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**Kingsoft Corporation Limited**

**金山軟件有限公司**

*(Continued into the Cayman Islands with limited liability)*

**(Stock Code: 03888)**

**(Convertible Bonds Code: 40210)**

**ANNOUNCEMENT OF THE RESULTS  
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2022**

The board (“**Board**”) of directors (the “**Directors**”) of Kingsoft Corporation Limited (the “**Company**”) announces the unaudited results of the Company and its subsidiaries (the “**Group**” or “**Kingsoft**”) for the three and six months ended 30 June 2022. These interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

# FINANCIAL INFORMATION

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and six months ended 30 June 2022

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue</b>					
Office software and services		924,576	786,218	1,795,694	1,557,210
Online games and others		909,576	693,308	1,891,473	1,481,923
		<u>1,834,152</u>	<u>1,479,526</u>	<u>3,687,167</u>	<u>3,039,133</u>
Cost of revenue		<u>(366,497)</u>	<u>(271,659)</u>	<u>(717,181)</u>	<u>(515,401)</u>
<b>Gross profit</b>		<b>1,467,655</b>	<b>1,207,867</b>	<b>2,969,986</b>	<b>2,523,732</b>
Research and development costs		(642,273)	(531,911)	(1,250,532)	(1,022,913)
Selling and distribution expenses		(282,967)	(310,073)	(552,033)	(514,600)
Administrative expenses		(153,134)	(133,330)	(300,379)	(280,948)
Share-based compensation costs		(62,823)	(40,664)	(137,027)	(72,394)
Other income		98,453	65,856	198,133	156,582
Other expenses		(6,183)	(27,921)	(9,969)	(47,574)
		<u>418,728</u>	<u>229,824</u>	<u>918,179</u>	<u>741,885</u>
Other gains, net		5,769	47,793	28,796	80,785
Finance income		109,381	102,719	224,402	192,749
Finance costs		(38,592)	(36,013)	(75,589)	(71,171)
Share of profits and losses of:					
Joint ventures		469	(6,737)	(2,573)	(15,837)
Associates		(417,707)	(210,777)	(692,357)	(435,697)
		<u>418,728</u>	<u>229,824</u>	<u>918,179</u>	<u>741,885</u>
<b>Profit before tax</b>	4	<b>78,048</b>	<b>126,809</b>	<b>400,858</b>	<b>492,714</b>
Income tax credit/(expense)	5	(28,883)	25,971	(62,619)	(40,160)
		<u>49,165</u>	<u>152,780</u>	<u>338,239</u>	<u>452,554</u>
<b>Profit for the period</b>		<b>49,165</b>	<b>152,780</b>	<b>338,239</b>	<b>452,554</b>
<b>Attributable to:</b>					
Owners of the parent		(139,412)	48,664	(40,026)	165,236
Non-controlling interests		188,577	104,116	378,265	287,318
		<u>49,165</u>	<u>152,780</u>	<u>338,239</u>	<u>452,554</u>
		<b>RMB</b> <b>(Unaudited)</b>	<b>RMB</b> <b>(Unaudited)</b>	<b>RMB</b> <b>(Unaudited)</b>	<b>RMB</b> <b>(Unaudited)</b>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>	7				
Basic		<u>(0.10)</u>	<u>0.04</u>	<u>(0.03)</u>	<u>0.12</u>
Diluted		<u>(0.11)</u>	<u>0.03</u>	<u>(0.05)</u>	<u>0.12</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2022

	For the three months ended 30 June		For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>49,165</b>	<b>152,780</b>	<b>338,239</b>	<b>452,554</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation into presentation currency	(192,165)	64,482	(164,480)	36,007
Reclassification adjustments for disposal of a subsidiary	373	—	373	—
Reclassification adjustments for deemed disposal of associates	(932)	501	(398)	1,188
Share of other comprehensive income/(loss) of associates	<u>229,681</u>	<u>(87,692)</u>	<u>220,013</u>	<u>(45,203)</u>
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>	<u><b>36,957</b></u>	<u><b>(22,709)</b></u>	<u><b>55,508</b></u>	<u><b>(8,008)</b></u>
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	272,813	(87,346)	231,639	(63,492)
Share of other comprehensive income of an associate	<u>8,792</u>	<u>3,233</u>	<u>8,792</u>	<u>24,290</u>
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</b>	<u><b>281,605</b></u>	<u><b>(84,113)</b></u>	<u><b>240,431</b></u>	<u><b>(39,202)</b></u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<u><b>318,562</b></u>	<u><b>(106,822)</b></u>	<u><b>295,939</b></u>	<u><b>(47,210)</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u><b>367,727</b></u></u>	<u><u><b>45,958</b></u></u>	<u><u><b>634,178</b></u></u>	<u><u><b>405,344</b></u></u>
<b>Attributable to:</b>				
Owners of the parent	<u>160,713</u>	<u>(54,311)</u>	<u>240,210</u>	<u>121,250</u>
Non-controlling interests	<u>207,014</u>	<u>100,269</u>	<u>393,968</u>	<u>284,094</u>
	<u><u><b>367,727</b></u></u>	<u><u><b>45,958</b></u></u>	<u><u><b>634,178</b></u></u>	<u><u><b>405,344</b></u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
	<i>Notes</i>	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,316,665	1,258,503
Investment properties	196,263	157,111
Right-of-use assets	499,678	488,728
Goodwill	185,564	185,564
Other intangible assets	112,298	121,859
Investments in joint ventures	148,548	146,121
Investments in associates	11,919,101	12,130,558
Equity investments designated at fair value through other comprehensive income	8,418	8,418
Financial assets at fair value through profit or loss	227,320	226,969
Deferred tax assets	120,838	124,674
Other non-current assets	60,701	35,098
	<hr/>	<hr/>
Total non-current assets	14,795,394	14,883,603
<b>CURRENT ASSETS</b>		
Inventories	27,357	18,577
Trade receivables	835,962	839,268
Prepayments, other receivables and other assets	1,839,823	1,691,939
Financial assets at fair value through profit or loss	5,213,403	2,902,205
Restricted cash	2,502	9,382
Cash and bank deposits	14,204,579	16,190,138
	<hr/>	<hr/>
Total current assets	22,123,626	21,651,509
<b>CURRENT LIABILITIES</b>		
Trade payables	512,300	423,400
Other payables and accruals	1,066,303	1,426,585
Lease liabilities	74,923	50,804
Contract liabilities	2,156,121	2,003,324
Income tax payable	162,496	192,071
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Total current liabilities	3,972,143	4,096,184
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<b>NET CURRENT ASSETS</b>	18,151,483	17,555,325
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<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	32,946,877	32,438,928

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2022

		As at 30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2021 <i>RMB'000</i> <i>(Audited)</i>
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities		203,827	143,807
Deferred tax liabilities		963,021	1,029,633
Lease liabilities		134,321	154,455
Liability component of convertible bonds	10	2,414,675	2,248,587
Other non-current liabilities		65,654	63,830
Derivative financial instrument		6,426	6,426
		<hr/>	<hr/>
Total non-current liabilities		3,787,924	3,646,738
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>29,158,953</b>	<b>28,792,190</b>
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<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		5,297	5,308
Share premium account		2,285,148	2,490,650
Treasury shares		(11,832)	(15,259)
Equity component of convertible bonds	10	468,700	468,700
Other reserves		22,172,148	21,834,670
		<hr/>	<hr/>
		24,919,461	24,784,069
<b>Non-controlling interests</b>		<b>4,239,492</b>	<b>4,008,121</b>
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>29,158,953</b>	<b>28,792,190</b>
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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent												
	Issued capital	Share premium	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	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2022	5,308	2,490,650	(15,259)	468,700	634,314*	637,036*	3,828,458*	29,937*	(223,329)*	16,928,254*	24,784,069	4,008,121	28,792,190
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	(40,026)	(40,026)	378,265	338,239
Other comprehensive income/(loss) for the period:													
Exchange differences on translation into presentation currency	—	—	—	—	—	—	—	—	51,562	—	51,562	15,597	67,159
Reclassification adjustments for disposal of a subsidiary	—	—	—	—	—	—	—	—	267	—	267	106	373
Reclassification adjustments for deemed disposal of associates	—	—	—	—	—	—	—	—	(398)	—	(398)	—	(398)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	8,792	220,013	—	228,805	—	228,805
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	8,792	271,444	(40,026)	240,210	393,968	634,178
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(230,554)	(230,554)
Final 2021 dividend declared	—	(139,925)	—	—	—	—	—	—	—	—	(139,925)	—	(139,925)
Share-based compensation costs	—	—	—	—	—	89,260	—	—	—	—	89,260	49,758	139,018
Vesting and settlement of share-based awards	—	6,084	1,087	—	—	(7,171)	—	—	—	—	—	—	—
Exercise and vesting of share-based awards issued by subsidiaries	—	—	—	—	—	(1,117)	(326)	—	—	—	(1,443)	(572)	(2,015)
Share purchased for share award scheme	—	—	(5,029)	—	—	—	—	—	—	—	(5,029)	—	(5,029)
Shares repurchased and cancelled	(11)	(71,661)	7,369	—	—	—	—	—	—	—	(64,303)	—	(64,303)
Share of reserves of an associate	—	—	—	—	—	—	(1,986)	—	—	—	(1,986)	—	(1,986)
Changes in the ownership interests in subsidiaries	—	—	—	—	—	—	18,608	—	—	—	18,608	31,392	50,000
Partial disposal of a subsidiary	—	—	—	—	(6,000)	—	—	—	—	6,000	—	(12,621)	(12,621)
At 30 June 2022	5,297	2,285,148	(11,832)	468,700	628,314*	718,008*	3,844,754*	38,729*	48,115*	16,894,228*	24,919,461	4,239,492	29,158,953

\* These reserve accounts comprise the consolidated other reserves of RMB22,172,148,000 (31 December 2021: RMB21,834,670,000) in the interim condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2021

	Attributable to owners of the parent												Total equity
	Issued capital	Share premium account	Treasury shares	Equity component of		Share-based		Fair value reserve of financial assets at fair value through other comprehensive income	Foreign currency translation reserve	Retained profits	Total	Non- controlling interests	
				convertible	Statutory	compensation	Other capital						
				bonds	reserves	reserve	reserve						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
<b>At 1 January 2021</b>	5,316	2,762,242	(11,181)	468,700	443,939	543,532	3,842,751	(8,332)	(105,705)	16,723,297	24,664,559	3,563,351	28,227,910
Profit for the period	—	—	—	—	—	—	—	—	—	165,236	165,236	287,318	452,554
Other comprehensive income/(loss) for the period:													
Exchange differences on translation into presentation currency	—	—	—	—	—	—	—	—	(24,261)	—	(24,261)	(3,224)	(27,485)
Reclassification adjustments for deemed disposal of associates	—	—	—	—	—	—	—	—	1,188	—	1,188	—	1,188
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	24,290	(45,203)	—	(20,913)	—	(20,913)
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	24,290	(68,276)	165,236	121,250	284,094	405,344
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(207,867)	(207,867)
Final 2020 dividend declared	—	(227,736)	—	—	—	—	—	—	—	—	(227,736)	—	(227,736)
Share-based compensation costs	—	—	—	—	—	46,899	—	—	—	—	46,899	26,244	73,143
Vesting and settlement of share-based awards	—	6,187	1,090	—	—	(7,277)	—	—	—	—	—	—	—
Exercise and vesting of share-based awards issued by subsidiaries	—	—	—	—	—	(1,102)	(3,159)	—	—	—	(4,261)	(1,688)	(5,949)
Share of reserves of associates	—	—	—	—	—	—	782	—	—	—	782	—	782
Changes in the ownership interests in subsidiaries	—	—	—	—	—	—	651	—	—	—	651	(651)	—
<b>At 30 June 2021</b>	<u>5,316</u>	<u>2,540,693</u>	<u>(10,091)</u>	<u>468,700</u>	<u>443,939</u>	<u>582,052</u>	<u>3,841,025</u>	<u>15,958</u>	<u>(173,981)</u>	<u>16,888,533</u>	<u>24,602,144</u>	<u>3,663,483</u>	<u>28,265,627</u>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'0000
	(Unaudited)	(Unaudited)
Net cash flows from operating activities	1,053,441	868,981
Net cash flows used in investing activities	(456,902)	(108,969)
Net cash flows used in financing activities	(499,495)	(412,514)
Net increase in cash and cash equivalents	97,044	347,498
Cash and cash equivalents at beginning of the period	4,553,428	4,455,271
Effect of foreign exchange rate changes, net	64,048	(10,938)
Cash and cash equivalents at end of the period	4,714,520	4,791,831
Non-pledged time deposits with original maturity of over three months when acquired	6,183,549	5,170,654
Principal protected structure deposits with original maturity of over three months when acquired	3,306,510	5,284,671
Cash and bank deposits as stated in the condensed consolidated statement of financial position	14,204,579	15,247,156



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Corporate information

The Company was incorporated under the Companies Act of the British Virgin Islands on 20 March 1998. On 15 November 2005, the Company was redomiciled to the Cayman Islands under the Company Law (2004 revision) of the Cayman Islands. The Company's shares (the "**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 9 October 2007.

The Group is principally engaged in the following activities:

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

The interim condensed consolidated financial statements for the three months and six months ended 30 June 2022 were approved and authorized for issue in accordance with a resolution of the Board on 23 August 2022.

## 2. Basis of preparation and significant accounting policies

### *Basis of preparation*

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*, issued by International Accounting Standards Board ("**IASB**").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

## 2. Basis of preparation and significant accounting policies (continued)

### *Significant Accounting Policies*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), except for the adoption of new standards and interpretations effective as at 1 January 2022.

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018–2020</i>	Amendments to IFRS 1, IFRS 9 and IAS 41

None of the above amendments to IFRSs has had a significant financial effect on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 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 gains, 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.

### 3. Operating segments (continued)

	Office software and services <i>RMB'000</i> <i>(Unaudited)</i>	Entertainment software and others <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
<i>For the six months ended 30 June 2022</i>			
<b>Segment revenue:</b>			
Sales	<u>1,795,694</u>	<u>1,891,473</u>	<u>3,687,167</u>
<b>Segment results</b>	<b>406,250</b>	<b>507,355</b>	<b>913,605</b>
<i>Reconciliation:</i>			
Other gains, net			28,796
Finance income			224,402
Finance costs (other than interest on lease liabilities)			(71,015)
Share of losses of:			
Joint ventures			(2,573)
Associates			<u>(692,357)</u>
<b>Profit before tax</b>			<u><u>400,858</u></u>
	Office software and services <i>RMB'000</i> <i>(Unaudited)</i>	Entertainment software and others <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
<i>For the six months ended 30 June 2021</i>			
<b>Segment revenue:</b>			
Sales	<u>1,557,210</u>	<u>1,481,923</u>	<u>3,039,133</u>
<b>Segment results</b>	<b>499,518</b>	<b>236,842</b>	<b>736,360</b>
<i>Reconciliation:</i>			
Other gains, net			80,785
Finance income			192,749
Finance costs (other than interest on lease liabilities)			(65,646)
Share of losses of:			
Joint ventures			(15,837)
Associates			<u>(435,697)</u>
<b>Profit before tax</b>			<u><u>492,714</u></u>

#### 4. Profit before tax

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	1,715,492	1,358,113
Depreciation of property, plant and equipment	72,649	59,362
Depreciation of investment properties	4,858	766
Depreciation of right-of-use assets	37,993	28,237
Amortisation of other intangible assets	17,203	15,839
Interest on lease liabilities, convertible bonds and other liabilities	75,589	71,171
Impairment of trade and other receivables	8,895	45,426

#### 5. Income tax expense

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	125,395	101,780
Deferred income tax	(62,776)	(61,620)
Income tax expense	<u>62,619</u>	<u>40,160</u>

## **6. Dividends**

A final dividend of HK\$0.12 per ordinary share for 2021 proposed by the Board was approved by the shareholders of the Company (the “**Shareholders**”) on 25 May 2022. The actual payment of final dividend was HK\$163.6 million (equivalent to RMB139.9 million) in June 2022.

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## **7. Earnings/(loss) per share attributable to ordinary equity holders of the parent**

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,366,532,812 (six months ended 30 June 2021: 1,368,375,045) in issue during the period.

The calculation of diluted earnings/(loss) per share amounts is based on the profit/(loss) 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/(loss) 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 loss per share amounts presented for the period ended 30 June 2022 in respect of the convertible bonds outstanding as the impact was anti-dilutive.

## 7. Earnings/(loss) per share attributable to ordinary equity holders of the parent (continued)

The calculations of basic and diluted earnings/(loss) per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation:	<b>(40,026)</b>	165,236
Decrease in earnings/increase in loss adjusted for the share option schemes and the share award schemes adopted by the Group's subsidiaries	<b>(21,522)</b>	(4,496)
	<b><u>(61,548)</u></b>	<u>160,740</u>
	<b>Number of shares</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue less shares held for the share award schemes during the period used in the basic earnings/(loss) per share calculation	<b>1,366,532,812</b>	1,368,375,045
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	2,896,088
Awarded shares	—	2,228,972
	<b><u>1,366,532,812</u></b>	<u>1,373,500,105</u>

## 8. 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
0–30 days	<b>389,416</b>	358,400
31–60 days	<b>80,576</b>	113,692
61–90 days	<b>81,914</b>	102,589
91–365 days	<b>207,492</b>	149,186
1 to 2 years	<b>59,859</b>	74,679
Over 2 years	<b>16,705</b>	40,722
	<b>835,962</b>	839,268

## 9. 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:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
0–30 days	<b>209,716</b>	210,511
31–60 days	<b>44,395</b>	69,504
61–90 days	<b>41,374</b>	31,134
91–365 days	<b>191,091</b>	97,903
Over one year	<b>25,724</b>	14,348
	<b>512,300</b>	423,400

## 10. Convertible bonds

On 29 April 2020, the Company issued five-year convertible bonds in the principal amount of HK\$3,100 million 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 Shares from 9 June 2020 to 3:00 p.m. on 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 early redemption 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.

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 “**Adjustments**”) to the conversion price of the 2020 Convertible Bonds. The Adjustments became effective on 8 June 2021, and 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, representing an increase of 1,088,900 shares from the original 86,680,069 shares.

There was no conversion or redemption of the 2020 Convertible Bonds during the six months ended 30 June 2022.



## OPERATIONAL HIGHLIGHTS

	In June 2022	In June 2021	In March 2022	Year-on- year Change %	Quarter-on- quarter Change %
<b>Office Software</b>					
Monthly Active Devices of the key products* (Million)	<u>570</u>	<u>501</u>	<u>572</u>	14	0
			<b>As at 30 June 2022</b>	<b>As at 30 June 2021</b>	<b>Year-on- year Change %</b>
Accumulated paying subscribers** (Million)			<u>28.56</u>	<u>21.88</u>	31

\* 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 2022 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2021 <i>RMB'000</i> <i>(Unaudited)</i>	31 March 2022 <i>RMB'000</i> <i>(Unaudited)</i>
<b>Revenue</b>			
Office software and services	924,576	786,218	871,118
Online games and others	909,576	693,308	981,897
	<u>1,834,152</u>	<u>1,479,526</u>	<u>1,853,015</u>
Cost of revenue	<u>(366,497)</u>	<u>(271,659)</u>	<u>(350,684)</u>
<b>Gross profit</b>	<b>1,467,655</b>	<b>1,207,867</b>	<b>1,502,331</b>
Research and development costs	(642,273)	(531,911)	(608,259)
Selling and distribution expenses	(282,967)	(310,073)	(269,066)
Administrative expenses	(153,134)	(133,330)	(147,245)
Share-based compensation costs	(62,823)	(40,664)	(74,204)
Other income	98,453	65,856	99,680
Other expenses	(6,183)	(27,921)	(3,786)
	<u>418,728</u>	<u>229,824</u>	<u>499,451</u>
<b>Operating profit</b>	<b>418,728</b>	<b>229,824</b>	<b>499,451</b>
Other gains, net	5,769	47,793	23,027
Finance income	109,381	102,719	115,021
Finance costs	(38,592)	(36,013)	(36,997)
Share of profits and losses of:			
Joint ventures	469	(6,737)	(3,042)
Associates	(417,707)	(210,777)	(274,650)
	<u>78,048</u>	<u>126,809</u>	<u>322,810</u>
<b>Profit before tax</b>	<b>78,048</b>	<b>126,809</b>	<b>322,810</b>
Income tax credit/(expense)	(28,883)	25,971	(33,736)
	<u>49,165</u>	<u>152,780</u>	<u>289,074</u>
<b>Profit for the period</b>	<b>49,165</b>	<b>152,780</b>	<b>289,074</b>
<b>Attributable to:</b>			
Owners of the parent	(139,412)	48,664	99,386
Non-controlling interests	188,577	104,116	189,688
	<u>49,165</u>	<u>152,780</u>	<u>289,074</u>
	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>	<i>RMB</i> <i>(Unaudited)</i>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>			
Basic	<u>(0.10)</u>	<u>0.04</u>	<u>0.07</u>
Diluted	<u>(0.11)</u>	<u>0.03</u>	<u>0.06</u>

## FINANCIAL HIGHLIGHTS (CONTINUED)

	<b>For the six months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Office software and services	1,795,694	1,557,210
Online games and others	1,891,473	1,481,923
	<u>3,687,167</u>	<u>3,039,133</u>
Cost of revenue	<u>(717,181)</u>	<u>(515,401)</u>
<b>Gross profit</b>	<b>2,969,986</b>	<b>2,523,732</b>
Research and development costs	(1,250,532)	(1,022,913)
Selling and distribution expenses	(552,033)	(514,600)
Administrative expenses	(300,379)	(280,948)
Share-based compensation costs	(137,027)	(72,394)
Other income	198,133	156,582
Other expenses	<u>(9,969)</u>	<u>(47,574)</u>
<b>Operating profit</b>	<b>918,179</b>	<b>741,885</b>
Other gains, net	28,796	80,785
Finance income	224,402	192,749
Finance costs	(75,589)	(71,171)
Share of losses of:		
Joint ventures	(2,573)	(15,837)
Associates	<u>(692,357)</u>	<u>(435,697)</u>
<b>Profit before tax</b>	<b>400,858</b>	<b>492,714</b>
Income tax expense	<u>(62,619)</u>	<u>(40,160)</u>
<b>Profit for the period</b>	<b><u>338,239</u></b>	<b><u>452,554</u></b>
<b>Attributable to:</b>		
Owners of the parent	(40,026)	165,236
Non-controlling interests	<u>378,265</u>	<u>287,318</u>
	<u>338,239</u>	<u>452,554</u>
	<b>RMB</b>	<b>RMB</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>		
Basic	<u>(0.03)</u>	<u>0.12</u>
Diluted	<u>(0.05)</u>	<u>0.12</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Second Quarter of 2022 Compared with Second Quarter of 2021 and First Quarter of 2022

### Revenue

Revenue for the second quarter of 2022 increased 24% year-on-year and decreased 1% quarter-on-quarter to RMB1,834.2 million. Revenue from the office software and services, and online games and others represented 50% and 50% of the Group's total revenue for the second quarter of 2022, respectively.

Revenue from the office software and services business for the second quarter of 2022 increased 18% year-on-year and 6% quarter-on-quarter to RMB924.6 million. The increases were mainly due to the continued growth of individual and institutional subscription businesses, partially offset by the decreases in institutional licensing and internet advertising businesses of Beijing Kingsoft Office Software, Inc. (“**Kingsoft Office**”) and its subsidiaries (collectively, “**Kingsoft Office Group**”). The fast growth of individual subscription business was mainly driven by the increase in the accumulated paying subscribers as the continuous enhancement of cloud office user experience and enrichment of value-added functions. The growth of institutional subscription business was largely driven by increasing demand for digital transformation from government and enterprises. The decrease in institutional licensing business was largely due to reduction in new purchase orders on localization solutions, partially offset by increasing demand for domestic office software from government and enterprises. The decrease in internet advertising business was the result of strategic contraction for the purpose of user experience's enhancement.

Revenue from the online games and others business for the second quarter of 2022 increased 31% year-on-year and decreased 7% quarter-on-quarter to RMB909.6 million. The year-on-year increase was mainly due to revenue contribution from mobile titles released in the fourth quarter of 2021, such as JX World III and JX I: Gui Lai. The quarter-on-quarter decrease mainly reflected the high base of aforementioned games in the first quarter of 2022.

### Cost of Revenue and Gross Profit

Cost of revenue for the second quarter of 2022 increased 35% year-on-year and 5% quarter-on-quarter to RMB366.5 million. The year-on-year increase mainly reflected: i) increases in channel costs, as well as server and bandwidth costs of Kingsoft Office Group; and ii) greater channel costs of online games business. The quarter-on-quarter increase mainly reflected greater server and bandwidth costs and purchasing costs of products and services along with the business growth of Kingsoft Office Group.

Gross profit for the second quarter of 2022 increased 22% year-on-year and decreased 2% quarter-on-quarter to RMB1,467.7 million. The Group's gross profit margin decreased by two percentage points year-on-year and one percentage point quarter-on-quarter to 80%.

## **Research and Development (“R&D”) Costs**

R&D costs for the second quarter of 2022 increased 21% year-on-year and 6% quarter-on-quarter to RMB642.3 million. The year-on-year increase was mainly attributable to increased headcount as well as personnel-related expenses of Kingsoft Office Group, which reflected our efforts in enhancing core competitiveness of products and services.

## **Selling and Distribution Expenses**

Selling and distribution expenses for the second quarter of 2022 decreased 9% year-on-year and increased 5% quarter-on-quarter to RMB283.0 million. The year-on-year decrease and quarter-on-quarter increase mainly reflected changes in marketing spending associated with Kingsoft Office Group in each corresponding quarter.

## **Administrative Expenses**

Administrative expenses for the second quarter of 2022 increased 15% year-on-year and 4% quarter-on-quarter to RMB153.1 million. The increases were mainly due to increased personnel-related expenses.

## **Share-based Compensation Costs**

Share-based compensation costs for the second quarter of 2022 increased 54% year-on-year and decreased 15% quarter-on-quarter to RMB62.8 million. The year-on-year increase was mainly due to the grants of awarded shares to the selected employees of certain subsidiaries of the Company.

## **Operating Profit before Share-based Compensation Costs**

Operating profit before share-based compensation costs for the second quarter of 2022 increased 78% year-on-year and decreased 16% quarter-on-quarter to RMB481.6 million.

## **Other Gains, net**

Net other gains for the second quarter of 2022 were RMB5.8 million, compared with gains of RMB47.8 million and RMB23.0 million for the second quarter of 2021 and the first quarter of 2022, respectively.

## **Share of Losses of Associates**

We recorded share of losses of associates of RMB417.7 million for the second quarter of 2022, compared with share of losses of RMB210.8 million and RMB274.7 million for the second quarter of 2021 and the first quarter of 2022, respectively.

## **Income Tax Credit/(Expense)**

Income tax expense for the second quarter of 2022 was RMB28.9 million, compared with income tax credit of RMB26.0 million for the second quarter of 2021 and income tax expense of RMB33.7 million for the first quarter of 2022.

## **Profit/(Loss) Attributable to Owners of the Parent**

As a result of the reasons discussed above, loss attributable to owners of the parent was RMB139.4 million for the three months ended 30 June 2022, compared with profit of RMB48.7 million and RMB99.4 million for the three months ended 30 June 2021 and 31 March 2022, respectively.

## **Profit/(Loss) Attributable to Owners of the Parent before Share-based Compensation Costs**

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

We believe that the profit/(loss) attributable to owners of the parent before share-based compensation costs will enable the 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/(loss) or any other operating performance measure that is calculated in accordance with IFRSs. In addition, our profit/(loss) attributable to owners of the parent before share-based compensation costs may not be comparable to similarly titled measures utilized by other companies.

Loss attributable to owners of the parent before share-based compensation costs was RMB96.2 million for the three months ended 30 June 2022, compared with profit of RMB71.8 million and RMB143.4 million for the three months ended 30 June 2021 and 31 March 2022, respectively. The net profit/(loss) margin excluding the effect of share-based compensation costs was (5%), 5% and 8% for the three months ended 30 June 2022, 30 June 2021 and 31 March 2022, respectively.

## **First Half of 2022 Compared with First Half of 2021**

### **Revenue**

Revenue for the first half of 2022 increased 21% year-on-year to RMB3,687.2 million. Revenue from office software and services and the online games and others represented 49% and 51% of the Group's total revenue for the first half of 2022, respectively.

Revenue from office software and services business for the first half of 2022 increased 15% year-on-year to RMB1,795.7 million. The increase was mainly due to the continued growth of individual and institutional subscription businesses, partially offset by the decreases in institutional licensing and internet advertising businesses of Kingsoft Office Group.

Revenue from the online games and others business for the first half of 2022 increased 28% year-on-year to RMB1,891.5 million. The year-on-year increase was mainly due to the successful launch of several mobile games in the fourth quarter of 2021 which broadened our games portfolio, partially offset by decreased revenue from existing games.

### **Cost of Revenue and Gross Profit**

Cost of revenue for the first half of 2022 increased 39% year-on-year to RMB717.2 million. The increase mainly reflected: i) greater channel costs and personnel-related expenses of online games business; and ii) increases in channel costs, as well as server and bandwidth costs along with the business growth of Kingsoft Office Group.

Gross profit for the first half of 2022 increased 18% year-on-year to RMB2,970.0 million. The Group's gross profit margin decreased by two percentage points year-on-year to 81%.

### **R&D Costs**

R&D costs for the first half of 2022 increased 22% year-on-year to RMB1,250.5 million. The increase was mainly attributable to increased headcount as well as personnel-related expenses from Kingsoft Office Group.

### **Selling and Distribution Expenses**

Selling and distribution expenses for the first half of 2022 increased 7% year-on-year to RMB552.0 million. The increase was mainly due to greater marketing spending on mobile games.

### **Administrative Expenses**

Administrative expenses for the first half of 2022 increased 7% year-on-year to RMB300.4 million. The increase was mainly due to increased personnel-related expenses.

## **Share-based Compensation Costs**

Share-based compensation costs for the first half of 2022 increased 89% year-on-year to RMB137.0 million. The year-on-year increase was mainly due to the grants of awarded shares to the selected employees of certain subsidiaries of the Company.

## **Operating Profit before Share-based Compensation Costs**

Operating profit before share-based compensation costs for the first half of 2022 increased 30% to RMB1,055.2 million.

## **Other Gains, net**

Net other gains for the first half of 2022 was RMB28.8 million, compared with gains of RMB80.8 million in the same period last year.

## **Share of Losses of Associates**

We recorded share of losses of associates of RMB692.4 million for the first half of 2022, compared with share of losses of RMB435.7 million for the first half of 2021.

## **Income Tax Expense**

Income tax expense was RMB62.6 million and RMB40.2 million for the first half of 2022 and 2021, respectively.

## **Profit/(Loss) Attributable to Owners of the Parent**

As a result of the reasons discussed above, loss attributable to owners of the parent was RMB40.0 million for the first half of 2022, compared with profit of RMB165.2 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 2022 was RMB47.2 million, compared with profit of RMB211.4 million in the prior year period. The net profit margin excluding the effect of share-based compensation costs was 1% and 7% for the six months ended 30 June 2022 and 30 June 2021, respectively.



## **Liquidity and Financial Resource**

The Group had a strong cash position towards the end of reporting period. As at 30 June 2022, the Group had major financial resources in the forms of cash and bank deposits and restricted cash amounting to RMB14,204.6 million and RMB2.5 million, respectively, which together represented 38% of the Group's total assets.

As at 30 June 2022, the Group's gearing ratio, representing total liabilities divided by total assets, was 21%, which kept flat with that of 31 December 2021.

### *Note:*

The cash resources which the Group considered in cash management including but not limited to cash and cash equivalents, bank deposits, restricted cash and financial assets at fair value through profit or loss. As at 30 June 2022, the aggregate amount of cash resources of the Group was RMB19,387.6 million.

## **Foreign Currency Risk Management**

As at 30 June 2022, RMB2,978.8 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 operating activities reflected the Group's profit for the six months period mentioned above, as the case may be, as adjusted for non-cash items, such as depreciation, amortization of intangible assets, 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 RMB1,053.4 million and RMB869.0 million for the six months ended 30 June 2022 and 30 June 2021, respectively.

## **Capital Expenditures**

Capital expenditures represent cash payments for acquisition of business, fix assets and intangible assets. Cash used for capital expenditures was RMB197.1 million and RMB120.8 million for the six months ended 30 June 2022 and 30 June 2021, respectively.

## BUSINESS REVIEW AND OUTLOOK

Mr. Jun LEI, Chairman of the Company, commented, “Despite the challenges posed by the recurrence of the pandemic, we remained focusing on our strategy and achieved satisfactory results in our core businesses. Kingsoft Office Group is committed to empowering the digital transformation of institutional users while enhancing the cloud office user experience for individual users. We concentrate on technological empowerment, product innovation, service enhancement as well as marketing channel and eco-system expansion. Meanwhile, we continue to pursue the product strategy of ‘multi-screen, cloud, content, artificial intelligence (“AI”) and collaboration’ and have achieved good operational performance. Regarding our online games business, we adhere to the strategy of premium games, focusing on technology innovation as well as constant cultural facets enrichment, and promote further game development.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “The Group maintained solid performance in the first half of 2022 with total revenue reaching RMB3,687.2 million, increasing by 21% year-on-year. Driven by the growth of subscription revenue from individual and institutional businesses, our office software and services business increased by 15% year-on-year during the first half of 2022. Our online games and other business increased by 28% year-on-year during the first half of 2022, primarily due to the contribution of mobile games launched in the fourth quarter of 2021 such as JX World III ( 劍俠世界 3 ) and JX I: Gui Lai ( 劍網 1: 歸來 ).

During the second quarter, individual subscription business sustained growth momentum. Based on the continuous enhancement of cloud office user experience, Kingsoft Office Group developed and introduced various new functions dedicated to specific scenarios, aiming to drive the active use of cloud services and continuous increase in paying subscribers. Meanwhile, we remained focusing on attracting more long-term paying users.

In response to the government departments’ demand for digital management, end-to-cloud integration and mobile office, our products are highly compatible with government office systems, which assist the government in achieving informatization gradually and realizing centralized document management, effective and efficient file application, collaboration features, security control, etc. Facing the soaring demand for digital transformation from enterprises, our core products specialize in uploading documents to the cloud and ensuring file transfer security through continued optimization and the assistance of quality customer services.

Kingsoft Office Group has closely monitored the localization industry trend. As the localization gradually penetrates into local government, we take the initiative to tap those markets. Driven by favorable policies and industry demand, the demand for integrated end-to-cloud products from customers in the industry localization, such as finance, energy and telecommunications, continues to grow, which leads our products penetration in the localization to keep growing. We have optimized the re-flowable and fixed-layout document format standards of our localization products to provide efficient and integrated user experience, which would further strengthen the competitiveness of our products.

Kingsoft Office Group continued to strategically play down its advertising business by reducing the number of advertising spaces and the frequency of push notifications. Since we strived to improve the quality of clicks and reduce user interference, our advertising business was undergoing a steady and gradual decline.

During the second quarter, our flagship JX Online III PC game remained stable. Upon the launch of the non-deleting test in China at the end of last year, JX World III maintained an outstanding reputation and a high popularity among gamers. In addition, the game launched in Hong Kong, Macau and Taiwan during the quarter and achieved an excellent performance.

In the third quarter, we launched the open beta across all platforms and a new section for JX World III and will celebrate the 13th anniversary of JX Online III PC game. Through continuous content upgrade and technology innovation, we strive to sustain the vitality of our core IP. Meanwhile, we also uphold our corporate responsibility and continue to explore the social value of our games. Biphase ( 雙相 ), our initial self-developed charity game which focuses on bipolar disorder, has received multiple awards and acclamation from international gaming authorities upon its debut overseas last year. In addition, the game has also received the license approval in July this year and is scheduled to launch in China.”

Mr. Jun LEI concluded: “In the second quarter, we embraced the change of the complex environment and achieved further development by continuously enhancing our products and services. Looking ahead, the Group will adhere to technological empowerment, maintain our investment in R&D and enhance operational efficiency. We will keep focusing on our core strategy, adhere to integrity and innovation to empower our users and partners and create long-term returns for our shareholders.”

## **OTHER INFORMATION**

### **Employee and Remuneration Policies**

As at 30 June 2022, the Group had 7,174 full-time employees (30 June 2021: 6,300), inclusive of all its staff in Mainland 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 2022 was RMB1,715.5 million (for the six months ended 30 June 2021: RMB1,358.1 million).

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

In March 2022, the Company repurchased 2,030,000 of its own ordinary shares on the Stock Exchange at a price range from HK\$23.8 to HK\$24.8. In April 2022, the Company repurchased 1,258,200 of its ordinary shares on the Stock Exchange at a price range from HK\$22.25 to HK\$23.25. During the six months ended 30 June 2022, the Company repurchased a total of 3,288,200 of its own ordinary shares on the Stock Exchange at a total cost of approximately HK\$77.93 million. The Company considered that it is in the best interest of the shareholders to return some surplus funds to them which will in turn enhance shareholders' value.

### **Review by Audit Committee**

The Audit Committee of the Company 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 three independent non-executive Directors, namely Ms. Wenjie WU (chairman), Mr. Shun Tak WONG and Mr. David Yuen Kwan TANG.

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, together with our external auditors has reviewed the Group's unaudited interim financial information for the six months ended 30 June 2022.

## **Compliance with Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 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 2022.

## **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 Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Listing Rules except for the code provisions C.1.6 and D.1.2 of the CG Code.

The code provision C.1.6 of the CG Code is regarding the attendance of independent non-executive directors and other non-executive directors at general meetings. Non-executive Director Mr. Chi Ping LAU did not attend the annual general meeting of the Company held on 25 May 2022 due to pre-arranged engagements. 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.

By Order of the Board  
**Kingsoft Corporation Limited**  
**Jun Lei**  
*Chairman*

Hong Kong, 23 August 2022

*As at the date of this announcement, the Executive Director is Mr. Tao ZOU; the Non-executive Directors are Messrs. Jun LEI, Pak Kwan KAU and Leiwen YAO; the Independent Non-executive Directors are Messrs. Shun Tak WONG, David Yuen Kwan TANG and Ms. Wenjie WU.*