



## KINGSOFT ANNOUNCES 2017 ANNUAL RESULTS

\* \* \* \* \*

**Flagship PC Game JX Online III Achieves Strong Revenue Growth for 8 Consecutive Years, up 32% Y.O.Y. in 2017**  
**Well-Performing Cores Buttress the Stride towards the 30<sup>th</sup> Anniversary**

### FINANCIAL HIGHLIGHTS

(RMB'000)	For the 12 Months Ended Dec 31 (Audited)		Change %	For the 3 Months Ended Dec 31 (Unaudited)		Change %
	2017	2016*		2017	2016	
<b>Revenue</b>	<b>5,181,290</b>	<b>3,833,537</b>	35%	<b>1,380,498</b>	<b>1,292,939</b>	7%
- Online Games	3,120,186	2,545,671	23%	751,379	820,087	-8%
- Cloud Services	1,332,522	737,196	81%	401,948	255,279	57%
- Office Software & Services & Others	728,582	550,670	32%	227,171	217,573	4%
<b>Gross Profit</b>	<b>3,012,383</b>	<b>2,541,089</b>	19%	<b>768,653</b>	<b>865,597</b>	-11%
<b>Profit Attributable to Owners of the Parent</b>	<b>3,201,837</b>	<b>(270,732)</b>	N/A	<b>2,474,863</b>	<b>261,326</b>	847%
<b>Basic EPS (RMB Yuan)</b>	<b>2.46</b>	<b>(0.21)</b>	N/A	<b>1.90</b>	<b>0.20</b>	850%

\*Remark: the comparative figures are restated to reflect the reclassification between continuing operations and a discontinued operation of the Group. The operating results of Cheetah Mobile Inc. and its subsidiaries for the nine months ended 30 September 2017 have been presented as a discontinued operation of the Group.

(21 March 2018 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company”; HKEX stock code: 03888), a leading software and Internet service company based in China, has announced its audited 2017 annual results and its unaudited 2017 fourth quarter results for the period ended 31 December 2017.

For the year of 2017, the revenue of Kingsoft surged 35% year-over-year to RMB5,181.3 million. Revenue from the online games, cloud services, office software and services and others represented 60%, 26%, and 14%, respectively, of the total revenue. Gross profit increased 19% year-over-year to RMB 3,012.4 million. Profit attributable to owners of the parent was RMB 3,201.8 million, sharply improved from last year’s loss of RMB270.7 million.

For the fourth quarter of 2017, revenue increased 7% year-over-year and 6% quarter-over-quarter to RMB1,380.5 million. Revenue from the online games, cloud services, office software and services and others represented 54%, 29%, and 17%, respectively, of the total revenue. Gross profit decreased 11% year-over-year and slightly increased 3% quarter-over-quarter to RMB768.7 million. Profit attributable to owners of the parent increased 847% year-over-year to RMB2,474.9 million.

**Mr. Jun LEI, Chairman of Kingsoft**, commented, “The year 2017 has marked a year of great achievements for Kingsoft. Our flagship PC game, JX Online III continued to outperform the market with revenue up 32% year-on-year. Kingsoft Cloud has further advanced its vertical businesses at a strong pace with total revenue increased by 81% year-on-year. The MAU of WPS office mobile version continued to grow and exceeded 145 million in December 2017. All these achievements have given us the strength and confidence to keep advancing in the online games, cloud services, and office software and service businesses in the future.”

**Mr. Tao ZOU, Chief Executive Officer of Kingsoft**, added, “Kingsoft recorded stable and healthy growth in 2017. We made a total revenue of RMB5,181.3 million, up by 35% against the previous year. Our operating profit before share-based compensation costs increased by 7% year-on-year to RMB1,049.1 million. The fast development of all business segments in 2017 has set the stage for Kingsoft to grow its revenue notably and better capture the market potential in the coming years.”

## **BUSINESS REVIEW**

### **Online Games**

For the year of 2017, revenue from the online game business increased 23% year-over-year to RMB3,120.2 million. The solid year-over-year increase was mainly due to the strong and sustainable growth of JX Online III, stable revenue contribution from JX Online I mobile game, as well as newly released mobile games in 2017. For the fourth quarter of 2017, the revenue decreased 8% year-over-year and increased 1% quarter-over-quarter to RMB751.4million. The slight year-over-year decrease reflected the mature life cycle of JX Online I mobile game, partially offset by the revenue growth of JX Online III with constant content and function upgrades.

In 2017, both Kingsoft’s PC games and mobile games exhibited sparkling performance. Maintaining rapid growth for the 8th year in a row, the flagship PC game JX Online III has achieved a 32% year-on-year rise in revenue in 2017. Such outstanding performance ensured the successful launch of the JX Online III revamped version, laying a solid ground for the long-term development of the game. The quality upgrade and the brand new game features of the JX Online III revamped version have stolen the limelight. Within 24 hours of its launch on 29 December, the total number of users jumped by 43%.

The steady performance of JX Online I mobile game in 2017 created conditions for the enhancement and development of other upcoming JX mobile game products, helping maximize the IP value of JX Online in the mobile game sector. Together with Tencent, Kingsoft is going to launch three major JX series mobile games in 2018, including YSY (雲裳羽衣), JX Online II mobile (劍俠情緣 2 : 劍歌行) and JX Online III mobile games (劍網 3 : 指尖江湖).

In the fourth quarter of 2017, Kingsoft achieved a breakthrough in licensed mobile games. From the cooperation with NetDragon, the mobile game Eudemons Online was launched on all platforms on 18 October, and the gross billing exceeded RMB100 million within 19 days of launch. This well-known game IP once again gains widespread acclaim among mobile games players.

### **Cloud Services**

The continuous robust growth of Kingsoft Cloud in 2017 made a remarkable achievement in revenue. For the year of 2017, the revenue from the cloud services increased 81% year-over-year to RMB1,332.5 million; for the fourth quarter of 2017, the revenue surged 57% year-over-year and 12% quarter-over-quarter to RMB401.9 million. The significant increase was mainly driven by robust growth in customer usage, especially from mobile video, mobile game and other internet sectors.

In addition to the outstanding financial performance, Kingsoft Cloud's performance has been highly acknowledged by the capital market. In early 2018, Kingsoft Cloud completed series D financing, which amounted to a total of USD720 million, with post money valuation reaching USD2.37 billion. According to IDC's *China Semi-annual Public Cloud Services Tracker Report 1H2017* published in November 2017, Kingsoft Cloud was ranked top 3 in the IaaS public cloud service providers in China. Kingsoft Cloud's video cloud business achieved remarkable expansion by applying its video cloud technology and service advantages. Game cloud business reported solid growth in both customer usage and revenue with quantum leaps in multiple fields including CDN, hybrid cloud and network security. Government cloud and healthcare cloud businesses have progressed smoothly with their national footprints expanded during the year.

Kingsoft Cloud also expanded AI technology application in its product services and launched new video technologies, rendering video service quality improvement and cost saving for customers. In addition, Kingsoft Cloud was the first to obtain authentication of CSA-STAR Tech for both IaaS and PaaS in security enhancement, exemplifying Kingsoft Cloud's leading position in cloud security construction.

### **Office Software and Services and Others**

For the year of 2017, the revenue from the office software and services and others increased 32% year-over-year to RMB728.6 million. Revenue in the fourth quarter of 2017 rose 4% year-over-year and 15% quarter-over-quarter to RMB227.2 million. The increases were mainly contributed by the increased sales of WPS online marketing services, value added services of the personal edition, and sustained revenue growth in sales of WPS Office.

WPS Office achieved stable and healthy development in 2017, and both online marketing and licensing businesses saw steady increases in revenue. Noteworthy here, Kingsoft launched “Light Office” for individual users, improving the office experience for them in all dimensions. In December 2017, the MAU of WPS Office mobile version exceeded 145 million while the MAU of WPS Office PC version also hit a new record, with the national MAU rose to above 100 million. WPS deeply rooted in office software industry and continued to optimize and develop new features aiming to provide users with better customized office experience. Thus, WPS was awarded the 2017 Xiaomi Emmy Award for the “Most Scalable APP” and the 2017 Next World Award for the “Most Popular Office Management APP for the Year” In the fourth quarter. In addition, through offering exclusive and high-quality contents, the number of premium members at the end of December nearly quadrupled comparing with that at the beginning of 2017. In May 2017, Beijing Kingsoft Office Software, Inc. has officially filed an application to the China Securities Regulatory Commission for an initial public offering (IPO) and listing on the ChiNext Board of the Shenzhen Stock Exchange, and the application process has been well on track.

“The strong performance of all business segments in 2017 has boosted our confidence in the prospects for business development and revenue growth in the coming year. Looking ahead, we will continue to maximize the brand value of JX Online and focus on the upcoming launches of our major mobile game titles including YSYY, JX Online II mobile and JX Online III mobile games. Kingsoft Cloud will devote greater efforts into developing the AI field, consolidate our leading position in the Internet area, and further penetrate into more vertical industries and actively expand into overseas markets. We will continue to enhance WPS technology and product innovation incorporating AI features and cloud computing functions in order to provide better and more productive solutions for its users. Meanwhile, we will also set our eyes on global presence seeking to broaden our international reach by capitalizing on WPS’ competitive edge in the mobile arena. We believe that we will maintain strong growth momentum and achieve more breakthroughs in 2018, and we will mark Kingsoft’s 30th anniversary with a triumphant performance.” concluded **Mr. Jun LEI**.

- End -

### **About Kingsoft Corporation Limited (Stock Code: 03888)**

Kingsoft is a leading software and Internet services company based in China listed on the stock exchange of Hong Kong. It has three subsidiaries including Season, Kingsoft Cloud and Kingsoft Office. Following the implementation of its “mobile internet transformation” strategy, Kingsoft has completed the comprehensive transformation of its overall business and management models and formed a strategic platform with interactive entertainment and office software as the pillars and cloud computing as the new growth driver and source. The Company has over 5,000 staff around the world. It has set up R&D centers and offices in Beijing, Zhuhai, Chengdu, Dalian, Guangzhou and Hong Kong and enjoys a large market share in various countries and regions both home and abroad.

For more information, please visit [www.kingsoft.com](http://www.kingsoft.com)

#### **For Press Enquiries:**

##### **Kingsoft Corporation Limited**

Ms. Francie Lu

Tel:(86) 10 6292 7777 ext.5581

Email: [ir@kingsoft.com](mailto:ir@kingsoft.com)

##### **Strategic Financial Relations (China) Limited**

Ms. Karen Li

Tel: (852) 2864 4837

Email: [sprg-kingsoft@sprg.com.hk](mailto:sprg-kingsoft@sprg.com.hk)