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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 2023**

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 2023. 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 2023

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
<b>Revenue</b>					
Office software and services		1,120,845	924,576	2,172,497	1,795,694
Online games and others		1,072,645	909,576	1,991,300	1,891,473
		<u>2,193,490</u>	<u>1,834,152</u>	<u>4,163,797</u>	<u>3,687,167</u>
Cost of revenue		(361,644)	(366,497)	(706,558)	(717,181)
<b>Gross profit</b>		<b>1,831,846</b>	<b>1,467,655</b>	<b>3,457,239</b>	<b>2,969,986</b>
Research and development costs		(665,652)	(642,273)	(1,326,711)	(1,250,532)
Selling and distribution expenses		(301,049)	(282,967)	(652,203)	(552,033)
Administrative expenses		(153,371)	(153,134)	(303,159)	(300,379)
Share-based compensation costs		(90,937)	(62,823)	(163,723)	(137,027)
Other income		81,318	98,453	176,025	198,133
Other expenses		(26,442)	(6,183)	(51,453)	(9,969)
<b>Operating profit</b>		<b>675,713</b>	<b>418,728</b>	<b>1,136,015</b>	<b>918,179</b>
Other gains/(losses), net		(102,690)	5,769	(58,646)	28,796
Finance income		139,199	109,381	274,028	224,402
Finance costs		(41,716)	(38,592)	(82,474)	(75,589)
Share of profits and losses of:					
Joint ventures		(1,944)	469	(5,753)	(2,573)
Associates		(322,806)	(417,707)	(553,563)	(692,357)
<b>Profit before tax</b>	4	<b>345,756</b>	<b>78,048</b>	<b>709,607</b>	<b>400,858</b>
Income tax expense	5	(77,979)	(30,008)	(103,882)	(64,923)
<b>Profit for the period</b>		<b><u>267,777</u></b>	<b><u>48,040</u></b>	<b><u>605,725</u></b>	<b><u>335,935</u></b>
<b>Attributable to:</b>					
Owners of the parent		57,187	(140,206)	249,530	(42,064)
Non-controlling interests		210,590	188,246	356,195	377,999
		<u>267,777</u>	<u>48,040</u>	<u>605,725</u>	<u>335,935</u>
		<b>RMB</b> <b>(Unaudited)</b>	<b>RMB</b> <b>(Unaudited)</b> <b>(Restated)</b>	<b>RMB</b> <b>(Unaudited)</b>	<b>RMB</b> <b>(Unaudited)</b> <b>(Restated)</b>
<b>Earnings/(loss) per share</b>					
<b>attributable to ordinary</b>					
<b>equity holders of the parent</b>					
Basic	7	<u>0.04</u>	<u>(0.10)</u>	<u>0.18</u>	<u>(0.03)</u>
Diluted		<u>0.04</u>	<u>(0.11)</u>	<u>0.17</u>	<u>(0.05)</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2023

	For the three months ended 30 June		For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
<b>PROFIT FOR THE PERIOD</b>	<b>267,777</b>	48,040	<b>605,725</b>	335,935
<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	(194,954)	(192,165)	(90,185)	(164,480)
Reclassification adjustments for disposal of subsidiaries	—	373	(11,309)	373
Reclassification adjustments for deemed disposal of associates	(5,783)	(932)	(5,734)	(398)
Share of other comprehensive income of associates	<u>160,778</u>	<u>229,681</u>	<u>128,752</u>	<u>220,013</u>
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>	<u>(39,959)</u>	<u>36,957</u>	<u>21,524</u>	<u>55,508</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	285,798	272,813	169,833	231,639
Share of other comprehensive income/(loss) of an associate	<u>(2,101)</u>	<u>8,792</u>	<u>(3,541)</u>	<u>8,792</u>
<b>Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>	<u>283,697</u>	<u>281,605</u>	<u>166,292</u>	<u>240,431</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>243,738</u>	<u>318,562</u>	<u>187,816</u>	<u>295,939</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>511,515</u></u>	<u><u>366,602</u></u>	<u><u>793,541</u></u>	<u><u>631,874</u></u>
<b>Attributable to:</b>				
Owners of the parent	283,296	159,919	421,864	238,172
Non-controlling interests	<u>228,219</u>	<u>206,683</u>	<u>371,677</u>	<u>393,702</u>
	<u><u>511,515</u></u>	<u><u>366,602</u></u>	<u><u>793,541</u></u>	<u><u>631,874</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited) (Restated)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,642,694	1,551,294
Investment properties	187,978	190,911
Right-of-use assets	405,496	470,245
Goodwill	185,564	185,564
Other intangible assets	97,814	109,992
Investments in joint ventures	475,412	141,165
Investments in associates	5,102,993	5,347,967
Equity investments designated at fair value through other comprehensive income	18,273	18,273
Financial assets at fair value through profit or loss	418,482	211,353
Deferred tax assets	104,394	93,316
Other non-current assets	44,550	28,044
	<u>8,683,650</u>	<u>8,348,124</u>
<b>CURRENT ASSETS</b>		
Inventories	18,494	18,335
Trade receivables	850,606	860,597
Prepayments, other receivables and other assets	1,393,119	1,331,934
Financial assets at fair value through profit or loss	2,257,528	3,125,099
Restricted cash	2,767	2,456
Cash and bank deposits	21,684,511	18,201,410
	<u>26,207,025</u>	<u>23,539,831</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	430,962	452,672
Other payables and accruals	2,462,947	1,347,722
Lease liabilities	54,860	100,538
Contract liabilities	2,229,468	2,186,742
Income tax payable	271,665	210,903
Liability component of convertible bonds	—	2,589,698
	<u>5,449,902</u>	<u>6,888,275</u>
<b>NET CURRENT ASSETS</b>	<u>20,757,123</u>	<u>16,651,556</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>29,440,773</u>	<u>24,999,680</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2023

		As at <b>30 June 2023</b> <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2022 <i>RMB'000</i> <i>(Audited)</i> <i>(Restated)</i>
<b>NON-CURRENT LIABILITIES</b>			
Contract liabilities		374,826	308,723
Deferred tax liabilities		282,448	355,785
Lease liabilities		55,916	104,962
Liability component of convertible bonds	10	2,744,614	—
Other non-current liabilities		64,284	67,128
Derivative financial instrument		6,615	6,615
		<u>3,528,703</u>	<u>843,213</u>
<b>Total non-current liabilities</b>		<u>3,528,703</u>	<u>843,213</u>
<b>NET ASSETS</b>		<u>25,912,070</u>	<u>24,156,467</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		5,283	5,281
Share premium account		2,071,068	2,213,361
Treasury shares		(52,904)	(29,059)
Equity component of convertible bonds	10	468,700	468,700
Other reserves		18,587,269	16,843,213
		<u>21,079,416</u>	<u>19,501,496</u>
<b>Non-controlling interests</b>		<u>4,832,654</u>	<u>4,654,971</u>
<b>TOTAL EQUITY</b>		<u>25,912,070</u>	<u>24,156,467</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Attributable to owners of the parent

	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 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 31 December 2022	5,281	2,213,361	(29,059)	468,700	845,472	741,669	4,310,015	41,542	235,383	10,668,902	19,501,266	4,653,724	24,154,990
Effect of adoption of amendments to IAS 12	—	—	—	—	—	—	—	—	—	230	230	1,247	1,477
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 disposal 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	—	—	—	—	—	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
Disposal 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

\* These reserve accounts comprise the consolidated other reserves of RMB18,587,269,000 (31 December 2022: RMB16,843,213,000) in the interim condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2022

	Attributable to owners of the parent												
	Issued capital	Share premium	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	Non-controlling interests	Total equity
				convertible	Statutory	compensation	Other capital	comprehensive	income				
				bonds	reserves	reserve	reserve	income	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	RMB'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>At 31 December 2021</b>	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
Effect of adoption of amendments to IAS 12	—	—	—	—	—	—	—	—	—	1,445	1,445	931	2,376
At 1 January 2022	5,308	2,490,650	(15,259)	468,700	634,314	637,036	3,828,458	29,937	(223,329)	16,929,699	24,785,514	4,009,052	28,794,566
Profit/(loss) for the period	—	—	—	—	—	—	—	—	—	(42,064)	(42,064)	377,999	335,935
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	(42,064)	238,172	393,702	631,874
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)
<b>At 30 June 2022</b>	<u>5,297</u>	<u>2,285,148</u>	<u>(11,832)</u>	<u>468,700</u>	<u>628,314</u>	<u>718,008</u>	<u>3,844,754</u>	<u>38,729</u>	<u>48,115</u>	<u>16,893,635</u>	<u>24,918,868</u>	<u>4,240,157</u>	<u>29,159,025</u>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Net cash flows from operating activities</b>	<b>2,307,572</b>	1,053,441
<b>Net cash flows used in investing activities</b>	<b>(1,482,629)</b>	(456,902)
<b>Net cash flows from/(used in) financing activities</b>	<b>989,023</b>	(499,495)
<b>Net increase in cash and cash equivalents</b>	<b>1,813,966</b>	97,044
Cash and cash equivalents at beginning of the period	<b>11,018,882</b>	4,553,428
Effect of foreign exchange rate changes, net	<b>59,848</b>	64,048
<b>Cash and cash equivalents at end of the period</b>	<b>12,892,696</b>	4,714,520
Non-pledged time deposits with original maturity of over three months when acquired	<b>8,791,815</b>	6,183,549
Principal protected structure deposits with original maturity of over three months when acquired	<b>—</b>	3,306,510
<b>Cash and bank deposits as stated in the condensed consolidated statement of financial position</b>	<b>21,684,511</b>	14,204,579

# 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 2023 were approved and authorized for issue in accordance with a resolution of the Board on 22 August 2023.

## 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 2022.

## 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 2022, 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 2023.

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

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

Other than as explained below regarding the impact of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are applied by the Group retrospectively to transactions related to leases at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits at that date. Accordingly, the Group restated comparative information and recognised a deferred tax asset for deductible temporary differences associated with lease liabilities and a deferred tax liability for taxable temporary differences associated with right-of-use assets, and the impact to the consolidated statement of financial position as at 31 December 2022 is the decrease in deferred tax assets of RMB94,000 and decrease in deferred tax liabilities of RMB1,571,000. Besides, the impact to the consolidated statement of the profit or loss is the increase in tax expense and decrease in the profit for the period for the three and six months ended 30 June 2022 by RMB1,125,000 and RMB2,304,000, respectively.

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/(losses), finance income, non-lease-related finance costs as well as share of losses of joint ventures and associates are excluded from such measurement.

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

### 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	1,795,694	1,891,473	3,687,167
<b>Segment results</b>	406,250	507,355	913,605
<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			(692,357)
<b>Profit before tax</b>			<u>400,858</u>

### 4. Profit before tax

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

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Employee benefit expenses	<b>1,865,184</b>	1,715,492
Depreciation of property, plant and equipment	<b>73,416</b>	72,649
Depreciation of investment properties	<b>4,595</b>	4,858
Depreciation of right-of-use assets	<b>30,113</b>	37,993
Amortisation of other intangible assets	<b>15,781</b>	17,203
Interest on lease liabilities, convertible bonds and other liabilities	<b>82,474</b>	75,589
Impairment of trade and other receivables	<b>19,214</b>	8,895

## 5. Income tax expense

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Current income tax	188,297	125,395
Deferred income tax	(84,415)	(60,472)
Income tax expense	<u>103,882</u>	<u>64,923</u>

## 6. Dividends

A final dividend of HK\$0.13 per ordinary share for 2022 proposed by the Board was approved by the shareholders of the Company (the “Shareholders”) on 24 May 2023. The actual payment of 2022 final dividend was HK\$176.6 million (equivalent to RMB162.8 million) in June 2023.

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: 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 1,363,735,392 (six months ended 30 June 2022: 1,366,532,812) 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 earnings per share amounts presented for the period ended 30 June 2023 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>2023</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2022</b> <i>RMB'000</i> <i>(Unaudited)</i> <i>(Restated)</i>
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent used in the basic earnings/(loss) per share calculation:	<u>249,530</u>	<u>(42,064)</u>
Decrease in earnings/increase in loss adjusted for the share option schemes and the share award schemes adopted by the Group's subsidiaries	<u>(19,077)</u>	<u>(21,484)</u>
	<u><u>230,453</u></u>	<u><u>(63,548)</u></u>
	<b>Number of shares</b>	
	<b>For the six months ended 30 June</b>	
	<b>2023</b> <i>(Unaudited)</i>	<b>2022</b> <i>(Unaudited)</i>
<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>1,358,701,874</b>	1,366,532,812
Effect of dilution — weighted average number of ordinary shares:		
Share options	<b>1,153,475</b>	—
Awarded shares	<b>3,880,043</b>	—
	<u><u>1,363,735,392</u></u>	<u><u>1,366,532,812</u></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 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
0–30 days	<b>410,745</b>	402,450
31–60 days	<b>99,510</b>	124,859
61–90 days	<b>59,742</b>	91,232
91–365 days	<b>205,875</b>	179,385
1 to 2 years	<b>53,234</b>	43,127
Over 2 years	<b>21,500</b>	19,544
	<b>850,606</b>	860,597

## 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 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
0–30 days	<b>145,650</b>	157,696
31–60 days	<b>20,279</b>	61,916
61–90 days	<b>26,942</b>	71,054
91–365 days	<b>207,439</b>	124,545
Over one year	<b>30,652</b>	37,461
	<b>430,962</b>	452,672

## 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 2023.

## OPERATIONAL HIGHLIGHTS

	<b>In June 2023</b>	In June 2022	In March 2023	Year- on-year Change %	Quarter- on-quarter Change %
<b>Office Software</b>					
Monthly Active Devices of the key products* (Million)	<u><b>584</b></u>	<u>570</u>	<u>589</u>	2	(1)
			<b>As at 30 June 2023</b>	As at 30 June 2022	Year- on-year Change %
Accumulated paying subscribers** (Million)			<u><b>33.24</b></u>	<u>28.56</u>	16

\* 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

	<b>For the three months ended</b>		
	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>30 June 2022 RMB'000 (Unaudited) (Restated)</b>	<b>31 March 2023 RMB'000 (Unaudited)</b>
<b>Revenue</b>			
Office software and services	1,120,845	924,576	1,051,652
Online games and others	1,072,645	909,576	918,655
	<u>2,193,490</u>	<u>1,834,152</u>	<u>1,970,307</u>
Cost of revenue	(361,644)	(366,497)	(344,914)
<b>Gross profit</b>	<b>1,831,846</b>	<b>1,467,655</b>	<b>1,625,393</b>
Research and development costs	(665,652)	(642,273)	(661,059)
Selling and distribution expenses	(301,049)	(282,967)	(351,154)
Administrative expenses	(153,371)	(153,134)	(149,788)
Share-based compensation costs	(90,937)	(62,823)	(72,786)
Other income	81,318	98,453	94,707
Other expenses	(26,442)	(6,183)	(25,011)
	<u>675,713</u>	<u>418,728</u>	<u>460,302</u>
<b>Operating profit</b>	<b>675,713</b>	<b>418,728</b>	<b>460,302</b>
Other gains/(losses), net	(102,690)	5,769	44,044
Finance income	139,199	109,381	134,829
Finance costs	(41,716)	(38,592)	(40,758)
Share of profits and losses of:			
Joint ventures	(1,944)	469	(3,809)
Associates	(322,806)	(417,707)	(230,757)
	<u>345,756</u>	<u>78,048</u>	<u>363,851</u>
<b>Profit before tax</b>	<b>345,756</b>	<b>78,048</b>	<b>363,851</b>
Income tax expense	(77,979)	(30,008)	(25,903)
	<u>267,777</u>	<u>48,040</u>	<u>337,948</u>
<b>Profit for the period</b>	<b>267,777</b>	<b>48,040</b>	<b>337,948</b>
<b>Attributable to:</b>			
Owners of the parent	57,187	(140,206)	192,343
Non-controlling interests	210,590	188,246	145,605
	<u>267,777</u>	<u>48,040</u>	<u>337,948</u>
	<b>RMB (Unaudited)</b>	<b>RMB (Unaudited) (Restated)</b>	<b>RMB (Unaudited)</b>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>			
Basic	<u>0.04</u>	<u>(0.10)</u>	<u>0.14</u>
Diluted	<u>0.04</u>	<u>(0.11)</u>	<u>0.14</u>

## FINANCIAL HIGHLIGHTS (CONTINUED)

	<b>For the six months ended</b>	
	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>30 June 2022 RMB'000 (Unaudited) (Restated)</b>
<b>Revenue</b>		
Office software and services	2,172,497	1,795,694
Online games and others	1,991,300	1,891,473
	<u>4,163,797</u>	<u>3,687,167</u>
Cost of revenue	<u>(706,558)</u>	<u>(717,181)</u>
<b>Gross profit</b>	<b>3,457,239</b>	2,969,986
Research and development costs	(1,326,711)	(1,250,532)
Selling and distribution expenses	(652,203)	(552,033)
Administrative expenses	(303,159)	(300,379)
Share-based compensation costs	(163,723)	(137,027)
Other income	176,025	198,133
Other expenses	<u>(51,453)</u>	<u>(9,969)</u>
<b>Operating profit</b>	<b>1,136,015</b>	918,179
Other gains/(losses), net	(58,646)	28,796
Finance income	274,028	224,402
Finance costs	(82,474)	(75,589)
Share of losses of:		
Joint ventures	(5,753)	(2,573)
Associates	<u>(553,563)</u>	<u>(692,357)</u>
<b>Profit before tax</b>	<b>709,607</b>	400,858
Income tax expense	<u>(103,882)</u>	<u>(64,923)</u>
<b>Profit for the period</b>	<b><u>605,725</u></b>	<b><u>335,935</u></b>
<b>Attributable to:</b>		
Owners of the parent	249,530	(42,064)
Non-controlling interests	<u>356,195</u>	<u>377,999</u>
	<b><u>605,725</u></b>	<b><u>335,935</u></b>
	<b>RMB (Unaudited)</b>	<b>RMB (Unaudited) (Restated)</b>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>		
Basic	<u>0.18</u>	<u>(0.03)</u>
Diluted	<u>0.17</u>	<u>(0.05)</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Second Quarter of 2023 Compared with Second Quarter of 2022 and First Quarter of 2023

### Revenue

Revenue for the second quarter of 2023 increased 20% year-on-year and 11% quarter-on-quarter to RMB2,193.5 million. Revenue from the office software and services, and online games and others represented 51% and 49% of the Group's total revenue for the second quarter of 2023, respectively.

Revenue from the office software and services business for the second quarter of 2023 increased 21% year-on-year and 7% quarter-on-quarter to RMB1,120.8 million. The year-on-year increase was mainly due to the sustainable growth of both domestic individual office subscription business and institutional subscription business of Beijing Kingsoft Office Software, Inc. (“**Kingsoft Office**”) and its subsidiaries (collectively, “**Kingsoft Office Group**”). The growth of domestic individual office subscription business was primarily attributed to enhanced user experience in cloud and collaboration. The growth of domestic institutional subscription business was mainly driven by the continuous upgrades of digital office solutions and service quality, as well as the ongoing process of promoting cloud integration and collaborative office in government and enterprises. The quarter-on-quarter growth was mainly attributable to the increase in domestic individual office subscription business.

Revenue from the online games and others business for the second quarter of 2023 increased 18% year-on-year and 17% quarter-on-quarter to RMB1,072.6 million. The increases were primarily driven by the remarkable revenue growth of JX Online III due to continuous updates and optimizations of user experience, partially offset by natural decline in revenue from the existing mobile games such as JX World III and JX I: Gui Lai.

### Cost of Revenue and Gross Profit

Cost of revenue for the second quarter of 2023 decreased 1% year-on-year and increased 5% quarter-on-quarter to RMB361.6 million. The quarter-on-quarter increase was primarily attributed to higher server and bandwidth costs, increased purchasing costs of products and services along with the business expansion of Kingsoft Office Group.

Gross profit for the second quarter of 2023 increased 25% year-on-year and 13% quarter-on-quarter to RMB1,831.8 million. The Group's gross profit margin increased by four percentage points year-on-year and two percentage points quarter-on-quarter to 84%. The increases were attributable to changes in the revenue mix.

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

R&D costs for the second quarter of 2023 increased 4% year-on-year and 1% quarter-on-quarter to RMB665.7 million.

## **Selling and Distribution Expenses**

Selling and distribution expenses for the second quarter of 2023 increased 6% year-on-year and decreased 14% quarter-on-quarter to RMB301.0 million. The fluctuations mainly resulted from changes in promotional spending in corresponding quarters.

## **Administrative Expenses**

Administrative expenses for the second quarter of 2023 kept flat year-on-year and increased 2% quarter-on-quarter to RMB153.4 million.

## **Share-based Compensation Costs**

Share-based compensation costs for the second quarter of 2023 increased 45% year-on-year and 25% quarter-on-quarter to RMB90.9 million. The increases were 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 2023 increased 59% year-on-year and 44% quarter-on-quarter to RMB766.7 million.

## **Other Gains/(Losses), net**

Net other losses for the second quarter of 2023 were RMB102.7 million, compared with gains of RMB5.8 million and RMB44.0 million for the second quarter of 2022 and the first quarter of 2023, respectively. The losses were primarily attributed to the combined effects of: i) losses from deemed disposals of certain investee companies; and ii) foreign exchange losses.

## **Share of Losses of Associates**

We recorded share of losses of associates of RMB322.8 million for the second quarter of 2023, compared with share of losses of RMB417.7 million and RMB230.8 million for the second quarter of 2022 and the first quarter of 2023, respectively.

## **Income Tax Expense**

Income tax expense for the second quarter of 2023 was RMB78.0 million, compared with income tax expense of RMB30.0 million and RMB25.9 million for the second quarter of 2022 and the first quarter of 2023, respectively.

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

As a result of the reasons discussed above, profit attributable to owners of the parent was RMB57.2 million for the second quarter of 2023, compared with loss of RMB140.2 million for the second quarter of 2022 and profit of RMB192.3 million for the first quarter of 2023, 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.

Profit attributable to owners of the parent before share-based compensation costs was RMB123.2 million for the second quarter of 2023, compared with loss of RMB97.0 million for the second quarter of 2022 and profit of RMB235.5 million for the first quarter of 2023, respectively. The net profit/(loss) margin excluding the effect of share-based compensation costs was 6%, (5%) and 12% for the three months ended 30 June 2023, 30 June 2022 and 31 March 2023, respectively.

## **First Half of 2023 Compared with First Half of 2022**

### **Revenue**

Revenue for the first half of 2023 increased 13% year-on-year to RMB4,163.8 million. Revenue from office software and services and the online games and others represented 52% and 48% of the Group's total revenue for the first half of 2023, respectively.

Revenue from office software and services business for the first half of 2023 increased 21% year-on-year to RMB2,172.5 million. The increase was mainly due to the sustainable growth of both domestic individual office business and institutional subscriptions business of Kingsoft Office Group.

Revenue from the online games and others business for the first half of 2023 increased 5% year-on-year to RMB1,991.3 million. The year-on-year increase was mainly due to JX Online III 's strong performance, driven by continuous innovation in gameplay and content, partially offset by natural decline in revenue from the existing mobile games such as JX World III and JX I: Gui Lai, which had a relatively high revenue base in the first half of 2022.

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

Cost of revenue for the first half of 2023 decreased 1% year-on-year to RMB706.6 million. The slight decrease was mainly due to decreased channel costs of mobile games, partially offset by greater server and bandwidth costs, purchasing costs of products and services as well as channel costs along with the business growth of Kingsoft Office Group.

Gross profit for the first half of 2023 increased 16% year-on-year to RMB3,457.2 million. The Group's gross profit margin increased by two percentage points year-on-year to 83%.

### **R&D Costs**

R&D costs for the first half of 2023 increased 6% year-on-year to RMB1,326.7 million. The increase was mainly attributable to higher personnel-related expenses from Kingsoft Office Group.

### **Selling and Distribution Expenses**

Selling and distribution expenses for the first half of 2023 increased 18% year-on-year to RMB652.2 million. The increase mainly reflected greater promotional spending from Kingsoft Office Group.

### **Administrative Expenses**

Administrative expenses for the first half of 2023 increased 1% year-on-year to RMB303.2 million.

## **Share-based Compensation Costs**

Share-based compensation costs for the first half of 2023 increased 19% year-on-year to RMB163.7 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 2023 increased 23% to RMB1,299.7 million.

## **Other Gains/(Losses), net**

Net other losses for the first half of 2023 was RMB58.6 million, compared with gains of RMB28.8 million in the same period last year.

## **Share of Losses of Associates**

We recorded share of losses of associates of RMB553.6 million for the first half of 2023, compared with losses of RMB692.4 million for the first half of 2022.

## **Income Tax Expense**

Income tax expense was RMB103.9 million and RMB64.9 million for the first half of 2023 and 2022, respectively.

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

As a result of the reasons discussed above, profit attributable to owners of the parent was RMB249.5 million for the first half of 2023, compared with loss of RMB42.1 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 2023 was RMB358.8 million, compared with profit of RMB45.2 million in the same period last year. The net profit margin excluding the effect of share-based compensation costs was 9% and 1% for the first half of 2023 and 2022, respectively.

## **Liquidity and Financial Resource**

The Group had a strong cash position towards the end of reporting period. As at 30 June 2023, the Group had major financial resources in the forms of cash and bank deposits and restricted cash amounting to RMB21,684.5 million and RMB2.8 million, respectively, which together represented 62% of the Group's total assets.

As at 30 June 2023, the Group's gearing ratio, representing total liabilities divided by total assets, was 26%, compared with 24% as at 31 December 2022.

### *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 2023, the aggregate amount of cash resources of the Group was RMB23,925.6 million.

## **Foreign Currency Risk Management**

As at 30 June 2023, RMB3,034.7 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 months period mentioned above, as the case may be, as adjusted for non-cash items, such as share of 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 RMB2,307.6 million and RMB1,053.4 million for the first half of 2023 and 2022, respectively.

## **Capital Expenditures**

Capital expenditures represent cash payments for fix assets, investment properties and intangible assets. Cash used for capital expenditures was RMB183.1 million and RMB197.1 million for the first half of 2023 and 2022, respectively.

## BUSINESS REVIEW AND OUTLOOK

Mr. Jun LEI, Chairman of the Company, commented, “Our core businesses achieved robust growth in the second quarter of 2023. Kingsoft Office Group has seized emerging opportunities brought about by large language models (“LLMs”), and actively engages in product development within this field to enhance users' work efficiency. Meanwhile, it addresses the digital transformation needs of institutional users, aligning with the ‘multi-screen, cloud, content, artificial intelligence (“AI”), and collaboration’ strategy, presenting solid growth in its business performance. Online games business focuses on developing premium games. Flagship JX Online III continued to enjoy popularity among players and achieved record-high quarterly gross billings. Anime game Snowbreak: Containment Zone ( 塵白禁區 ) expanded our user base and tapped into international markets, showcasing our determination to explore new game genres and global markets. The steady progress of our core businesses provides a solid foundation for the execution of our strategy.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “We achieved solid financial performance in the second quarter. Our revenue reached RMB2,193.5 million, representing a year-on-year increase of 20%, primarily driven by the exceptional performance of the JX Online III and sustainable growth in subscription businesses of both individuals and institutions from Kingsoft Office Group. Operating profit amounted to RMB675.7 million, exhibiting a year-on-year growth of 61%. These achievements reflected our continuous efforts to enhance core competitiveness, getting well prepared to seize new opportunities.

Kingsoft Office Group introduced WPS AI, an intelligent office assistant powered by LLMs, and initiated its Open Beta overseas. We also released the spring version of WPS Office, enhancing product capabilities, and providing seamless cloud integration experience.

In individual office subscription business, we took comprehensive steps towards improving the user experience. While adhering to a long-term membership strategy, we merged functional and resource-based memberships, upgrading the membership benefits structure, and offered tailored benefits for specific needs. Regarding institutional subscription business, we continued promoting cloud integration and collaborative office progress, and delved into business scenarios for government and enterprises. We deepened product capabilities to serve industries such as finance, energy, publishing, healthcare, and high-end manufacturing. This involved incubating secure and efficient industry-specific solutions, aiming at enhancing organizational efficiency for institutions. We consistently expanded our ecosystem, and jointly built digital office application scenarios with partners.

We have closely monitored the localization industry policy changes and customer demand, and taken the initiative to tap local government and industry localization markets in advance. In terms of overseas business, based on our solid foundation in the mobile sector, we continued to cultivate our user base on desktop platforms. Looking ahead, Kingsoft Office Group will uphold the concept of user first and relentless innovation, ensuring that more users can easily enjoy the benefits of intelligent office solutions.

In the second quarter, online games business demonstrated outstanding performance. The year-on-year growth in both daily active users and gross billings of JX Online III reflected our ability to sustain premium games' longevity. We have remained committed to enhancing the content and players experience of JX Online III, resulting in positive response. Self-developed game, Snowbreak: Containment Zone ( 塵白禁區 ), combining shooting gameplay and anime aesthetics, provided players with fresh and innovative gaming experience. This game was simultaneously launched on both PC and mobile platforms worldwide. It achieved instant acclaim by topping the free games chart on the iOS App Store in China, as well as in major international markets like the US, Japan, and South Korea upon its launch. Looking forward, we will maintain our commitment to a user-oriented approach and pay close attention to feedback and suggestions from our players. We are dedicated to improving and optimizing our games constantly to further enrich the overall players experience. In the fourth quarter, we plan to launch an upgrade version of JX Online III PC game, to further extend the IP's vitality. Additionally, our self-developed mobile game World of Sword Origin ( 劍俠世界：起源 ), which has received license approval, is scheduled for release in Chinese mainland.”

Mr. Jun LEI concluded, “We are confident to embrace future opportunities and challenges. We will continue to manage our core businesses steadily, drive innovation, and create top-tier digital office services and premium gaming content for a global user base. We adhere to technology-driven business, committing to high-quality sustainable development, aiming to deliver better products and services to our users and create long-term value for our shareholders.”

## **OTHER INFORMATION**

### **Employee and Remuneration Policies**

As at 30 June 2023, the Group had 7,086 full-time employees (30 June 2022: 7,174), inclusive of all its staff in Chinese mainland and overseas offices, most of whom are based in Beijing, Wuhan and Zhuhai, 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 2023 was RMB1,865.2 million (for the six months ended 30 June 2022: RMB1,715.5 million).

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

None of the Company or its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the six months ended 30 June 2023.

### **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, Mr. David Yuen Kwan TANG (resigned as a member of the Audit Committee on 20 April 2023) and Mr. Zuotao CHEN (appointed as a member of the Audit Committee on 20 April 2023).

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 2023.

### **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 to 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 2023.

## 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 (the “CG Code”) contained in Appendix 14 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.

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

Hong Kong, 22 August 2023

*As at the date of this announcement, the Executive Directors 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, Zuotao CHEN and Ms. Wenjie WU.*