares that may be issued upon exercise of the share options granted under the 2021 Share Option Scheme during the reporting period divided by the weighted average number of the number of shares in issue for the reporting period was 0.

The following share options were outstanding under the 2021 Share Option Scheme during the six months ended 30 June 2024.

Name or category of participant	Vesting period	Exercise period	Number of share options					At 30 Jun 2024	Date of grant of share options	Exercise price of share options HK\$ per share
			At 1 Jan 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
Executive Director										
Tao ZOU	4 July 2023~ 4 July 2027	4 July 2023~ 3 July 2032	5,500,000	—	—	—	—	5,500,000	4 July 2022	31.69
Total			5,500,000	—	—	—	—	5,500,000		

Seasun Holdings Share Option Scheme

On 27 June 2013, the shareholders of the Company and Seasun Holdings, approved and adopted the Seasun Holdings Share Option Scheme for the purpose of providing incentives and rewards to eligible participants, in which selected employees of Seasun Holdings, its subsidiaries or its invested entities are entitled to participate. The Seasun Holdings Share Option Scheme will remain in force for 10 years from 27 June 2013. The Seasun Holdings Share Option Scheme was amended and refreshed on 26 December 2016 and 24 May 2017, and was expired on 26 June 2023.

The Seasun Holdings Share Option Scheme is not a share option scheme of the Company or a principal subsidiary of the Company, therefore, it does not constitute a share scheme subject to Chapter 17 of the Listing Rules.

More details regarding the share option schemes are set out in note 13 to the financial statements.

Share Award Schemes

Share Award Scheme

The Share Award Scheme was adopted by the Board on 31 March 2008. On 5 July 2021, the Board resolved to amend certain provisions of the Share Award Scheme to, among others, (i) allow the Company to allot and issue new shares as the awarded shares, and (ii) extend the termination date of the Share Award Scheme to 30 March 2027. For details of the amendments to the Share Award Scheme, please refer to the announcement of the Company dated 5 July 2021.

The purpose of the Share Award Scheme is to recognise the contributions by certain employees (including without limitation to employees who are also directors) of the Group and associates and to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit (including the basis of eligibility of each employee determined by the Board from time to time) select an employee for participation in the Share Award Scheme and determine the number of shares to be awarded. The Board shall not grant any award of shares which would result in the total number of shares which are the subject of awards granted by the Board under the Share Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued shares of the Company as at the date of such grant. As at 1 January 2024 and 30 June 2024, the number of shares available for future grant under the Share Award Scheme was 85,964,507 and 83,248,591 shares, representing approximately 6.30% and 6.22% of total issued shares. For avoidance of doubt, upon the 2024 Share Scheme taking effect, the Company shall not grant any further awards under the Share Award Scheme. For details, please refer to the circular of the Company dated 30 April 2024. The number of shares that may be issued in respect of awards granted under the Share Award Scheme during the reporting period divided by the weighted average number of the number of shares in issue for the reporting period was 0.

No award of shares shall be granted to any grantee which would result in the maximum number of awarded shares granted to such grantee (including any which have lapsed or have been forfeited) under the Share Award Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the issued share capital of the Company as at the date of such grant. Such shares will be issued or acquired by the trustee through on-market transaction at the cost of the Company and the grantee is not required to pay any amount for accepting the awarded shares granted.

OTHER INFORMATION (continued)

The changes in the outstanding awarded shares under the Share Award Scheme in the first half of 2024 are summarized as follows:

Grantee/Participant	Date of grant	Vesting period	Changes in the number of awarded shares in the first half of 2024					Outstanding as at 30 Jun 2024
			Outstanding as at 1 Jan 2024	Granted	Vested	Lapsed	Cancelled	
Executive Director								
Tao ZOU	1 July 2022	1 July 2023~ 1 July 2027	1,760,000	—	—	—	—	1,760,000
Subtotal for Director			1,760,000	—	—	—	—	1,760,000
Other employees	23 May 2020	23 May 2021~ 23 May 2025	3,840	—	(3,840)	—	—	—
Other employees	24 April 2020	24 April 2021~ 24 April 2025	6,720	—	(3,360)	—	—	3,360
Other employees	25 March 2022	25 March 2023~ 25 March 2027	18,720	—	(4,680)	—	—	14,040
Other employees	19 July 2022	19 July 2023~ 19 July 2027	320,000	—	—	—	—	320,000
Other employees	27 March 2023	27 March 2023~ 27 March 2026	6,840	—	(2,280)	—	—	4,560
Other employees	27 March 2023	27 March 2024~ 27 March 2028	50,400	—	(10,080)	—	—	40,320
Other employees	21 April 2023	10 February 2024~ 10 February 2028	307,000	—	(61,403)	—	—	245,597
Other employees	20 October 2023	10 February 2024~ 10 February 2028	1,222,400	—	(244,473)	—	—	977,927
Other employees	1 December 2023	1 December 2024~ 1 December 2028	380,000	—	—	(50,000)	—	330,000
Other employees	4 December 2023	10 February 2024~ 10 February 2028	106,300	—	(21,258)	—	—	85,042
Other employees	21 March 2024	21 March 2025~ 21 March 2029	—	130,000	—	—	—	130,000
Subtotal for Other Employees			2,422,220	130,000	(351,374)	(50,000)	—	2,150,846
Total			4,182,220	130,000	(351,374)	(50,000)	—	3,910,846

Note: The weighted average closing price of the shares immediately before the dates on which the awarded shares were vested during the reporting period under the Share Award Scheme (i.e., 10 February 2024, 10 February 2024, 10 February 2024, 25 March 2024, 27 March 2024, 27 March 2024, 24 April 2024 and 23 May 2024) is HK\$19.97.

The fair value of the awarded shares granted on 21 March 2024 under the Share Award Scheme was RMB2,924,000, which is calculated based on the closing price at the grant date. And the closing price of the shares immediately before the above grant date was HK\$23.55. No performance target is attached to such awarded shares granted. Please refer to note 13 to the financial statements for details of accounting standards and policies for the fair value of awards granted as at the respective date of grant.

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Kingsoft Office Share Award Schemes

For the purpose of providing incentives and rewards to eligible participants, the shareholders of Kingsoft Office approved and adopted the 2021 Kingsoft Office Share Award Scheme on 2 June 2021, approved and adopted the 2022 Kingsoft Office Share Award Scheme on 28 April 2022, approved and adopted the 2023 Kingsoft Office Share Award Scheme on 6 June 2023, and approved and adopted the 2024 Kingsoft Office Share Award Scheme on 28 May 2024, in which selected employees of Kingsoft Office Group are entitled to participate. The Kingsoft Office Share Award Schemes are valid and effective from the grant date of the share awards to the date when all the granted share awards are vested or lapsed, which should be no longer than 60 months. The vesting periods under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme, 2023 Kingsoft Office Share Award Scheme and 2024 Kingsoft Office Share Award Scheme are determinable by the board of directors of Kingsoft Office, and varied from 1 to 3 years, 1 to 3.5 years, 1 to 3 years and 1 to 3 years, respectively. The exercise period of the restricted shares granted under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme, 2023 Kingsoft Office Share Award Scheme and 2024 Kingsoft Office Share Award Scheme shall be any time after the end of the vesting period and before the first anniversary of the vested date.

The shares of Kingsoft Office that the directors of Kingsoft Office are authorised to issue under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme, 2023 Kingsoft Office Share Award Scheme, and 2024 Kingsoft Office Share Award Scheme are up to 870,000 shares, 1,000,000 shares, 1,000,000 shares, and 997,000 shares representing approximately 0.19%, 0.22%, 0.22%, and 0.22% of total issued share capital of Kingsoft Office as at 30 June 2024, respectively. As at 1 January 2024, as the 2024 Kingsoft Office Share Award Scheme was not yet adopted, the number of shares available for future grant under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme, and 2023 Kingsoft Office Share Award Scheme was 0, 0, and 0, respectively. As at 30 June 2024, the number of shares available for future grant under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme, 2023 Kingsoft Office Share Award Scheme, and 2024 Kingsoft Office Share Award Scheme was 0, 0, 0, and 199,000, respectively. And the number of shares that may be issued in respect of awards granted under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme, 2023 Kingsoft Office Share Award Scheme, and 2024 Kingsoft Office Share Award Scheme during the reporting period divided by the weighted average number of the number of shares in issue for the reporting period was 0, 0, 0, and approximately 0.22%, respectively.

The number of shares awards granted to any grantee through all the share award schemes of Kingsoft Office within the validity period shall not exceed 1% of the total issued shares of Kingsoft Office as at the date that the share award scheme is submitted to the shareholders' meeting of Kingsoft Office for consideration. The grant price of the restricted shares granted under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme, 2023 Kingsoft Office Share Award Scheme, and 2024 Kingsoft Office Share Award Scheme is RMB45.86, RMB45.86, RMB150.00, and RMB146.74, respectively, i.e., the grantees who have satisfied the conditions of grant and conditions of vesting shall have the right to subscribe for the restricted shares to be issued by the Kingsoft Office to them at such prices. As a result of the dividend distributions, the grant price of the restricted shares under the 2021 Kingsoft Office Share Award Scheme, 2022 Kingsoft Office Share Award Scheme and 2023 Kingsoft Office Share Award Scheme have been adjusted to RMB42.95, RMB44.43 and RMB148.39, respectively, as of the date of this interim report.

The changes in the outstanding restricted shares under the 2021 Kingsoft Office Share Award Scheme in the first half of 2024 are summarized as follows:

Grantee/Participant	Date of grant	Exercise period	Changes in the number of restricted shares in the first half of 2024					Outstanding as at 30 Jun 2024
			Outstanding as at 1 Jan 2024	Granted	Exercised	Lapsed	Cancelled	
Other employees	2 June 2021	2 June 2022~ 2 June 2025	210,494	—	—	—	—	210,494
Other employees	28 December 2021	28 December 2022~ 28 December 2025	63,650	—	(31,350)	—	—	32,300
Total			274,144	—	(31,350)	—	—	242,794

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Notes:

1. The weighted average closing price of the shares of Kingsoft Office immediately before the date on which the restricted shares were exercised under the 2021 Kingsoft Office Share Award Scheme (i.e., 23 February 2024) is RMB253.3.
2. During the reporting period, 241,844 restricted shares were vested, amongst which, 31,350 were exercised. For details, please refer to note 13 to the financial statements.
3. The vesting period of the outstanding restricted shares granted under the 2021 Kingsoft Office Share Award Scheme was 3 years.

The changes in the outstanding restricted shares under the 2022 Kingsoft Office Share Award Scheme in the first half of 2024 are summarized as follows:

Changes in the number of restricted shares in the first half of 2024								
Grantee/Participant	Date of grant	Exercise period	Outstanding	Granted	Exercised	Lapsed	Cancelled	Outstanding
			as at 1 Jan 2024					as at 30 Jun 2024
Other employees	29 April 2022	29 April 2023~ 29 October 2026	512,550	—	(240,735)	(9,570)	—	262,245
Other employees	28 December 2022	28 December 2023~ 28 December 2026	189,600	—	(62,568)	—	—	127,032
Total			702,150	—	(303,303)	(9,570)	—	389,277

Notes:

1. The weighted average closing price of the shares of Kingsoft Office immediately before the dates on which the restricted shares were exercised under the 2022 Kingsoft Office Share Award Scheme (i.e., 23 February 2024 and 28 May 2024) is RMB263.46.
2. During the reporting period, 303,303 restricted shares were vested and exercised. For details, please refer to note 13 to the financial statements.
3. The vesting periods of the outstanding restricted shares granted under the 2022 Kingsoft Office Share Award Scheme were various from 2 to 3.5 years, respectively.

The changes in the outstanding restricted shares under the 2023 Kingsoft Office Share Award Scheme in the first half of 2024 are summarized as follows:

Changes in the number of restricted shares in the first half of 2024								
Grantee/Participant	Date of grant	Exercise period	Outstanding	Granted	Exercised	Lapsed	Cancelled	Outstanding
			as at 1 Jan 2024					as at 30 Jun 2024
Other employees	6 June 2023	6 June 2024~ 6 June 2027	789,800	—	—	(6,480)	—	783,320
Other employees	28 December 2023	28 December 2024~ 28 December 2027	199,600	—	—	—	—	199,600
Total			989,400	—	—	(6,480)	—	982,920

Notes:

1. The weighted average closing price of the shares of Kingsoft Office immediately before the date on which the restricted shares were vested under the 2023 Kingsoft Office Share Award Scheme (i.e., 6 June 2024) is RMB267.78.
2. During the reporting period, 257,169 restricted shares were vested, none of which was exercised. For details, please refer to note 13 to the financial statements.
3. The vesting periods of the outstanding restricted shares granted under the 2023 Kingsoft Office Share Award Scheme were various from 1 to 3 years.

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The changes in the outstanding restricted shares under the 2024 Kingsoft Office Share Award Scheme in the first half of 2024 are summarized as follows:

Grantee/Participant	Date of grant	Exercise period	Changes in the number of restricted shares in the first half of 2024					Outstanding as at 30 Jun 2024
			Outstanding as at 1 Jan 2024	Granted	Exercised	Lapsed	Cancelled	
Other employees	29 May 2024	29 May 2025~ 29 May 2028	—	798,000	—	—	—	798,000
Total			—	798,000	—	—	—	798,000

Notes:

- During the reporting period, no restricted shares were vested or exercised. For details, please refer to note 13 to the financial statements.
- The vesting periods of the outstanding restricted shares granted under the 2024 Kingsoft Office Share Award Scheme were various from 1 to 3 years.

During the six months ended 30 June 2024, the fair value of the restricted shares granted on 29 May 2024 under the 2024 Kingsoft Office Share Award Scheme was RMB108,198,000, which was estimated by management on the grant date. The closing price of the shares immediately before the above date on which the awards were granted was RMB265.1.

Grantee/Participant	Date of grant	Total number granted	Fair value of restricted shares granted RMB'000
Other employees	29 May 2024	798,000	108,198
Total		798,000	108,198

Note: Please refer to note 13 to the financial statements for details of accounting standards and policies for the fair value of restricted shares granted as at the respective date of grant.

Under the 2024 Kingsoft Office Share Award Scheme, vesting of the restricted shares granted during the period ended 30 June 2024 is subject to the achievement of certain pre-established performance targets, such as the growth rate of revenue and the growth rate of revenue from institutional subscription service business of Kingsoft Office Group at the company's level and individual performance assessment at the participant's level. Kingsoft Office will determine the company-level vesting ratio and the participant-level vesting ratio according to the results of the relevant performance assessments at the company's level and participant's level. For details of the performance targets at the company's level and the participant's level, please refer to the Company's announcement dated 29 May 2024. The number of restricted shares that may actually be vested to the participants in the relevant year shall be calculated based on the following formula: the number of restricted shares planned to be vested to the participants in the current year x the company-level vesting ratio x the participant-level vesting ratio.

If the restricted shares to be vested to such grantees for a vesting period cannot be vested due to assessment reasons, the restricted shares shall lapse and be cancelled by Kingsoft Office and shall not be deferred to the following years.

Seasun Holdings Share Award Scheme

On 21 March 2017, the shareholders and directors of Seasun Holdings approved and adopted the General Share Award Scheme, the Special Share Award Scheme (A) and the Special Share Award Scheme (B) in which selected employees of Seasun Holdings and its subsidiaries are entitled to participate. Unless early terminated by the directors of Seasun Holdings, the Seasun Holdings Share Award Scheme is valid and effective for a term of ten years commencing from 21 March 2017. The directors of Seasun Holdings are authorised to issue up to 50,832,211 shares, among which the total number

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of shares pursuant to the Special Share Award Scheme (A) shall be no greater than 3,138,889 and the total number of shares pursuant to the General Share Award Scheme and the Special Share Award Scheme (B) shall be no greater than 47,693,322, as at the date of such grant.

Kingsoft Shiyou Holdings Share Award Scheme

On 13 April 2022, the shareholders and directors of Kingsoft Shiyou approved and adopted the General Share Award Scheme and the Special Share Award Scheme in which selected employees of Kingsoft Shiyou and its subsidiaries are entitled to participate. Unless early terminated by the directors of Kingsoft Shiyou, the Kingsoft Shiyou Share Award Scheme is valid and effective for a term of ten years commencing from 13 April 2022. The directors of Kingsoft Shiyou are authorised to issue up to 50,000,000 shares pursuant to the General Share Award Scheme and the Special Share Award Scheme as at the date of such grant.

Neither Seasun Holdings Share Award Scheme nor Kingsoft Shiyou Holdings Share Award Scheme is a share award scheme of the Company or its principal subsidiary, therefore, none of the Seasun Holdings Share Award Scheme and Kingsoft Shiyou Holdings Share Award Scheme constitute a share award scheme subject to Chapter 17 of the Listing Rules.

More details regarding the share award schemes, including the accounting standard and policy adopted, are set out in note 13 to the financial statements.

Substantial Shareholders

As at 30 June 2024, as far as the Directors are aware of, the following, other than the Directors or chief executive of the Company, had an interest in the shares or underlying shares in the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the issued capital of the Company:

Interests in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Number of shares interested	% of the total number of issued shares (Note 1)	Nature of shares interested
Color Link Management Limited (Note 2)	Beneficial owner	174,818,191	13.05	Long position
Tencent Holdings Limited (Note 3)	Interest of controlled corporation	106,784,515	7.97	Long position
Topclick Holdings Limited (Note 4)	Beneficial owner	95,000,000	7.09	Long position
Brown Brothers Harriman & Co.	Approved lending agent	85,718,759 85,718,759	6.40 6.40	Long position Lending Pool

Notes:

1. % of the total number of issued shares was calculated on basis of the total number of issued shares of the Company as at 30 June 2024, which was 1,339,184,157.
2. Mr. Jun LEI is deemed to be interested in Color Link Management Limited's interest in the Company pursuant to Part XV of the SFO because Color Link Management Limited is wholly owned by Mr. Jun LEI.
3. These shares are held by TCH Saffron Limited, a wholly-owned subsidiary of Tencent Holdings Limited. As such, Tencent Holdings Limited, MIH TC Holdings Limited and Naspers Limited, its beneficial owners, are deemed to be interested in TCH Saffron Limited's interests in the Company pursuant to Part XV of the SFO.
4. These shares are held by Topclick Holdings Limited, a British Virgin Islands company wholly owned by Mr. Pak Kwan KAU. In addition, Mr. Jun LEI is also deemed to be interested in these shares under the SFO because under a voting consent agreement and its supplemental agreement entered into by Mr. Jun LEI and Mr. Pak Kwan KAU, Mr. Pak Kwan KAU would vote in the same way as Mr. Jun LEI with these shares.

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Save as disclosed above, the Directors confirm that they are not aware of any other person who has beneficial interests or short positions in any of the shares or underlying shares in the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, directly or indirectly, be interested in 5% or more of the nominal value of the shares carrying the right to vote in all circumstances at general meetings of the Company.

Employee and Remuneration Policies

As at 30 June 2024, the Group had 7,231 full-time employees (30 June 2023: 7,086), inclusive of all its staff in China and overseas offices, most of whom are based in Beijing, Zhuhai and Wuhan, the PRC. The number of employees employed by the Group varies from time to time depending on business needs. Employee remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds, in-house training programs, discretionary bonuses, medical insurance and mandatory provident fund, share awards and share options may be granted to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for the six months ended 30 June 2024 was RMB1,997.5 million (for the six months ended 30 June 2023: RMB1,865.2 million).

Directors' Remuneration

Please refer to note 17 to the financial statements for details of the Directors' remuneration.

Purchase, Sale and Redemption of the Company's Listed Securities

In January 2024, the Company repurchased 15,025,000 of its own ordinary shares on the Stock Exchange at a price range from HK\$18.42 to HK\$23.5. In February 2024, the Company repurchased 1,861,200 of its ordinary shares on the Stock Exchange at a price range from HK\$18.56 to HK\$21.25. In June 2024, the Company repurchased 1,802,400 of its ordinary shares on the Stock Exchange at a price range from HK\$22.5 to HK\$25.2. During the six months ended 30 June 2024, the Company repurchased a total of 18,688,600 of its own ordinary shares on the Stock Exchange at a total cost of approximately HK\$385.62 million. The Company considered that it is in the best interest of the shareholders of the Company to return some surplus funds to them which will in turn enhance shareholders' value. The Company did not have any treasury share (as defined in the Listing Rules) during the six months ended 30 June 2024.

Convertible Bonds and Adjustment to the Conversion Price

The Company completed the issue of the 2020 Convertible Bonds in the principal amount of HK\$3,100,000,000 on 29 April 2020. Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each 2020 Convertible Bonds at 105.85% of its principal amount together with accrued and unpaid interest thereon on 29 April 2025. The net proceeds from the subscription of the 2020 Convertible Bonds, after deduction of commissions and other related expenses, were approximately HK\$3,033.94 million. Assuming full conversion of the 2020 Convertible Bonds at the initial conversion price of HK\$35.7637 per share and no further issue of shares, the 2020 Convertible Bonds will be convertible into approximately 86,680,069 shares of the Company. The net proceeds of approximately HK\$3,033.94 million represents a net issue price of approximately HK\$35.0016 per conversion share based on the initial conversion price of HK\$35.7637 per conversion share.

The initial conversion price for each conversion share was HK\$35.7637, which represented (i) a premium of approximately 27.5% over the last closing price of HK\$28.05 per share as quoted on the Stock Exchange on 23 April 2020, being the trading day on which the subscription agreement was signed; (ii) a premium of approximately 30.2% over the average closing price of approximately HK\$27.46 per share as quoted on the Stock Exchange for the five consecutive trading days up to and including 23 April 2020; and (iii) a premium of approximately 36.6% over the average closing price of approximately HK\$26.19 per share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 23 April 2020. The 2020 Convertible Bonds were offered and sold to no less than six independent placees (who were independent individual, corporate and/or institutional investors). The 2020 Convertible Bonds have been listed on the Stock Exchange since 4 May 2020. The interest is 0.625% per annum of the principal amount of the 2020 Convertible

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Bonds, payable semi-annually in arrear in equal instalments of HK\$3,125 per calculation amount (i.e. interest in respect of any 2020 Convertible Bond shall be calculated per HK\$1,000,000 in principal amount of the 2020 Convertible Bonds) on 29 April and 29 October in each year. The Company intended to use the net proceeds from the subscription primarily for general corporate purposes, for strategic investments and acquisitions, if appropriate, and to supplement working capital, which is in accordance with the proposed uses as disclosed in the announcement of the Company dated 24 April 2020. The Directors are of the view that the issue of the 2020 Convertible Bonds can provide the Company with additional funds at lower funding cost for the said purposes.

In accordance with the terms and conditions of the 2020 Convertible Bonds, the aggregate payment of the special dividend in relation to the spin-off and separate listing of Kingsoft Cloud, the 2019 final dividend and the 2020 final dividend resulted in an adjustment (the “**2021 Adjustment**”) to the conversion price of the 2020 Convertible Bonds. The 2021 Adjustment became effective on 8 June 2021, being the day after the record date in respect of the 2020 final dividend. Following the 2021 Adjustment, the conversion price of the 2020 Convertible Bonds was adjusted to HK\$35.32 per share. Assuming full conversion of the 2020 Convertible Bonds at the adjusted conversion price of HK\$35.32 per share and no further issue of shares, the 2020 Convertible Bonds will be convertible into approximately 87,768,969 shares of the Company. The net proceeds of approximately HK\$3,033.94 million represents a net issue price of approximately HK\$34.5673 per conversion share based on the adjusted conversion price of HK\$35.32 per conversion share.

In accordance with the terms and conditions of the 2020 Convertible Bonds, the aggregate payment of the 2021 final dividend, the 2022 final dividend and 2023 final dividend resulted in an adjustment (the “**2024 Adjustment**”) to the conversion price of the 2020 Convertible Bonds. The 2024 Adjustment became effective on 8 June 2024, and the conversion price of the 2020 Convertible Bonds was adjusted to HK\$34.77 per share. Assuming full conversion of the 2020 Convertible Bonds at the adjusted conversion price of HK\$34.77 per share and no further issue of shares, the 2020 Convertible Bonds will be convertible into approximately 89,157,320 shares of the Company. The net proceeds of approximately HK\$3,033.94 million represents a net issue price of approximately HK\$34.0291 per conversion share based on the adjusted conversion price of HK\$34.77 per conversion share.

The actual use of the net proceeds raised from the issue of the 2020 Convertible Bonds as at 30 June 2024 and the expected timeline for use of unutilized proceeds is set out as follows:

Proposed use of proceeds	Actual use of proceeds as at 30 June 2024 (HK\$ million)	Unutilized proceeds (HK\$ million)	Expected timeline for use of unutilized proceeds
Strategic investments and acquisitions	305.81	2,094.18	By 2025
General corporate purposes	617.04	16.91	By 2025

OTHER INFORMATION (continued)

As at 30 June 2024, no 2020 Convertible Bonds had been converted into new shares of the Company, and the outstanding 2020 Convertible Bonds at an aggregate principal amount of HK\$3,100,000,000 are convertible into 89,157,320 shares upon full conversion. The following table summarizes the potential effects on the shareholding structure of the Company as a result of the full conversion of the 2020 Convertible Bonds, on the assumptions that there will be no other change to the share capital of the Company from 30 June 2024 to the date of full conversion of the 2020 Convertible Bonds, save for the conversion of the 2020 Convertible Bonds:

Name of shareholders	As at 30 June 2024		Assuming the 2020 Convertible Bonds are fully converted at the conversion price of HK\$34.77 per share	
	Number of shares	% of total issued shares	Number of shares	% of the enlarged issued shares
Mr. Jun LEI (Note 1)	213,157,048	15.92	213,157,048	14.92
Mr. Pak Kwan KAU (Note 2)	95,000,000	7.09	95,000,000	6.65
Mr. Tao ZOU (Note 3)	12,111,707	0.90	12,111,707	0.85
Tencent Holdings Limited (Note 4)	106,784,515	7.97	106,784,515	7.48
Holders of the 2020 Convertible Bonds (Note 5)	0	0	89,157,320	6.24
Other public shareholders	912,130,887	68.11	912,130,887	63.86
Total issued shares (Note 6)	1,339,184,157	100.00	1,428,341,477	100.00

Notes:

- As at 30 June 2024, among these 213,157,048 shares, (i) 174,818,191 shares are held by Color Link Management Limited, a British Virgin Islands company owned as to 100% by Mr. Jun LEI; and (ii) 38,338,857 shares are held by wholly-owned subsidiaries of Xiaomi Corporation, a company controlled by Mr. Jun LEI under the SFO. In addition, pursuant to Part XV of the SFO, Mr. Jun LEI is deemed to be interested in Mr. Pak Kwan KAU's interest of 95,000,000 shares (see Note 2 below) pursuant to a voting consent agreement and its supplemental agreement entered into between Mr. Jun LEI and Mr. Pak Kwan KAU whereby Mr. Pak Kwan KAU would vote in the same way as Mr. Jun LEI with these shares.
- These shares are held by Topclick Holdings Limited, a British Virgin Islands company wholly owned by Mr. Pak Kwan KAU. In addition, Mr. Jun LEI is also deemed to be interested in these 95,000,000 shares under the SFO because under a voting consent agreement and its supplemental agreement entered into by Mr. Jun LEI and Mr. Pak Kwan KAU, Mr. Pak Kwan KAU would vote in the same way as Mr. Jun LEI with these shares.
- Mr. Tao ZOU is a Director of the Company.
- These shares are held by TCH Saffron Limited, a wholly-owned subsidiary of Tencent Holdings Limited. As such, Tencent Holdings Limited is deemed to be interested in TCH Saffron Limited's interests in the Company pursuant to Part XV of the SFO.
- Assuming that the holders of the 2020 Convertible Bonds do not hold any shares of the Company as at 30 June 2024.
- Any discrepancies between total and sum of percentage listed therein are due to rounding.

The Group had a strong cash position towards the end of reporting period. As at 30 June 2024, the Group had major financial resources in the forms of cash and bank deposits and restricted cash amounting to RMB19,713.9 million and RMB2.7 million, respectively, which totally represented 55% of the Group's total assets. As at 30 June 2024, the Group's gearing ratio, representing total liabilities divided by total assets, was 24%, which kept flat with that of 31 December 2023. As the reasons discussed above, even though the holders hold the 2020 Convertible Bonds to maturity, the Company is fully capable of redeeming in cash.

References are made to the announcements of the Company dated 24 April 2020 and 29 April 2020 for principal terms of the 2020 Convertible Bonds. For details of the adjustments to the conversion price of the 2020 Convertible Bonds, please refer to the announcements of the Company dated 26 May 2021 and 23 May 2024.

Details of dilutive effect on the basic earnings per share as at 30 June 2024 are set out in note 8 to the financial statements.

OTHER INFORMATION (continued)

Review by Audit Committee

The Audit Committee has been established since year 2007 with responsibility of assisting the Board in providing an independent review of the financial statements and internal control system. It acts in accordance with its terms of reference which clearly defines its membership, authority, duties and frequency of meetings. It meets regularly with our management, external auditor and internal audit personnel to discuss accounting principles and practices adopted by the Group and internal control and financial reporting matters. The Audit Committee is comprised of independent non-executive Directors, namely Ms. Wenjie WU (chairman), Mr. Shun Tak WONG and Mr. Zuotao CHEN.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30 June 2024.

Compliance with Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2024.

Corporate Governance Code

The Directors, having reviewed the corporate governance practices of the Company, confirm that the Company has complied with all the applicable code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules except for the code provision D.1.2 of the CG Code.

The code provision D.1.2 of the CG Code requires management to provide all members of the board with monthly updates on the issuer's business. The management of the Company currently reports to the Board quarterly on the Group's performance, position and prospects. The Board believes that with the executive Directors overseeing the daily operation of the Group and the effective communication among the executive Directors, the management and the non-executive Directors (including the independent non-executive Directors) on the Group's affairs, the current practice is sufficient enough for the members of the Board to discharge their duties. The Board will continue to review this practice and shall make necessary changes when appropriate and report to the shareholders accordingly.

Appreciation

On behalf of the Board, I would like to express our sincere thanks to our shareholders and investors for their continuous support and confidence in us. I would like to thank our employees for their hard work and valuable contributions which are the core elements of the Company's success.

On behalf of the Board
Kingsoft Corporation Limited

Jun Lei
Chairman

Hong Kong, 20 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	NOTES	FOR THE THREE MONTHS ENDED 30 JUNE		FOR THE SIX MONTHS ENDED 30 JUNE	
		2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
REVENUE	4	2,473,766	2,193,490	4,610,641	4,163,797
Cost of revenue		(431,731)	(361,644)	(827,953)	(706,558)
Gross profit		2,042,035	1,831,846	3,782,688	3,457,239
Research and development costs		(741,263)	(665,652)	(1,454,051)	(1,326,711)
Selling and distribution expenses		(379,407)	(301,049)	(640,699)	(652,203)
Administrative expenses		(155,353)	(153,371)	(315,626)	(303,159)
Share-based compensation costs		(81,794)	(90,937)	(158,263)	(163,723)
Other income	4	106,230	81,318	177,531	176,025
Other expenses		3,589	(26,442)	4,035	(51,453)
Operating profit		794,037	675,713	1,395,615	1,136,015
Other losses, net	5	(12,273)	(102,690)	(16,579)	(58,646)
Finance income		162,564	139,199	351,148	274,028
Finance costs		(44,738)	(41,716)	(88,334)	(82,474)
Share of profits and losses of:					
Joint ventures		(5,485)	(1,944)	(15,100)	(5,753)
Associates		(169,192)	(322,806)	(337,913)	(553,563)
PROFIT BEFORE TAX	6	724,913	345,756	1,288,837	709,607
Income tax expense	7	(48,372)	(77,979)	(90,707)	(103,882)
PROFIT FOR THE PERIOD		676,541	267,777	1,198,130	605,725
Attributable to:					
Owners of the parent		393,353	57,187	677,923	249,530
Non-controlling interests		283,188	210,590	520,207	356,195
		676,541	267,777	1,198,130	605,725
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8				
Basic		RMB0.29	RMBO.04	RMB0.51	RMBO.18
Diluted		RMB0.28	RMBO.04	RMB0.49	RMBO.17

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	FOR THE THREE MONTHS ENDED 30 JUNE		FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
PROFIT FOR THE PERIOD	676,541	267,777	1,198,130	605,725
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 into presentation currency	(35,301)	(194,954)	(41,529)	(90,185)
Reclassification to profit and loss from liquidation of a subsidiary	—	—	—	(11,309)
Reclassification to profit and loss from deemed disposal of associates	(1,619)	(5,783)	(1,745)	(5,734)
Share of other comprehensive income/(loss) of associates	(1,541)	160,778	21,114	128,752
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(38,461)	(39,959)	(22,160)	21,524
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences of the Company on translation into presentation currency	42,946	285,798	52,646	169,833
Share of other comprehensive loss of an associate	(584)	(2,101)	(584)	(3,541)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	42,362	283,697	52,062	166,292
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	3,901	243,738	29,902	187,816
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	680,442	511,515	1,228,032	793,541
Attributable to:				
Owners of the parent	394,830	283,296	706,576	421,864
Non-controlling interests	285,612	228,219	521,456	371,677
	680,442	511,515	1,228,032	793,541

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
	NOTES		
NON-CURRENT ASSETS			
Property, plant and equipment		2,028,687	1,983,123
Investment properties		166,824	169,831
Right-of-use assets		355,144	376,936
Goodwill		185,564	185,564
Other intangible assets		86,209	93,393
Investments in joint ventures		446,120	461,220
Investments in associates		4,103,107	4,475,829
Equity investment designated at fair value through other comprehensive income		18,468	18,468
Financial assets at fair value through profit or loss		561,839	406,196
Deferred tax assets		152,035	106,920
Other non-current assets		1,029,186	24,018
Total non-current assets		9,133,183	8,301,498
CURRENT ASSETS			
Inventories		14,722	15,626
Trade receivables	9	922,745	785,231
Prepayments, other receivables and other assets		2,079,151	2,224,334
Financial assets at fair value through profit or loss		3,855,521	3,591,493
Restricted cash	10	2,737	5,337
Cash and bank deposits	10	19,713,879	20,271,193
Total current assets		26,588,755	26,893,214
CURRENT LIABILITIES			
Trade payables	11	491,164	533,499
Other payables and accruals		1,578,992	1,617,145
Lease liabilities		32,775	37,512
Contract liabilities		2,577,860	2,429,120
Income tax payable		213,940	263,162
Liability component of convertible bonds	14	2,865,401	—
Total current liabilities		7,760,132	4,880,438
NET CURRENT ASSETS		18,828,623	22,012,776
TOTAL ASSETS LESS CURRENT LIABILITIES		27,961,806	30,314,274

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2024

		30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
	NOTES		
NON-CURRENT LIABILITIES			
Contract liabilities		647,029	574,547
Deferred tax liabilities		220,210	294,448
Lease liabilities		16,877	29,496
Liability component of convertible bonds	14	—	2,770,192
Other non-current liabilities		67,857	65,506
Derivative financial instrument		6,828	6,828
Total non-current liabilities		958,801	3,741,017
NET ASSETS		27,003,005	26,573,257
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	5,198	5,292
Share premium account	12	1,489,393	2,187,981
Treasury shares	12	(156,245)	(306,558)
Equity component of convertible bonds	14	468,700	468,700
Other reserves		19,707,664	18,933,618
		21,514,710	21,289,033
Non-controlling interests		5,488,295	5,284,224
TOTAL EQUITY		27,003,005	26,573,257

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

ATTRIBUTABLE TO OWNERS OF THE PARENT													
	ISSUED CAPITAL	SHARE PREMIUM ACCOUNT	TREASURY SHARES	EQUITY COMPONENT OF CONVERTIBLE BONDS	STATUTORY RESERVES	SHARE-BASED COMPENSATION RESERVE	OTHER CAPITAL RESERVE	FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)
At 1 January 2024	5,292	2,187,981	(306,558)	468,700	1,093,947 [#]	762,575 [#]	5,863,649 [#]	11,208 [#]	324,920 [#]	10,877,319 [#]	21,289,033	5,284,224	26,573,257
Profit for the period	—	—	—	—	—	—	—	—	—	677,923	677,923	520,207	1,198,130
Other comprehensive income/(loss) for the period:													
Exchange differences on translation into presentation currency	—	—	—	—	—	—	—	—	9,868	—	9,868	1,249	11,117
Reclassification to profit and loss from deemed disposal of associates	—	—	—	—	—	—	—	—	(1,745)	—	(1,745)	—	(1,745)
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	(584)	21,114	—	20,530	—	20,530
Total comprehensive income for the period	—	—	—	—	—	—	—	(584)	29,237	677,923	706,576	521,456	1,228,032
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(374,975)	(374,975)
Final 2023 dividend declared (note 15)	—	(170,337)	—	—	—	—	—	—	—	—	(170,337)	—	(170,337)
Share-based compensation costs (note 13)	—	—	—	—	—	92,158	—	—	—	—	92,158	66,239	158,397
Vesting and settlement of share-based awards	—	8,182	806	—	—	(8,988)	—	—	—	—	—	—	—
Exercise and vesting of share-based awards issued by subsidiaries	—	—	—	—	—	(30,892)	35,880	—	—	—	4,988	6,123	11,111
Shares repurchased for share award scheme (note 12)	—	—	(35,673)	—	—	—	—	—	—	—	(35,673)	—	(35,673)
Shares repurchased for cancellation (note 12)	—	—	(351,347)	—	—	—	—	—	—	—	(351,347)	—	(351,347)
Shares cancelled (note 12)	(94)	(536,433)	536,527	—	—	—	—	—	—	—	—	—	—
Changes in the ownership interests in subsidiaries	—	—	—	—	—	—	(20,688)	—	—	—	(20,688)	(14,772)	(35,460)
At 30 June 2024	5,198	1,489,393	(156,245)	468,700	1,093,947 [#]	814,853 [#]	5,878,841 [#]	10,624 [#]	354,157 [#]	11,555,242 [#]	21,514,710	5,488,295	27,003,005

These reserve accounts comprise the consolidated other reserves of RMB19,707,664,000 (31 December 2023: RMB18,933,618,000) in the interim condensed consolidated statement of financial position.

ATTRIBUTABLE TO OWNERS OF THE PARENT													
	ISSUED CAPITAL	SHARE PREMIUM ACCOUNT	TREASURY SHARES	EQUITY COMPONENT OF CONVERTIBLE BONDS	STATUTORY RESERVES	SHARE-BASED COMPENSATION RESERVE	OTHER CAPITAL RESERVE	FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)	RMB'000 (UNAUDITED)
At 1 January 2023	5,281	2,213,361	(29,059)	468,700	845,472	741,669	4,310,015	41,542	235,383	10,669,132	19,501,496	4,654,971	24,156,467
Profit for the period	—	—	—	—	—	—	—	—	—	249,530	249,530	356,195	605,725
Other comprehensive income/(loss) for the period:													
Exchange differences on translation into presentation currency	—	—	—	—	—	—	—	—	64,166	—	64,166	15,482	79,648
Reclassification adjustments for liquidation of a subsidiary	—	—	—	—	—	—	—	—	(11,309)	—	(11,309)	—	(11,309)
Reclassification adjustments for deemed disposal of associates	—	—	—	—	—	—	—	—	(5,734)	—	(5,734)	—	(5,734)
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	(3,541)	128,752	—	125,211	—	125,211
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	(3,541)	175,875	249,530	421,864	371,677	793,541
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(333,324)	(333,324)
Final 2022 dividend declared	—	(162,831)	—	—	—	—	—	—	—	—	(162,831)	—	(162,831)
Share-based compensation costs (note 13)	—	—	—	—	—	119,937	—	—	—	—	119,937	54,473	174,410
Exercise of share options	2	18,585	—	—	—	(6,636)	—	—	—	—	11,951	—	11,951
Vesting and settlement of share-based awards	—	1,953	228	—	—	(2,181)	—	—	—	—	—	—	—
Exercise and vesting of share-based awards issued by subsidiaries	—	—	—	—	—	(24,166)	31,144	—	—	—	6,978	6,270	13,248
Share purchased for share award scheme	—	—	(24,073)	—	—	—	—	—	—	—	(24,073)	—	(24,073)
Changes in the ownership interests in subsidiaries	—	—	—	—	—	—	1,204,094	—	—	—	1,204,094	78,587	1,282,681
Liquidation of a subsidiary	—	—	—	—	—	—	26,795	—	—	(26,795)	—	—	—
At 30 June 2023	5,283	2,071,068	(52,904)	468,700	845,472	828,623	5,572,048	38,001	411,258	10,891,867	21,079,416	4,832,654	25,912,070

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	NOTES	FOR THE SIX MONTHS ENDED 30 JUNE	
		2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,288,837	709,607
Adjustments for:			
Loss on disposal of property, plant and equipment		182	5,430
Depreciation of property, plant and equipment	6	75,609	73,416
Depreciation of investment properties	6	3,007	4,595
Depreciation of right-of-use assets	6	25,323	30,113
Amortisation of other intangible assets	6	11,947	15,781
Finance costs	6	88,334	82,474
Finance income		(351,148)	(274,028)
Fair value gains on financial instruments at fair value through profit or loss, net	5	(44,799)	(65,294)
Share-based compensation costs		158,263	163,723
Impairment of trade and other receivables	6	1,597	19,214
Share of losses of joint ventures		15,100	5,753
Share of losses of associates		337,913	553,563
Foreign exchange differences, net	5	7,842	55,178
Gain on liquidation of a subsidiary	5	—	(11,309)
Gain on liquidation of a joint venture	5	(106)	—
Loss on deemed disposal of associates	5	53,642	80,071
		1,671,543	1,448,287
Increase in trade receivables		(138,756)	(19,219)
Decrease in prepayments, other receivables and other assets		29,618	34,784
Increase in other non-current assets		(5,168)	(16,505)
Decrease/(increase) in inventories		904	(159)
Decrease in trade payables		(42,362)	(24,797)
Increase in contract liabilities		221,223	108,829
(Decrease)/increase in other payables and accruals		(195,399)	829,776
Cash generated from operations		1,541,603	2,360,996
Interest received		71,309	109,729
Income tax paid		(238,650)	(163,153)
Net cash flows from operating activities		1,374,262	2,307,572

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2024

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 NOTE	2023 RMB'000 (UNAUDITED)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	453,050	135,644
Purchases of property, plant and equipment and investment properties	(158,947)	(179,052)
Purchases of other intangible assets	(5,377)	(4,019)
Increase in time deposits with original maturity of over three months when acquired	(5,703,899)	(1,574,896)
Investments in a joint venture	—	(340,000)
Investments in associates	—	(257,500)
(Purchases)/redemption of financial assets at fair value through profit or loss	(373,560)	733,561
Disposal of property, plant and equipment	85	2,188
Disposal of a subsidiary	—	1,445
Liquidation of a joint venture	106	—
Increase in other loans	(999,500)	—
Dividends received from an associate	291	—
Net cash flows used in investing activities	(6,787,751)	(1,482,629)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2024

	NOTES	FOR THE SIX MONTHS ENDED 30 JUNE	
		2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares		(387,020)	(24,073)
Proceeds from exercise of share options		62,052	34,230
Cash settlement of share options issued by a subsidiary		(3,739)	—
Principal portion of lease payments		(20,882)	(54,467)
Dividends paid to owners of the parent	15	(170,337)	(162,831)
Dividends paid to non-controlling interests		(303,490)	(143,604)
Interest paid		(10,565)	(11,246)
Cash received from partially disposal of a subsidiary		—	1,351,014
Repurchase of shares of a subsidiary		(35,461)	—
Net cash flows (used in)/from financing activities		(869,442)	989,023
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,282,931)	1,813,966
Cash and cash equivalents at beginning of the period		8,707,372	11,018,882
Effect of foreign exchange rate changes, net		6,542	59,848
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,430,983	12,892,696
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	1,827,275	9,333,915
Non-pledged time deposits with original maturity of three months or less when acquired	10	603,708	3,558,781
CASH AND CASH EQUIVALENTS AS STATED IN THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS		2,430,983	12,892,696

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. CORPORATE INFORMATION

Kingsoft Corporation Limited (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 registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s shares have been listed on the Stock Exchange of Hong Kong Limited since 9 October 2007.

The principal place of business of the Company is located at Building D, Xiaomi Campus, No. 33 Xierqi Middle Road, Haidian District, Beijing, the People’s Republic of China (“PRC”).

During the six months ended 30 June 2024, the Company and its subsidiaries (together, the “Group”) were involved in the following principal activities:

- design, research and development and sales and marketing of office software products and services of WPS Office; and
- research and development of games, and provision of PC games and mobile games services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. 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 the International Accounting Standards Board.

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 consolidated financial statements for the year ended 31 December 2023. The interim condensed consolidated statements of profit or loss for the three months ended 30 June 2024 and 2023 included in page 27 of the interim financial information is only for reference.

2.2. Changes in accounting policies and disclosures

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 consolidated financial statements for the year ended 31 December 2023, 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 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. Changes in accounting policies and disclosures (continued)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

3. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- (a) the office software and services segment engages in the design, research and development, and sales and marketing of the office software products and services of WPS Office; and
- (b) the entertainment software and others segment engages in the research and development of games, and the provision of PC games and mobile games services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that net other losses, finance income, non-lease-related finance costs as well as share of profits and losses of joint ventures and associates are excluded from such measurement.

	OFFICE SOFTWARE AND SERVICES RMB'000 (UNAUDITED)	ENTERTAINMENT SOFTWARE AND OTHERS RMB'000 (UNAUDITED)	TOTAL RMB'000 (UNAUDITED)
For the six months ended 30 June 2024			
Segment revenue			
Sales	2,413,079	2,197,562	4,610,641
Segment results	640,228	753,612	1,393,840
<i>Reconciliation:</i>			
Other losses, net			(16,579)
Finance income			351,148
Finance costs (other than interest on lease liabilities)			(86,559)
Share of profits and losses of:			
Joint ventures			(15,100)
Associates			(337,913)
Profit before tax			1,288,837

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

3. OPERATING SEGMENTS (continued)

	OFFICE SOFTWARE AND SERVICES RMB'000 (UNAUDITED)	ENTERTAINMENT SOFTWARE AND OTHERS RMB'000 (UNAUDITED)	TOTAL RMB'000 (UNAUDITED)
For the six months ended 30 June 2023			
Segment revenue			
Sales	2,172,497	1,991,300	4,163,797
Segment results			
	502,912	630,418	1,133,330
<i>Reconciliation:</i>			
Other losses, net			(58,646)
Finance income			274,028
Finance costs (other than interest on lease liabilities)			(79,789)
Share of profit and losses of:			
Joint ventures			(5,753)
Associates			(553,563)
Profit before tax			709,607

Geographical information

(a) Revenue from external customers:

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
Chinese Mainland	4,337,015	3,953,423
Hong Kong	143,943	180,611
Other countries and regions	129,683	29,763
Total	4,610,641	4,163,797

The revenue information above is based on the locations of the Group's operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

3. OPERATING SEGMENTS (continued)

Geographical information (continued)

(b) *Non-current assets:*

	30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
Chinese Mainland	2,832,063	2,814,218
Other countries and regions	2,054	2,757
Total	2,834,117	2,816,975

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and investments in associates and joint ventures.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
<i>Revenue from contracts with customers</i>	4,591,094	4,145,367
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Lease payments, including fixed payments	19,547	18,430
Total	4,610,641	4,163,797

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

4. REVENUE AND OTHER INCOME (continued)

Disaggregated revenue information

For the six months ended 30 June 2024

SEGMENTS	OFFICE SOFTWARE AND SERVICES RMB'000 (UNAUDITED)	ENTERTAINMENT SOFTWARE AND OTHERS RMB'000 (UNAUDITED)	TOTAL RMB'000 (UNAUDITED)
Types of goods or services			
Sales and subscription of software and related services	2,391,497	—	2,391,497
Game services	—	1,966,676	1,966,676
Royalties	—	135,390	135,390
Online marketing services	20,735	—	20,735
Others	—	76,796	76,796
Total	2,412,232	2,178,862	4,591,094
Geographical markets			
Chinese Mainland	2,308,355	2,009,113	4,317,468
Hong Kong	67,652	76,291	143,943
Other countries and regions	36,225	93,458	129,683
Total	2,412,232	2,178,862	4,591,094

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

4. REVENUE AND OTHER INCOME (continued)

Disaggregated revenue information (continued)

For the six months ended 30 June 2023

SEGMENTS	OFFICE SOFTWARE AND SERVICES RMB'000 (UNAUDITED)	ENTERTAINMENT SOFTWARE AND OTHERS RMB'000 (UNAUDITED)	TOTAL RMB'000 (UNAUDITED)
Types of goods or services			
Sales and subscription of software and related services	2,099,933	—	2,099,933
Game services	—	1,725,342	1,725,342
Royalties	—	184,157	184,157
Online marketing services	72,192	—	72,192
Others	—	63,743	63,743
Total	2,172,125	1,973,242	4,145,367
Geographical markets			
Chinese Mainland	2,098,117	1,836,876	3,934,993
Hong Kong	44,638	135,973	180,611
Other countries and regions	29,370	393	29,763
Total	2,172,125	1,973,242	4,145,367

Other income

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
Value-added tax refund	161,551	139,422
Government grants*	11,743	24,668
Others	4,237	11,935
Total	177,531	176,025

* There are no unfulfilled conditions or contingencies relating to these government grants.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

5. OTHER LOSSES, NET

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
Loss on deemed disposal of associates	(53,642)	(80,071)
Gain on liquidation of a joint venture	106	—
Foreign exchange differences, net	(7,842)	(55,178)
Fair value gains on financial instruments at fair value through profit or loss, net	44,799	65,294
Gain on liquidation of a subsidiary*	—	11,309
Total other losses, net	(16,579)	(58,646)

* The Company disposed of its interests in a wholly-owned subsidiary through liquidation. The cumulative gain of the exchange differences recognised in other comprehensive income has been reclassified to gain on liquidation of a subsidiary.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
Employee benefit expenses	1,997,549	1,865,184
Depreciation of property, plant and equipment	75,609	73,416
Depreciation of investment properties	3,007	4,595
Depreciation of right-of-use assets	25,323	30,113
Amortisation of other intangible assets	11,947	15,781
Interest on lease liabilities, convertible bonds and other liabilities	88,334	82,474
Impairment of trade and other receivables	1,597	19,214

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

7. INCOME TAX EXPENSE

PRC corporate income tax represents the tax charged on the estimated assessable profits arising in the Chinese Mainland during the period. In general, the PRC subsidiaries of the Group are subject to the PRC corporate income tax rate of 25% except for certain PRC subsidiaries which are entitled to tax holidays and preferential tax rates.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
Current income tax	210,060	188,297
Deferred income tax	(119,353)	(84,415)
Income tax expense	90,707	103,882

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,335,770,539 (six months ended 30 June 2023: 1,358,701,874) in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the impact on earnings arising from the share option schemes and the award share schemes adopted by the Group's subsidiaries. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2024 in respect of the convertible bonds outstanding as the impact was anti-dilutive.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted earnings per share are based on:

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
<i>Earnings</i>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation:	677,923	249,530
Decrease in earnings adjusted for the share option schemes and the share award schemes adopted by the Group's subsidiaries	(24,151)	(19,077)
Adjusted profit attributable to ordinary equity holders of the parent	653,772	230,453
<i>Shares</i>		
	NUMBER OF SHARES FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 (UNAUDITED)	2023 (UNAUDITED)
Weighted average number of ordinary shares in issue less shares held for the share award schemes during the period used in the basic earnings per share calculation	1,335,770,539	1,358,701,874
Effect of dilution — weighted average number of ordinary shares:		
Share options	326,193	1,153,475
Awarded shares	1,518,552	3,880,043
Total	1,337,615,284	1,363,735,392

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

9. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
0–30 days	428,266	288,350
31–60 days	78,606	118,685
61–90 days	36,991	55,889
91–365 days	194,078	210,024
1 to 2 years	148,102	85,695
Over 2 years	36,702	26,588
Total	922,745	785,231

10. CASH AND BANK DEPOSITS AND RESTRICTED CASH

	30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
Cash and bank balances	1,827,275	5,271,983
Non-pledged time deposits with original maturity of three months or less when acquired	603,708	3,435,389
Subtotal	2,430,983	8,707,372
Non-pledged time deposits with original maturity of over three months when acquired	17,282,896	11,563,821
Cash and bank deposits	19,713,879	20,271,193
Restricted cash	2,737	5,337
Total	19,716,616	20,276,530

Notes:

- (i) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of one day to a year depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.
- (ii) The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
0–30 days	143,045	127,357
31–60 days	95,761	64,024
61–90 days	60,245	39,441
91–365 days	137,558	247,416
Over 1 years	54,555	55,261
Total	491,164	533,499

12. SHARE CAPITAL

The movement of the Company's share capital is as follows:

	NUMBER OF SHARES IN ISSUE (UNAUDITED)	ISSUED SHARE CAPITAL RMB'000 (UNAUDITED)	SHARE PREMIUM ACCOUNT RMB'000 (UNAUDITED)	TREASURY SHARES RMB'000 (UNAUDITED)	TOTAL RMB'000 (UNAUDITED)
At 1 January 2024	1,350,800,420*	5,292	2,187,981	(306,558)	1,886,715
Final 2023 dividend declared	—	—	(170,337)	—	(170,337)
Vesting of awarded shares	351,374	—	8,182	806	8,988
Shares repurchased for share award scheme	(1,527,400)	—	—	(35,673)	(35,673)
Shares repurchased for cancellation	(18,688,600)	—	—	(351,347)	(351,347)
Shares cancelled	—	(94)	(536,433)	536,527	—
At 30 June 2024	1,330,935,794*	5,198	1,489,393	(156,245)	1,338,346

* Excluding 8,248,363 (31 December 2023: 14,742,897) shares held by the trust on behalf of the Company as at 30 June 2024 for the Company's share award arrangements and future share cancellation.

Share options

Details of the Company's share option schemes and the share options issued under these schemes are included in note 13 to the financial statement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

13. SHARE-BASED COMPENSATION COSTS

The Company's share award arrangements

- (a) The Company adopted the 2011 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants. Eligible participants of the 2011 Share Option Scheme include the directors and other employees of the Group or any of the Group's invested entities. The 2011 Share Option Scheme became effective on 9 December 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Any options granted before the termination date of the 2011 Share Option Scheme shall continue to be valid and effective until the options' expiry date.

The following table illustrates the number of and movements in the share options outstanding under the 2011 Share Option Scheme during the six months ended 30 June 2024 and 2023, and their weighted average exercise prices ("WAEP"):

	2024		2023	
	NUMBER OF SHARE OPTIONS (UNAUDITED)	WAEP HK\$ PER SHARE (UNAUDITED)	NUMBER OF SHARE OPTIONS (UNAUDITED)	WAEP HK\$ PER SHARE (UNAUDITED)
Outstanding at 1 January	2,529,800	20.25	3,129,800	20.73
Exercised during the period	—	—	(600,000)	22.75
Outstanding at 30 June	2,529,800	20.25	2,529,800	20.25
Exercisable at 30 June	2,529,800	20.25	2,529,800	20.25

The share options outstanding as at the end of reporting period were granted on 21 April 2017. The vesting periods of the share options granted under the 2011 Share Option Scheme were various from 1 to 5 years. The exercise period of these share options shall be any time after the end of the vesting period and before the tenth anniversary of the grant date.

- (b) The Company operates the 2021 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants. Eligible participants of the 2021 Share Option Scheme include the directors and other employees of the Group or any of the Group's invested entities. The 2021 Share Option Scheme became effective on 9 December 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The following table illustrates the number of and movements in the share options outstanding under the 2021 Share Option Scheme during the six months ended 30 June 2024 and 2023, and their WAEP:

	2024		2023	
	NUMBER OF SHARE OPTIONS (UNAUDITED)	WAEP HK\$ PER SHARE (UNAUDITED)	NUMBER OF SHARE OPTIONS (UNAUDITED)	WAEP HK\$ PER SHARE (UNAUDITED)
Outstanding at 1 January and 30 June	5,500,000	31.69	5,500,000	31.69
Exercisable at 30 June	1,100,000	31.69	—	—

The share options outstanding as at the end of reporting period were granted on 4 July 2022. The vesting periods of the share options granted under the 2021 Share Option Scheme were various from 1 to 5 years. The exercise period of these share options shall be any time after the end of the vesting period and before the tenth anniversary of the grant date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

13. SHARE-BASED COMPENSATION COSTS (continued)

The Company's share award arrangements (continued)

- (c) On 31 March 2008, the directors of the Company approved and adopted the Share Award Scheme in which selected employees of the Group are entitled to participate. Unless early terminated by the directors of the Company, the Share Award Scheme is valid and effective for a term of five years commencing from 31 March 2008. On 25 November 2010, the directors of the Company resolved to extend the termination date of the Share Award Scheme from 30 March 2013 to 30 March 2017. On 19 November 2016, the directors of the Company resolved to extend the termination date of the Share Award Scheme from 30 March 2017 to 30 March 2022. On 5 July 2021, the directors of the Company resolved to extend the termination date of the Share Award Scheme from 30 March 2022 to 30 March 2027.

The following table illustrates the number of and movements in the Share Award Scheme during the six months ended 30 June 2024 and 2023.

	2024 NUMBER OF AWARDED SHARES (UNAUDITED)	2023 NUMBER OF AWARDED SHARES (UNAUDITED)
Outstanding at 1 January	4,182,220	5,999,660
Granted during the period	130,000	370,700
Forfeited during the period	(50,000)	(636,200)
Vested during the period	(351,374)	(94,700)
Outstanding at 30 June	3,910,846	5,639,460

- (d) On 23 May 2024, the shareholders of the Company approved and adopted the 2024 Share Scheme in which selected eligible participants of the Group are entitled to participate. Unless early terminated by the directors of the Company, the 2024 Share Scheme is valid and effective for a term of ten years commencing from 23 May 2024. The directors will not grant those awarded shares which would result in the total number of shares (but not counting any shares which have lapsed or have been forfeited) granted under the 2024 Share Scheme, in aggregate, greater than 5% of the total number of shares in issue as at the adoption date of the 2024 Share Scheme.

No share awards or options was granted under the 2024 Share Scheme since its adoption.

The total number of new shares which may be issued in respect of all share options and share awards to be granted under all of the Company's share award arrangements must not exceed 10% of the shares of the Company in issue (excluding any treasury shares) as at 23 May 2024, the date on which the 2024 Share Scheme was approved.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

13. SHARE-BASED COMPENSATION COSTS (continued)

Kingsoft Office's share award arrangements

- (a) On 2 June 2021, the shareholders of Beijing Kingsoft Office Software, Inc. ("Beijing Kingsoft Office"), a subsidiary of the Company, approved and adopted the Kingsoft Office Share Award Scheme for the purpose of providing incentives and rewards to eligible participants, in which selected employees of Beijing Kingsoft Office and its subsidiaries are entitled to participate. The maximum number of ordinary shares under the Kingsoft Office Share Award Scheme which may be issued upon exercise of all restricted share units (the "RSUs") with option feature to be granted may not in aggregate exceed 870,000 shares (representing 0.19% of the shares of Beijing Kingsoft Office in issue). The Kingsoft Office Share Award Scheme shall be valid and effective for a term of five years commencing on 2 June 2021. The exercise price and exercise period of RSUs are determinable by the board of Beijing Kingsoft Office.

The following table illustrates the numbers and movements of RSUs granted under the Kingsoft Office Share Award Scheme during the six months ended 30 June 2024 and 2023.

	2024		2023	
	NUMBER OF RSUs (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)	NUMBER OF RSUs (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)
Outstanding at 1 January	274,144	43.83	555,475	44.56
Forfeited during the period	—	—	(23,172)	44.56
Exercised during the period	(31,350)	42.95	(43,461)	43.83
Outstanding at 30 June	242,794	42.95	488,842	43.83
Exercisable at 30 June	210,494	42.95	205,062	44.56

The RSUs outstanding as at the end of reporting period were granted during 2 June 2021 to 28 December 2021. The vesting periods of the RSUs granted under the Kingsoft Office Share Award Scheme were various from 1 to 3 years. The exercise period of these RSUs shall be any time after the end of the vesting period and before the fifth anniversary of the grant date.

- (b) On 28 April 2022, the shareholders of Beijing Kingsoft Office approved and adopted the 2022 Kingsoft Office Share Award Scheme for the purpose of providing incentives and rewards to eligible participants, in which selected employees of Beijing Kingsoft Office and its subsidiaries are entitled to participate. The maximum number of ordinary shares under the 2022 Kingsoft Office Share Award Scheme which may be issued upon exercise of all RSUs with option feature to be granted may not in aggregate exceed 1,000,000 shares. The 2022 Kingsoft Office Share Award Scheme shall be valid and effective for a term of five years commencing on 29 April 2022. The exercise price and exercise period of RSUs are determinable by the board of Beijing Kingsoft Office.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

13. SHARE-BASED COMPENSATION COSTS (continued)

Kingsoft Office's share award arrangements (continued)

(b) (continued)

The following table illustrates the numbers and movements of RSUs granted under the 2022 Kingsoft Office Share Award Scheme during the six months ended 30 June 2024 and 2023.

	2024		2023	
	NUMBER OF RSUs (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)	NUMBER OF RSUs (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)
Outstanding at 1 January	702,150	44.43	977,300	45.16
Forfeited during the period	(9,570)	44.43	(4,440)	45.16
Exercised during the period	(303,303)	44.43	(250,470)	45.16
Outstanding at 30 June	389,277	44.43	722,390	45.16
Exercisable at 30 June	—	—	—	—

The RSUs outstanding as at the end of reporting period were granted during 29 April 2022 to 28 December 2022. The vesting periods of the RSUs granted under the 2022 Kingsoft Office Share Award Scheme were various from 1 to 3.5 years. The exercise period of these RSUs shall be any time after the end of the vesting period and before the fifth anniversary of the grant date.

- (c) On 6 June 2023, the shareholders of Beijing Kingsoft Office approved and adopted the 2023 Kingsoft Office Share Award Scheme for the purpose of providing incentives and rewards to eligible participants, in which selected employees of Beijing Kingsoft Office and its subsidiaries are entitled to participate. The maximum number of ordinary shares under the 2023 Kingsoft Office Share Award Scheme which may be issued upon exercise of all RSUs with option feature to be granted may not in aggregate exceed 1,000,000 shares (representing 0.22% of the shares of Beijing Kingsoft Office in issue). The 2023 Kingsoft Office Share Award Scheme shall be valid and effective for a term of five years commencing on 6 June 2023. The exercise price and exercise period of RSUs are determinable by the board of Beijing Kingsoft Office.

The following table illustrates the numbers and movements of RSUs granted under the 2023 Kingsoft Office Share Award Scheme during the six months ended 30 June 2024 and 2023.

	2024		2023	
	NUMBER OF RSUs (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)	NUMBER OF RSUs (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)
Outstanding at 1 January	989,400	149.27	—	—
Granted during the period	—	—	800,400	150
Forfeited during the period	(6,480)	149.27	—	—
Exercised during the period	—	—	—	—
Outstanding at 30 June	982,920	148.39	800,400	150
Exercisable at 30 June	257,169	148.39	—	—

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

13. SHARE-BASED COMPENSATION COSTS (continued)

Kingsoft Office's share award arrangements (continued)

(c) (continued)

The RSUs outstanding as at the end of reporting period were granted during 6 June 2023 to 28 December 2023. The vesting periods of the RSUs granted under the 2023 Kingsoft Office Share Award Scheme were various from 1 to 3 years. The exercise period of these RSUs shall be any time after the end of the vesting period and before the fifth anniversary of the grant date.

(d) On 28 May 2024, the shareholders of Beijing Kingsoft Office approved and adopted the 2024 Kingsoft Office Share Award Scheme for the purpose of providing incentives and rewards to eligible participants, in which selected employees of Beijing Kingsoft Office and its subsidiaries are entitled to participate. The maximum number of ordinary shares under the 2024 Kingsoft Office Share Award Scheme which may be issued upon exercise of all RSUs with option feature to be granted may not in aggregate exceed 1,000,000 shares. The 2024 Kingsoft Office Share Award Scheme shall be valid and effective for a term of five years commencing on 28 May 2024. The exercise price and exercise period of RSUs are determinable by the board of Beijing Kingsoft Office.

The following table illustrates the numbers and movements of RSUs granted under the 2024 Kingsoft Office Share Award Scheme during the six months ended 30 June 2024.

	2024 NUMBER OF RSUs (UNAUDITED)	2024 WAEP RMB PER SHARE (UNAUDITED)
Outstanding at 1 January	—	—
Granted during the period	798,000	146.74
Outstanding at 30 June	798,000	146.74
Exercisable at 30 June	—	—

The RSUs outstanding as at the end of reporting period were granted on 29 May 2024. The vesting periods of the RSUs granted under the 2024 Kingsoft Office Share Award Scheme were various from 1 to 3 years. The exercise period of these RSUs shall be any time after the end of the vesting period and before the fifth anniversary of the grant date.

(e) On 3 December 2012, the directors of the Company and Kingsoft Office Software Holdings Limited ("KOS Holdings") approved and adopted the share award scheme (the "KOS Share Award Scheme"), in which selected employees of KOS Holdings and its subsidiaries are entitled to participate. Unless early terminated by the directors of KOS Holdings, the KOS Share Award Scheme shall be valid and effective for a term of ten years from 3 December 2012. In November 2015, pursuant to the approval of the directors and the shareholders of KOS Holdings and a series of agreements, all the outstanding awarded shares under the KOS Share Award Scheme were replaced by the restricted shares of Beijing Kingsoft Office, held through certain limited partnerships. The limited partnerships were set up for the purpose of holding the shares of Beijing Kingsoft Office, which is a similar arrangement for the benefit of employees as the KOS Share Award Scheme.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

13. SHARE-BASED COMPENSATION COSTS (continued)

Kingsoft Office's share award arrangements (continued)

(e) (continued)

The following table illustrates the number of and movements in the restricted shares granted by Beijing Kingsoft Office during the six months ended 30 June 2024 and 2023.

	2024 NUMBER OF RESTRICTED SHARES (UNAUDITED)	2023 NUMBER OF RESTRICTED SHARES (UNAUDITED)
Outstanding at 1 January	465,183	548,833
Vested during the period	—	(21,000)
Outstanding at 30 June	465,183	527,833

Seasun Holdings' share award arrangements

(a) On 27 June 2013 (the "Seasun Holdings Share Option Adoption Date"), the shareholders of the Company and Seasun Holdings Limited ("Seasun Holdings"), a subsidiary of the Company, approved and adopted the Seasun Holdings Share Option Scheme for the purpose of providing incentives and rewards to eligible participants, in which selected employees of Seasun Holdings and its subsidiaries are entitled to participate. The maximum number of ordinary shares under the Seasun Holdings Share Option Scheme which may be issued upon exercise of all share options to be granted may not in aggregate exceed 80,000,000 shares (representing 10% of the shares in issue). On 24 May 2017, the shareholders of the Company and Seasun Holdings approved to amend the maximum number of ordinary shares, which may be issued upon exercise in the Seasun Holdings Share Option Scheme, to 40,000,000 shares. The Seasun Holdings Share Option Scheme shall be valid and effective for a term of ten years commencing on the Seasun Holdings Share Option Adoption Date. The exercise price and exercise period of share options are determinable by the board of Seasun Holdings.

The following table illustrates the numbers of and movements in the Seasun Holdings Share Option Scheme during the six months ended 30 June 2024 and 2023.

	2024		2023	
	NUMBER OF SHARE OPTIONS (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)	NUMBER OF SHARE OPTIONS (UNAUDITED)	WAEP RMB PER SHARE (UNAUDITED)
Outstanding at 1 January	18,748,489	4.85	20,665,989	4.81
Forfeited during the period	—	—	(100,000)	8.05
Cancelled during the period	—	—	(571,500)	4.47
Outstanding at 30 June	18,748,489	4.85	19,994,489	4.81
Exercisable at 30 June	17,257,600	4.61	17,599,600	4.39

The share options outstanding as at the end of reporting period were granted during 18 July 2013 to 1 April 2022 and the vesting periods of these share options were various from 4 to 5 years. The exercise period of the share options granted under the Seasun Holdings Share Option Scheme shall be any time after the end of the vesting period and before the tenth anniversary of the grant date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

13. SHARE-BASED COMPENSATION COSTS (continued)

Seasun Holdings' share award arrangements (continued)

- (b) On 21 March 2017, the shareholders and directors of Seasun Holdings approved and adopted the Seasun Holdings Share Award Scheme, in which selected employees of Seasun Holdings and its subsidiaries are entitled to participate. Unless early terminated by the directors of Seasun Holdings, the Seasun Holdings Share Award Scheme is valid and effective for a term of ten years commencing from 21 March 2017. The directors of Seasun Holdings will not grant those awarded shares which would result in the total number of shares (but not counting any shares which have lapsed or have been forfeited) greater than 50,832,211 shares, as at the date of such grant.

The following table illustrates the number of and movements in the Seasun Holdings Awarded Shares during the six months ended 30 June 2024 and 2023.

	2024 NUMBER OF AWARDED SHARES (UNAUDITED)	2023 NUMBER OF AWARDED SHARES (UNAUDITED)
Outstanding at 1 January	48,940,030	49,683,919
Forfeited during the period	—	(115,000)
Outstanding at 30 June	48,940,030	49,568,919

Kingsoft Shiyou Holdings' share award arrangements

- (a) On 13 April 2022, the shareholders and directors of the Kingsoft Shiyou Holdings Limited ("Kingsoft Shiyou Holdings"), a subsidiary of the Company, approved and adopted the Kingsoft Shiyou Holdings Share Award Scheme, in which selected employees of Kingsoft Shiyou Holdings and its subsidiaries are entitled to participate. Unless early terminated by the directors of Kingsoft Shiyou Holdings, the Kingsoft Shiyou Holdings Share Award Scheme is valid and effective for a term of ten years commencing from 13 April 2022. The directors of Kingsoft Shiyou Holdings will not grant those awarded shares which would result in the total number of shares (but not counting any shares which have lapsed or have been forfeited) greater than 50,000,000 shares, as at the date of such grant.

No share awards was granted under the Kingsoft Shiyou Holdings Share Award Scheme since its adoption.

14. CONVERTIBLE BONDS

On 29 April 2020, the Company issued five-year convertible bonds in the principal amount of HK\$3,100,000,000 (equivalent to RMB2,827,820,000) which bear interest at a rate of 0.625% per annum payable semi-annually (the "2020 Convertible Bonds"). The 2020 Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company from 9 June 2020 to the date falling 10 days prior to the maturity date, at a price of HK\$35.7637 per share, subject to adjustments. The Company may redeem under certain circumstances the outstanding 2020 Convertible Bonds at a predetermined amount together with interest accrued by giving the bondholders not less than 30 nor more than 60 days' prior notice. On the maturity date, any 2020 Convertible Bonds not converted will be redeemed by the Company at 105.85% of the principal amount together with accrued and unpaid interest thereon. There was no conversion or redemption of the 2020 Convertible Bonds during the period ended 30 June 2023.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

In accordance with the terms and conditions of the 2020 Convertible Bonds, the aggregate payment of the special dividend in relation to the spin-off and separate listing of Kingsoft Cloud Holdings Limited ("Kingsoft Cloud"), the 2019 final dividend and the 2020 final dividend distributed by the Company resulted in adjustments (the "First Adjustments")

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

14. CONVERTIBLE BONDS (continued)

to the conversion price of the 2020 Convertible Bonds. The First Adjustments became effective on 8 June 2021, the respective conversion price of the 2020 Convertible Bonds was adjusted to HKD35.32 per share. Assuming full conversion of the 2020 Convertible Bonds at the adjusted conversion price of HK\$35.32 per share and no further issue of shares, the 2020 Convertible Bonds will be convertible into approximately 87,768,969 shares of the Company, representing an increase of 1,088,900 shares from the original 86,680,069 shares.

In accordance with the terms and conditions of the 2020 Convertible Bonds, the aggregate payment of the 2021 final dividend, the 2022 final dividend and 2023 final dividend distributed by the Company resulted in adjustments (the "Second Adjustments") to the conversion price of the 2020 Convertible Bonds. The Second Adjustments became effective on 8 June 2024, and the respective conversion price of the 2020 Convertible Bonds was adjusted to HKD34.77 per share. Assuming full conversion of the 2020 Convertible Bonds at the adjusted conversion price of HK\$34.77 per share and no further issue of shares, the 2020 Convertible Bonds will be convertible into approximately 89,157,320 shares of the Company, representing an increase of 1,388,351 shares from the original 87,768,969 shares.

The movements of the liability component and the equity component of the 2020 Convertible Bonds for the six months ended 30 June 2024 are set out below:

	LIABILITY COMPONENT RMB'000 (UNAUDITED)	EQUITY COMPONENT RMB'000 (UNAUDITED)
At 1 January 2024	2,770,192	468,700
Interest expenses	83,818	—
Interest paid	(8,804)	—
Exchange realignment	20,195	—
At 30 June 2024	2,865,401	468,700

15. DIVIDENDS

A final dividend of HK\$0.14 per ordinary share for 2023 totaling HK\$186,630,000 (equivalent to RMB170,337,000), proposed by the board of directors of the Company ("Board") was approved by the shareholders of the Company on 23 May 2024.

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

16. COMMITMENTS

The Group had the following contractual commitments as at the end of the reporting period:

	NOTE	30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
Development of land and buildings	(a)	272,877	296,712
Purchase of property, plant and equipment		294	231
Total		273,171	296,943

(a) As at 30 June 2024, the Group's contractual commitments for the development of a piece of land in Wuhan and leasehold improvements were RMB272,442,000 and RMB435,000 (31 December 2023: RMB294,760,000 and RMB1,952,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	NOTES	FOR THE SIX MONTHS ENDED 30 JUNE	
		2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
Interest income from an associate of the Group	(i)	19,269	—
Interest income from other related parties		1,452	343
Provision of promotion services to a company controlled by a director of the Company	(ii)	66	1,795
Provision of licensing and subscription services to a company controlled by a director of the Company	(iii)	802	64
Provision of mailbox customized development services to a company controlled by a director of the Company		322	—
Provision of advertisement services to a company controlled by a director of the Company	(iv)	7,714	—
Provision of services to associates	(v)	6,827	6,510
Provision of services to a joint venture	(vi)	2,176	1,991
Licence fee from a company whose parent has a significant influence on the Company	(vii)	65,759	77,992
Licence fee from an associate	(viii)	2,602	3,374
Purchases of products from a company controlled by a director of the Company		6,696	171
Purchases of services from a company controlled by a director of the Company	(ix)	188	1,514
Licence fee to a joint venture	(x)	33,131	40,604
Rental to a company controlled by a director of the Company	(xi)	9,404	14,554
Purchase of cloud services from associates	(xii)	145,171	105,139
Contribution to funds controlled by a director of the Company	(xiii)	151,000	200,000

(i) On 4 December 2023, the Group and Kingsoft Cloud Holdings Limited and its subsidiaries (collectively, "Kingsoft Cloud Group"), associates of the Company, entered into a loan facility framework agreement in relation to the provision of the loan facility in the principal amount of up to RMB1,500,000,000 for the period from 5 December 2023 to 31 December 2025. In 2023, the Group entered into a short-term loan agreement with Kingsoft Cloud Group, pursuant to which, the Group provided a loan of RMB500,000,000 to Kingsoft Cloud Group with an interest rate of 3.75% per annum which is repayable on 30 September 2024.

In 2024, the Group entered into loan agreements with Kingsoft Cloud Group, pursuant to which, the Group provided loans of RMB500,000,000, RMB200,000,000 and RMB300,000,000 to Kingsoft Cloud Group with an interest rate of 4.05% per annum which are repayable on 11 September 2025, 29 September 2025 and 17 October 2025, respectively. Kingsoft Cloud Group provided charge over fixed assets to the Group with value equal to 120% of relevant drawdown amount. As at 30 June 2024, the outstanding balance due from Kingsoft Cloud Group under the loan facilities was RMB1,506,678,000, including accumulated unpaid principal and interests receivable of RMB1,500,000,000 and RMB6,678,000 respectively. The interest income from the associate during the period of six months ended 30 June 2024 was approximately RMB19,269,000 (six months ended 30 June 2023: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

17. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

- (ii) The Group entered into framework agreements with a company controlled by a director of the Company. Pursuant to the framework agreements, the Group provides promotion services to this related company and its affiliates at the prevailing fair market price in the same industry for similar transactions.
- (iii) The Group entered into framework agreements with a company controlled by a director of the Company. Pursuant to the framework agreements, the Group provides licensing and subscription services to this related company and its affiliates at the prevailing fair market price in the same industry for similar transactions.
- (iv) In 2024, the Group entered into an agreement with a company controlled by a director of the Company. Pursuant to the agreement, the Group provides advertisement services to this related company and its affiliates at the prevailing fair market price in the same industry for similar transactions.
- (v) The Group entered into agreements with associates to provide technology support and leasing services to them at the prevailing fair market price.
- (vi) The Group entered into agreements with a joint venture to provide technology support and leasing services to it at the prevailing fair market price.
- (vii) The Group entered into various licensing agreements with a company whose parent has a significant influence on the Company to operate the Group's online games with this related company at the prevailing fair market price.
- (viii) The Group entered into an exclusive licensing agreement with an associate to grant the exclusive right to use certain office software.
- (ix) The Group entered into framework agreements with a company controlled by a director of the Company. Pursuant to the framework agreements, affiliates of this related company provide various forms of promotion services to the Group through the internet platforms. The price is based on (i) the prevailing fair market price, (ii) the actual cost incurred plus a reasonable profit margin, or (iii) a price with reference to the price or reasonable profit margin of an independent third party conducting similar transactions.
- (x) The Group entered into the game joint development and operation agreement with a joint venture to jointly develop and operate the Group's online games at the prevailing fair market price.
- (xi) The Group entered into lease agreements with a company controlled by a director of the Company at the prevailing market rent of similar properties and business nature in nearby locations. As at 30 June 2024, the carrying amounts of right-of-use assets and lease liabilities in respect with the lease agreements were RMB20,368,000 (31 December 2023: RMB35,445,000) and RMB27,029,000 (31 December 2023: RMB27,733,000), respectively.
- (xii) The Group entered into cloud service agreements with Kingsoft Cloud Group. Pursuant to the agreements, Kingsoft Cloud Group provides cloud services to the Group at the prevailing fair market price.
- (xiii) In 2023, the Group entered into a partnership agreement in relation to the formation of a fund with companies controlled by a director of the Company. Pursuant to the partnership agreement, the Group shall participate in the fund as a limited partner and agreed to make a contribution in the amount of RMB500 million. During the period of six months ended 30 June 2024, the Group contributed RMB150 million (accumulated to RMB350 million) to the fund.

In 2024, the Group entered into another partnership agreement in relation to the formation of a fund with some other companies controlled by a director of the Company. Pursuant to the partnership agreement, the Group shall participate in the fund as a limited partner and agreed to make a contribution in the amount of RMB500 million. During the period of six months ended 30 June 2024, the Group contributed RMB1 million to the fund.

- (xiv) The Group entered into framework agreements with a company controlled by a director of the Company. Pursuant to the framework agreements, the Group jointly operates the Group's online games operations with an affiliate of this related company by ways of exclusive and non-exclusive licensing. The Group is entitled to receive licensing fee under the exclusive arrangements and the affiliate of this related company acted as a distribution platform to collect payments from players on behalf of the Group through the non-exclusive arrangements. The net amount remitted to the Group during the period amounted to RMB3,243,000 (six months ended 30 June 2023: RMB5,715,000), including the licensing fee collected on behalf of the Group after deduction of commission in accordance with the co-operation agreements, which is charged at the prevailing fair market price.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

17. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group (including directors' remuneration):

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2024 RMB'000 (UNAUDITED)	2023 RMB'000 (UNAUDITED)
Salaries, allowances, and benefits in kind	4,503	2,832
Pension scheme contributions	176	130
Share-based compensation costs	26,774	34,842
Total compensation paid to key management personnel	31,453	37,804

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	CARRYING AMOUNTS		FAIR VALUES	
	30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)	30 JUNE 2024 RMB'000 (UNAUDITED)	31 DECEMBER 2023 RMB'000 (AUDITED)
Financial assets				
Loans receivable	1,017,497	15,890	1,020,800	14,482
Equity investments designated at fair value through other comprehensive income	18,468	18,468	18,468	18,468
Financial assets at fair value through profit or loss	4,417,360	3,997,689	4,417,360	3,997,689
Total	5,453,325	4,032,047	5,456,628	4,030,639
Financial liabilities				
Derivative financial instrument	6,828	6,828	6,828	6,828
Other non-current liabilities	59,452	56,711	59,994	48,242
Liability component of convertible bonds	2,865,401	2,770,192	2,877,366	2,787,797
Total	2,931,681	2,833,731	2,944,188	2,842,867

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Management has assessed that the fair values of cash and bank deposits, restricted cash, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the acting chief financial officer ("CFO") and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the acting CFO and the valuation process and results are discussed with the audit committee.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of loans receivable has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

The fair value of an unlisted equity investment designated at fair value through other comprehensive income has been estimated using a market-based valuation technique and equity valuation allocation model. These valuation techniques are based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to revenue ("EV/Revenue") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investment to measure the fair value. The directors believe that the estimated fair value resulting from the valuation technique, which is recorded in the consolidated statement of financial position, and the related changes in fair value which are recorded in other comprehensive income, are reasonable, and that it was the most appropriate value at the end of the reporting period.

The fair values of financial assets at fair value through profit or loss have been estimated as follows: (i) for wealth management products, the fair values have been estimated by using discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks; (ii) for subscription options, the fair values have been estimated by using the Black Scholes Model. The valuation requires the directors to make estimates about the life of option, dividend yield and expected volatility; and (iii) for other financial assets at fair value through profit or loss, the fair values have been estimated by reference to market approach or discount cashflow approach, and using equity valuation allocation model. The valuation requires the directors to make estimates about the underlying equity value, expected volatility and risk-free rate. The estimation of the underlying equity value is based on estimation of price multiple or expected future cash flows. These valuation techniques are based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from these valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in the consolidated statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

	FAIR VALUE MEASUREMENT USING			TOTAL RMB'000 (UNAUDITED)
	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1) RMB'000 (UNAUDITED)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) RMB'000 (UNAUDITED)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) RMB'000 (UNAUDITED)	
Equity investments designated at fair value through other comprehensive income	—	—	18,468	18,468
Financial assets at fair value through profit or loss	—	—	4,417,360	4,417,360
Total	—	—	4,435,828	4,435,828

As at 31 December 2023

	FAIR VALUE MEASUREMENT USING			TOTAL RMB'000 (AUDITED)
	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1) RMB'000 (AUDITED)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) RMB'000 (AUDITED)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) RMB'000 (AUDITED)	
Equity investments designated at fair value through other comprehensive income	—	—	18,468	18,468
Financial assets at fair value through profit or loss	—	—	3,997,689	3,997,689
Total	—	—	4,016,157	4,016,157

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movement of assets in fair value measurements in Level 3 during the period is as follows:

	RMB'000
Equity investments designated at fair value through other comprehensive income/financial assets at fair value through profit or loss:	
At 1 January 2024	4,016,157
Additions	373,560
Total gains recognised in profit or loss	44,799
Exchange differences	1,312
At 30 June 2024 (Unaudited)	4,435,828

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024:

	VALUATION TECHNIQUES	SIGNIFICANT UNOBSERVABLE INPUTS	SENSITIVITY OF FAIR VALUE TO THE INPUT
Financial assets at fair value through profit or loss	Black Scholes Model	Fair value per share	5% increase (decrease) in fair value per share would result in increase (decrease) in fair value by RMB2,356,000 (RMB(147,000))

Liabilities measured at fair value:

As at 30 June 2024

	FAIR VALUE MEASUREMENT USING			TOTAL RMB'000 (UNAUDITED)
	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1) RMB'000 (UNAUDITED)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) RMB'000 (UNAUDITED)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) RMB'000 (UNAUDITED)	
Derivative financial instrument	—	—	6,828	6,828

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30 June 2024

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value: (continued)

As at 31 December 2023

	FAIR VALUE MEASUREMENT USING			TOTAL RMB'000 (AUDITED)
	QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1) RMB'000 (AUDITED)	SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) RMB'000 (AUDITED)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) RMB'000 (AUDITED)	
Derivative financial instrument	—	—	6,828	6,828

19. CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: nil).

20. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 20 August 2024.

TERMS AND GLOSSARIES

"2011 Share Option Scheme"	the share option scheme adopted by the Company on 9 December 2011
"2020 Convertible Bonds"	the convertible bonds issued by the Company on 29 April 2020
"2021 Kingsoft Office Share Award Scheme"	the share award scheme adopted by Kingsoft Office on 2 June 2021
"2021 Share Option Scheme"	the share option scheme adopted by the Company on 9 December 2021
"2022 Kingsoft Office Share Award Scheme"	the share award scheme adopted by Kingsoft Office on 28 April 2022
"2023 Kingsoft Office Share Award Scheme"	the share award scheme adopted by Kingsoft Office on 6 June 2023
"2024 Kingsoft Office Share Award Scheme"	the share award scheme adopted by Kingsoft Office on 28 May 2024
"2024 Share Scheme"	the share scheme adopted by the Company on 23 May 2024
"AI"	artificial intelligence
"Audit Committee"	the audit committee of the Company
"Board"	the board of directors of the Company
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Cheetah Mobile"	Cheetah Mobile Inc., an associated corporation of the Company and was listed on NYSE in May 2014
"Class A Cheetah Shares"	the class A ordinary shares of Cheetah Mobile, par value US\$0.000025 per share
"Company" or "Kingsoft"	Kingsoft Corporation Limited, an exempted limited liability company incorporated in the British Virgin Islands on 20 March 1998 and discontinued in the British Virgin Islands and continued into the Cayman Islands on 15 November 2005, with its shares listed on the Stock Exchange (stock code: 03888)
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IAS"	International Accounting Standard issued by the International Accounting Standards Board

TERMS AND GLOSSARIES (continued)

"IFRSs"	International Financial Reporting Standards
"Kingsoft Cloud"	Kingsoft Cloud Holdings Limited, an associate of the Company, and the American Depository Shares and the shares of which are listed on NASDAQ and the Stock Exchange, respectively
"Kingsoft Cloud Group"	Kingsoft Cloud and its subsidiaries
"Kingsoft Office"	Beijing Kingsoft Office Software, Inc., a subsidiary of the Company and was listed on the STAR Market of Shanghai Stock Exchange in November 2019
"Kingsoft Office Group"	Kingsoft Office and its subsidiaries
"Kingsoft Office Share Award Schemes"	the share award schemes adopted by Kingsoft Office on 2 June 2021, 28 April 2022, 6 June 2023 and 28 May 2024
"Kingsoft Shiyou Holdings"	Kingsoft Shiyou Holdings Limited, a subsidiary of the Company
"Kingsoft Shiyou Holdings Share Award Schemes"	the share option scheme adopted by Kingsoft Shiyou Holding on 13 April 2022
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NASDAQ"	National Association of Securities Dealers Automated Quotations
"NYSE"	New York Stock Exchange
"PRC" or "China"	the People's Republic of China
"R&D"	research and development
"RMB"	the lawful currency of the PRC
"Seasun Holdings"	Seasun Holdings Limited, a subsidiary of the Company
"Seasun Holdings Share Award Scheme"	the General Share Award Scheme, the Special Share Award Scheme (A) and the Special Share Award Scheme (B) approved and adopted by the shareholders and directors of Seasun Holdings on 21 March 2017
"Seasun Holdings Share Option Scheme"	the share option scheme of Seasun Holdings approved and adopted by the shareholders of the Company and Seasun Holdings on 27 June 2013
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share Award Scheme"	the share award scheme of the Company adopted by the Board on 31 March 2008, as amended on 5 July 2021

TERMS AND GLOSSARIES (continued)

“SSE STAR Market”	the science and technology innovation board of the Shanghai Stock Exchange
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Wuhan Campus”	the campus of Wuhan headquarters
“%”	percent