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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 YEAR ENDED 31 DECEMBER 2024

The board (“**Board**”) of directors (the “**Directors**”) of Kingsoft Corporation Limited (the “**Company**”) hereby announces the audited results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024. The results have been audited by Ernst & Young, the auditor of the Company in accordance with Hong Kong Standards on Auditing. In addition, the results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Year-on-year Change %
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	
Revenue	10,317,904	8,533,611	21
Operating profit	3,646,623	2,226,882	64
Operating profit before share-based compensation costs	3,922,490	2,540,756	54
Profit attributable to owners of the parent	1,551,613	483,457	221
	<i>RMB</i>	<i>RMB</i>	
Basic earnings per share	1.16	0.36	222
Diluted earnings per share	1.11	0.34	226

DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.15 per share for the year ended 31 December 2024 (2023: HK\$0.14 per share). The final dividend, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting (the “AGM”) of the Company, is expected to be paid on 18 June 2025.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,215,482	1,983,123
Investment properties		164,075	169,831
Right-of-use assets		335,986	376,936
Goodwill		185,564	185,564
Other intangible assets		83,944	93,393
Investments in joint ventures		831,645	461,220
Investments in associates		3,484,092	4,475,829
Equity investments designated at fair value through other comprehensive income		17,814	18,468
Financial assets at fair value through profit or loss		551,270	406,196
Deferred tax assets		137,223	106,920
Other non-current assets		36,983	24,018
Total non-current assets		8,044,078	8,301,498
CURRENT ASSETS			
Inventories		11,465	15,626
Trade receivables	10	698,070	785,231
Prepayments, other receivables and other assets		2,945,726	2,224,334
Financial assets at fair value through profit or loss		2,764,308	3,591,493
Restricted cash		5,806	5,337
Cash and bank deposits		23,815,022	20,271,193
Total current assets		30,240,397	26,893,214

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024**

		As at 31 December	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade payables	11	478,381	533,499
Other payables and accruals		2,056,722	1,617,145
Lease liabilities		22,533	37,512
Contract liabilities		2,822,856	2,429,120
Income tax payable		343,107	263,162
Liability component of convertible bonds	12	2,985,899	—
Derivative financial instrument		7,116	—
		<u>8,716,614</u>	<u>4,880,438</u>
Total current liabilities			
		<u>8,716,614</u>	<u>4,880,438</u>
NET CURRENT ASSETS		<u>21,523,783</u>	<u>22,012,776</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,567,861</u>	<u>30,314,274</u>
NON-CURRENT LIABILITIES			
Contract liabilities		929,952	574,547
Deferred tax liabilities		205,294	294,448
Lease liabilities		11,782	29,496
Liability component of convertible bonds	12	—	2,770,192
Other non-current liabilities		8,431	65,506
Derivative financial instrument		—	6,828
		<u>1,155,459</u>	<u>3,741,017</u>
Total non-current liabilities			
		<u>1,155,459</u>	<u>3,741,017</u>
NET ASSETS		<u>28,412,402</u>	<u>26,573,257</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		5,187	5,292
Share premium account		1,439,985	2,187,981
Treasury shares		(137,342)	(306,558)
Equity component of convertible bonds	12	468,700	468,700
Other reserves		20,679,746	18,933,618
		<u>22,456,276</u>	<u>21,289,033</u>
Non-controlling interests		5,956,126	5,284,224
		<u>5,956,126</u>	<u>5,284,224</u>
TOTAL EQUITY		<u>28,412,402</u>	<u>26,573,257</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended 31 December	
	<i>Notes</i>	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue			
Office software and services		5,121,075	4,556,513
Online games and others		5,196,829	3,977,098
		10,317,904	8,533,611
Cost of revenue		(1,737,428)	(1,503,268)
Gross profit			
Research and development costs		(3,045,393)	(2,683,596)
Selling and distribution expenses		(1,345,903)	(1,470,493)
Administrative expenses		(634,304)	(661,431)
Share-based compensation costs	6	(275,867)	(313,874)
Other income		379,843	374,586
Other expenses		(12,229)	(48,653)
		3,646,623	2,226,882
Other losses, net	5	(153,770)	(32,160)
Finance income		720,580	629,199
Finance costs		(178,656)	(168,890)
Share of profits and losses of:			
Joint ventures		10,272	(19,945)
Associates		(913,795)	(1,146,234)
		3,131,254	1,488,852
Income tax expense	7	(334,158)	(273,664)
Profit for the year		2,797,096	1,215,188
Attributable to:			
Owners of the parent		1,551,613	483,457
Non-controlling interests		1,245,483	731,731
		2,797,096	1,215,188
		<i>RMB</i>	<i>RMB</i>
Earnings per share attributable to ordinary equity holders of the parent			
Basic		1.16	0.36
Diluted		1.11	0.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>2,797,096</u>	<u>1,215,188</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation into presentation currency	(102,382)	(29,429)
Reclassification to profit or loss from liquidation of subsidiaries	—	(5,715)
Reclassification to profit or loss from deemed disposal of associates	(2,240)	(5,450)
Share of other comprehensive income of associates	<u>16,776</u>	<u>71,296</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(87,846)</u>	<u>30,702</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	144,835	70,114
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value, net of tax	(654)	195
Share of other comprehensive loss of an associate	<u>(120)</u>	<u>(30,529)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>144,061</u>	<u>39,780</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>56,215</u>	<u>70,482</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,853,311</u>	<u>1,285,670</u>
Attributable to:		
Owners of the parent	1,602,668	542,660
Non-controlling interests	<u>1,250,643</u>	<u>743,010</u>
	<u>2,853,311</u>	<u>1,285,670</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the parent												
	Issued capital RMB'000	Share premium account RMB'000	Treasury shares RMB'000	Equity component of convertible bonds RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Other capital reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	5,292	2,187,981	(306,558)	468,700	1,093,947	762,575	5,863,649	11,208	324,920	10,877,319	21,289,033	5,284,224	26,573,257
Profit for the year	—	—	—	—	—	—	—	—	—	1,551,613	1,551,613	1,245,483	2,797,096
Other comprehensive income/(loss) for the year:													
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	—	(654)	—	—	(654)	—	(654)
Exchange differences on translation into presentation currency	—	—	—	—	—	—	—	—	37,293	—	37,293	5,160	42,453
Reclassification to profit and loss from deemed disposal of associates	—	—	—	—	—	—	—	—	(2,240)	—	(2,240)	—	(2,240)
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	(120)	16,776	—	16,656	—	16,656
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	—	(774)	51,829	1,551,613	1,602,668	1,250,643	2,853,311
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(690,855)	(690,855)
Final 2023 dividend declared	—	(170,337)	—	—	—	—	—	—	—	—	(170,337)	—	(170,337)
Share-based compensation costs	—	—	—	—	—	168,322	—	—	—	—	168,322	107,841	276,163
Vesting and settlement of share-based awards	—	22,728	2,210	—	—	(24,938)	—	—	—	—	—	—	—
Exercise and vesting of share-based awards issued by subsidiaries	—	—	—	—	—	(109,440)	138,527	—	—	—	29,087	28,900	57,987
Share of reserves of associates	—	—	—	—	—	—	(3,612)	—	—	—	(3,612)	—	(3,612)
Shares repurchased for share award scheme	—	—	(36,388)	—	—	—	—	—	—	—	(36,388)	—	(36,388)
Shares repurchased for cancellation	—	—	(397,098)	—	—	—	—	—	—	—	(397,098)	—	(397,098)
Profit appropriation	—	—	—	—	273,458	—	—	—	—	(273,458)	—	—	—
Changes in the ownership interests in subsidiaries	—	—	—	—	—	—	(25,399)	—	—	—	(25,399)	(24,627)	(50,026)
Shares cancelled	(105)	(600,387)	600,492	—	—	—	—	—	—	—	—	—	—
At 31 December 2024	5,187	1,439,985	(137,342)	468,700	1,367,405*	796,519*	5,973,165*	10,434*	376,749*	12,155,474*	22,456,276	5,956,126	28,412,402

* These reserve accounts comprise the consolidated other reserves of RMB20,679,746,000 (2023: RMB18,933,618,000) in the consolidated statement of financial position.

	Attributable to owners of the parent												
	Issued capital RMB'000	Share premium account RMB'000	Treasury shares RMB'000	Equity component of convertible bonds RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Other capital reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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 year	—	—	—	—	—	—	—	—	—	483,457	483,457	731,731	1,215,188
Other comprehensive income/(loss) for the year:													
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	—	195	—	—	195	—	195
Exchange differences on translation into presentation currency	—	—	—	—	—	—	—	—	29,406	—	29,406	11,279	40,685
Reclassification to profit and loss from liquidation of subsidiaries	—	—	—	—	—	—	—	—	(5,715)	—	(5,715)	—	(5,715)
Reclassification to profit and loss from deemed disposal of associates	—	—	—	—	—	—	—	—	(5,450)	—	(5,450)	—	(5,450)
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	(30,529)	71,296	—	40,767	—	40,767
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	—	(30,334)	89,537	483,457	542,660	743,010	1,285,670
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(333,324)	(333,324)
Final 2022 dividend declared	—	(162,831)	—	—	—	—	—	—	—	—	(162,831)	—	(162,831)
Share-based compensation costs	—	—	—	—	—	211,953	—	—	—	—	211,953	112,792	324,745
Exercise of share options	2	18,585	—	—	—	(6,636)	—	—	—	—	11,951	—	11,951
Vesting and settlement of share-based awards	9	118,866	1,476	—	—	(120,351)	—	—	—	—	—	—	—
Exercise and vesting of share-based awards issued by subsidiaries	—	—	—	—	—	(64,060)	75,702	—	—	—	11,642	10,659	22,301
Share of reserves of associates	—	—	—	—	—	—	4,924	—	—	—	4,924	—	4,924
Shares repurchased for share award scheme	—	—	(55,429)	—	—	—	—	—	—	—	(55,429)	—	(55,429)
Shares repurchased for cancellation	—	—	(223,546)	—	—	—	—	—	—	—	(223,546)	—	(223,546)
Profit appropriation	—	—	—	—	248,475	—	—	—	—	(248,475)	—	—	—
Changes in the ownership interests in subsidiaries	—	—	—	—	—	—	1,446,213	—	—	—	1,446,213	96,116	1,542,329
Liquidation of a subsidiary	—	—	—	—	—	—	26,795	—	—	(26,795)	—	—	—
At 31 December 2023	5,292	2,187,981	(306,558)	468,700	1,093,947*	762,575*	5,863,649*	11,208*	324,920*	10,877,319*	21,289,033	5,284,224	26,573,257

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows from operating activities	4,587,160	3,488,746
Net cash flows used in investing activities	(8,523,733)	(6,476,034)
Net cash flows (used in)/from financing activities	(1,083,680)	655,863
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Net decrease in cash and cash equivalents	(5,020,253)	(2,331,425)
Cash and cash equivalents at beginning of the year	8,707,372	11,018,882
Effect of foreign exchange rate changes, net	16,467	19,915
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Cash and cash equivalents at end of the year	3,703,586	8,707,372
Non-pledged time deposits with original maturity of over three months when acquired	20,111,436	11,563,821
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Cash and bank deposits as stated in the consolidated statement of financial position	23,815,022	20,271,193
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NOTES TO 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:

- research and development and provision of WPS Office, WPS 365, WPS AI and other office products and services; and
- research and development of games, and provision of PC games, mobile games services, etc.

2. Basis of preparation and material accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("**IASB**"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, equity investments and certain other financial assets which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2. Basis of preparation and material accounting policies (continued)

Material accounting policies

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

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

None of the above amendments to IFRS accounting standards has had a significant financial effect on the Group.

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

3. Operating segments information

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 research and development and provision of WPS Office, WPS 365, WPS AI and other office products and services; and
- (b) the entertainment software and others segment engages in the research and development of games, and the provision of PC games, mobile games services, etc.

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

Year ended 31 December 2024	Office software and services RMB'000	Entertainment software and others RMB'000	Total RMB'000
Segment revenue:			
Sales	<u>5,121,075</u>	<u>5,196,829</u>	<u>10,317,904</u>
Segment results	1,443,645	2,200,437	3,644,082
<i>Reconciliation:</i>			
Other losses, net			(153,770)
Finance income			720,580
Finance costs (other than interest on lease liabilities)			(176,115)
Share of profits and losses of:			
Joint ventures			10,272
Associates			<u>(913,795)</u>
Profit before tax			<u><u>3,131,254</u></u>

3. Operating segments information (continued)

Year ended 31 December 2023	Office software and services <i>RMB'000</i>	Entertainment software and others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:			
Sales	<u>4,556,513</u>	<u>3,977,098</u>	<u>8,533,611</u>
Segment results	1,130,220	1,092,294	2,222,514
<i>Reconciliation:</i>			
Other losses, net			(32,160)
Finance income			629,199
Finance costs (other than interest on lease liabilities)			(164,522)
Share of profits and losses of:			
Joint ventures			(19,945)
Associates			<u>(1,146,234)</u>
Profit before tax			<u><u>1,488,852</u></u>

4. Profit before tax

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

	2024	2023
	RMB'000	RMB'000
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	3,032,313	2,786,571
Social insurance costs and staff welfare	472,344	409,172
Share-based compensation costs	275,867	313,874
Pension plan contributions*	290,374	255,834
	4,070,898	3,765,451
Loss on disposal of items of property, plant and equipment	6	8,696
Lease payments not included in the measurement of lease liabilities	10,303	13,806
Cost of inventories sold	2,750	4,525
Cost of services provided	1,342,075	1,175,797
Depreciation of property, plant and equipment	150,766	149,858
Depreciation of investment properties	5,756	6,081
Depreciation of right-of-use assets	45,932	52,343
Amortisation of other intangible assets	24,383	31,290
Impairment of trade and other receivables**	15,241	13,779
Donations**	1,481	9,776

* At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: nil).

** These amounts are included in "other expenses" on the consolidated statement of profit or loss.

5. Other losses, net

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss on deemed disposal of associates	(162,536)	(67,635)
Gain on liquidation of subsidiaries	—	5,715
Gain on liquidation of a joint venture	106	—
Gain on disposal of an associate	3,632	—
Impairment of investments in an associate	(8,091)	(7,079)
Foreign exchange differences, net	(43,337)	(67,196)
Fair value gains on financial instruments at fair value through profit or loss, net	<u>56,456</u>	<u>104,035</u>
	<u><u>(153,770)</u></u>	<u><u>(32,160)</u></u>

6. Share-based compensation costs

(a) Share option schemes

2011 Share Option Scheme

The Company operates the 2011 share option scheme (the “**2011 Scheme**”) for the purpose of providing incentives and rewards to eligible participants. Eligible participants of the 2011 Scheme include the directors and other employees of the Group or any of the Group’s invested entities. The 2011 Scheme became effective on 9 December 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The following share options were outstanding under the 2011 Scheme during the years ended 31 December 2024 and 2023, and their weighted average exercise prices (“**WAEP**”) are also listed as below:

	2024 Number of share options	2024 WAEP HK\$ per share	2023 Number of share options	2023 WAEP HK\$ per share
Outstanding at 1 January	2,529,800	20.25	3,129,800	20.73
Exercised during the year	<u>—</u>	<u>—</u>	<u>(600,000)</u>	22.75
Outstanding and exercisable at 31 December	<u><u>2,529,800</u></u>	<u><u>20.25</u></u>	<u><u>2,529,800</u></u>	20.25

6. Share-based compensation costs (continued)

(a) Share option schemes (continued)

2021 Share Option Scheme

The Company operates the 2021 share option scheme (the “**2021 Scheme**”) for the purpose of providing incentives and rewards to eligible participants. Eligible participants of the 2021 Scheme include the directors and other employees of the Group or any of the Group’s invested entities. The 2021 Scheme became effective on 9 December 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The following share options were outstanding under the 2021 Scheme during the years ended 31 December 2024 and 2023, and their WAEP are also listed as below:

	2024	2024	2023	2023
	Number of	WAEP HK\$	Number of	WAEP HK\$
	share options	per share	share options	per share
Outstanding at 1 January and 31 December	<u>5,500,000</u>	31.69	<u>5,500,000</u>	31.69
Exercisable at 31 December	<u>2,200,000</u>	31.69	<u>1,100,000</u>	31.69

(b) Share Award Schemes

On 31 March 2008, the directors of the Company approved and adopted the Share Award Scheme in which selected employees of the Group are entitled to participate. Unless early terminated by the directors of the Company, the Share Award Scheme is valid and effective for a term of five years commencing from 31 March 2008. In prior years, the directors of the Company resolved to have several extensions to the termination date of the Share Award Scheme and on 5 July 2021, the directors of the Company resolved to further extend the termination date of the Share Award Scheme to 30 March 2027. The directors will not grant any awarded shares which would result in the total number of shares (but not counting those which have lapsed or have been forfeited), in aggregate, over 10% of the issued capital of the Company as at the date of such grant.

6. Share-based compensation costs (continued)

(b) Share Award Schemes (continued)

The following awarded shares were outstanding under the Share Award Scheme during the years ended 31 December 2024 and 2023:

	2024	2023
	Number of Awarded shares	Number of Awarded shares
Outstanding at 1 January	4,182,220	5,999,660
Granted during the year	130,000	2,079,400
Forfeited during the year	(58,000)	(637,340)
Vested during the year	(937,374)	(3,259,500)
	<u>3,316,846</u>	<u>4,182,220</u>
Outstanding at 31 December	<u>3,316,846</u>	<u>4,182,220</u>

(c) 2024 Share Scheme

On 23 May 2024, the shareholders of the Company approved and adopted the 2024 Share Scheme in which selected eligible participants are entitled to participate. Unless early terminated by the directors of the Company, the 2024 Share Scheme is valid and effective for a term of ten years commencing from 23 May 2024. The directors will not grant those awarded shares, which shall be satisfied by existing shares upon vesting, that would result in the total number of shares (but not counting any shares which have lapsed or have been forfeited) granted under the 2024 Share Scheme, in aggregate, greater than 5% of the total number of shares in issue as at the adoption date of the 2024 Share Scheme. The total number of new shares which may be issued in respect of all share options and share awards to be granted under 2024 Share Scheme must not exceed 10% of the shares of the Company in issue (excluding any treasury shares) as at 23 May 2024, the date on which the 2024 share Scheme was approved.

The following awarded shares were outstanding under the 2024 Share Scheme during the years ended 31 December 2024:

	2024
	Number of Awarded shares
Outstanding at 1 January	—
Granted during the year	<u>1,527,400</u>
Outstanding at 31 December	<u>1,527,400</u>

7. Income tax

The People's Republic of China (the "PRC") corporate income tax represents the tax charged on the estimated assessable profits of entities within the Group established in the Mainland China during the year. In general, the PRC subsidiaries of the Group are subject to the PRC corporate income tax rate of 25% except for certain PRC subsidiaries which are entitled to tax holidays and preferential tax rates.

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

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current — Mainland China	423,919	318,810
Current — Hong Kong	14,956	13,336
Current — Elsewhere	14,740	16,459
Deferred	(119,457)	(74,941)
Total tax charge for the year	<u>334,158</u>	<u>273,664</u>

8. Dividends

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend (note (a)):		
HK\$0.15 (2023: HK\$0.14) per share		
based on issued share capital as at year end	185,582	173,244
Less: dividend for shares held by the trust as at year end	(969)	(1,870)
	<u>184,613</u>	<u>171,374</u>

(a) The proposed final dividend for the year is subject to the approval of the shareholders of the Company at the forthcoming AGM.

9. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,332,588,014 (2023: 1,358,755,716) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year 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 year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of the convertible bonds outstanding as the impact was anti-dilutive.

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation:	<u>1,551,613</u>	<u>483,457</u>
Decrease in earnings adjusted for the share option schemes and the share award schemes adopted by the Group's subsidiaries	<u>(64,655)</u>	<u>(25,823)</u>
	<u>1,486,958</u>	<u>457,634</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue less shares held for the share award schemes during the year used in the basic earnings per share calculation	1,332,588,014	1,358,755,716
Effect of dilution — weighted average number of ordinary shares:		
Share options	475,554	642,852
Awarded shares	<u>2,144,277</u>	<u>2,784,992</u>
	<u>1,335,207,845</u>	<u>1,362,183,560</u>

10. Trade receivables

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–30 days	211,974	288,350
31–60 days	81,886	118,685
61–90 days	42,522	55,889
91–365 days	162,367	210,024
1 to 2 years	141,409	85,695
Over 2 years	57,912	26,588
	698,070	785,231

11. Trade payables

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–30 days	165,181	127,357
31–60 days	69,328	64,024
61–90 days	44,993	39,441
91–365 days	129,407	247,416
Over 1 year	69,472	55,261
	478,381	533,499

12. 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 ordinary shares of the Company from 9 June 2020 to the date falling 10 days prior to the maturity date, at a price of HK\$35.7637 per share, subject to adjustments. The Company may redeem under certain circumstances the outstanding 2020 Convertible Bonds at a predetermined amount together with interest accrued by giving the bondholders not less than 30 nor more than 60 days’ prior notice. On the maturity date, any 2020 Convertible Bonds not converted will be redeemed by the Company at 105.85% of the principal amount together with accrued and unpaid interest thereon.

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 dividend payments made after the issuance of the Convertible Bonds resulted in adjustments to the conversion price of the 2020 Convertible Bonds and the conversion price of the 2020 Convertible Bonds was adjusted to HKD34.77 per share after the latest adjustment became effective on 8 June 2024. Assuming full conversion of the 2020 Convertible Bonds at the adjusted conversion price of HK\$34.77 per share and no further issue of shares, the 2020 Convertible Bonds will be convertible into approximately 89,157,320 shares of the Company.

There was no conversion or redemption of the 2020 Convertible Bonds during the year of 2024.

OPERATIONAL HIGHLIGHTS

Office Software and Services

	In December 2024	In December 2023	In September 2024	Year-on-year Change %	Quarter-on-quarter Change %
Monthly Active Devices of WPS Office Globally* (Million)	<u>632</u>	<u>595</u>	<u>615</u>	6	3
			As at 31 December 2024	As at 31 December 2023	Year-on-year Change %
Accumulated paying subscribers** (Million)			<u>41.70</u>	<u>35.49</u>	17

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

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

FINANCIAL HIGHLIGHTS

	Three months ended		
	31 December 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Unaudited)	30 September 2024 RMB'000 (Unaudited)
Revenue			
Office software and services	1,501,181	1,285,691	1,206,815
Online games and others	1,291,297	1,024,444	1,707,970
	<u>2,792,478</u>	<u>2,310,135</u>	<u>2,914,785</u>
Cost of revenue	<u>(449,134)</u>	<u>(413,885)</u>	<u>(460,341)</u>
Gross profit	2,343,344	1,896,250	2,454,444
Research and development costs	(730,411)	(684,925)	(860,931)
Selling and distribution expenses	(340,275)	(377,226)	(364,929)
Administrative expenses	(152,717)	(171,134)	(165,961)
Share-based compensation costs	(59,313)	(77,332)	(58,291)
Other income	60,206	129,410	142,106
Other expenses	<u>(13,944)</u>	<u>(249)</u>	<u>(2,320)</u>
Operating profit	1,106,890	714,794	1,144,118
Other gains/(losses), net	(73,701)	8,386	(63,490)
Finance income	185,502	179,126	183,930
Finance costs	(45,906)	(43,350)	(44,416)
Share of profits and losses of:			
Joint ventures	34,738	(9,675)	(9,366)
Associates	<u>(148,318)</u>	<u>(285,768)</u>	<u>(427,564)</u>
Profit before tax	1,059,205	563,513	783,212
Income tax expense	<u>(212,220)</u>	<u>(125,957)</u>	<u>(31,231)</u>
Profit for the period	<u>846,985</u>	<u>437,556</u>	<u>751,981</u>
Attributable to:			
Owners of the parent	460,241	205,435	413,449
Non-controlling interests	<u>386,744</u>	<u>232,121</u>	<u>338,532</u>
	<u>846,985</u>	<u>437,556</u>	<u>751,981</u>
	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)
Earnings per share attributable to ordinary equity holders of the parent			
Basic	<u>0.35</u>	<u>0.15</u>	<u>0.31</u>
Diluted	<u>0.34</u>	<u>0.15</u>	<u>0.29</u>

FINANCIAL HIGHLIGHTS (CONTINUED)

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Office software and services	5,121,075	4,556,513
Online games and others	5,196,829	3,977,098
	<u>10,317,904</u>	<u>8,533,611</u>
Cost of revenue	(1,737,428)	(1,503,268)
	<u>8,580,476</u>	<u>7,030,343</u>
Gross profit		
Research and development costs	(3,045,393)	(2,683,596)
Selling and distribution expenses	(1,345,903)	(1,470,493)
Administrative expenses	(634,304)	(661,431)
Share-based compensation costs	(275,867)	(313,874)
Other income	379,843	374,586
Other expenses	(12,229)	(48,653)
	<u>3,646,623</u>	<u>2,226,882</u>
Operating profit		
Other losses, net	(153,770)	(32,160)
Finance income	720,580	629,199
Finance costs	(178,656)	(168,890)
Share of profits and losses of:		
Joint ventures	10,272	(19,945)
Associates	(913,795)	(1,146,234)
	<u>3,131,254</u>	<u>1,488,852</u>
Profit before tax		
Income tax expense	(334,158)	(273,664)
	<u>2,797,096</u>	<u>1,215,188</u>
Profit for the year		
Attributable to:		
Owners of the parent	1,551,613	483,457
Non-controlling interests	1,245,483	731,731
	<u>2,797,096</u>	<u>1,215,188</u>
	<i>RMB</i>	<i>RMB</i>
Earnings per share attributable to ordinary equity holders of the parent		
Basic	<u>1.16</u>	<u>0.36</u>
Diluted	<u>1.11</u>	<u>0.34</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Fourth Quarter of 2024 Compared with Fourth Quarter of 2023 and Third Quarter of 2024

Revenue

Revenue for the fourth quarter of 2024 increased 21% year-on-year and decreased 4% quarter-on-quarter to RMB2,792.5 million. Revenue from the office software and services, and online games and others represented 54% and 46% of the Group's total revenue for the fourth quarter of 2024, respectively.

Revenue from the office software and services business for the fourth quarter of 2024 increased 17% year-on-year and 24% quarter-on-quarter to RMB1,501.2 million. The year-on-year increase was mainly attributable to WPS 365 and WPS individual businesses of Beijing Kingsoft Office Software, Inc. (“**Kingsoft Office**”) and its subsidiaries (collectively, “**Kingsoft Office Group**”). The increase of WPS 365 business was primarily due to the increased number of paying enterprises, supported by the enhanced artificial intelligence (“**AI**”) and collaboration capabilities as well as the replication of typical industry solutions. As for the WPS individual business, the revenue increased as a consequence of enhanced user experience and improved conversion rates, driven by the enriched membership benefits and the wide adoption of AI-powered features. The quarter-on-quarter increase mainly reflected a seasonal increase in WPS software business, along with the sustained growth of WPS individual and WPS 365 businesses.

Revenue from the online games and others business for the fourth quarter of 2024 increased 26% year-on-year and decreased 24% quarter-on-quarter to RMB1,291.3 million. The notable year-on-year increase was mainly attributable to: i) the solid performance from JX3 Online, as the launch of JX3 Ultimate (劍網3無界) in 2024 further boosted players' engagement; ii) the revenue contribution from the anime game Snowbreak: Containment Zone (塵白禁區), driven by the continuous content updates. The quarter-on-quarter decrease was mainly due to the release of less-commercial content in certain games.

Cost of Revenue and Gross Profit

Cost of revenue for the fourth quarter of 2024 increased 9% year-on-year and decreased 2% quarter-on-quarter to RMB449.1 million. The year-on-year increase was primarily driven by higher channel costs, and greater server and bandwidth costs, all of which were associated with the business growth of Kingsoft Office Group.

Gross profit for the fourth quarter of 2024 increased 24% year-on-year and decreased 5% quarter-on-quarter to RMB2,343.3 million. The Group's gross profit margin increased by two percentage points to 84% year-on-year and kept flat quarter-on-quarter.

Research and Development (“R&D”) Costs

R&D costs for the fourth quarter of 2024 increased 7% year-on-year and decreased 15% quarter-on-quarter to RMB730.4 million. The year-on-year increase was primarily driven by increased headcount and rising AI-related expenses to support the development of AI and collaboration capabilities of Kingsoft Office Group. The quarter-on-quarter decrease was mainly due to reduced accrued performance-based bonus.

Selling and Distribution Expenses

Selling and distribution expenses for the fourth quarter of 2024 decreased 10% year-on-year and 7% quarter-on-quarter to RMB340.3 million. The decreases were mainly due to decreased marketing expenditures related to online games business, partially offset by increased promotion efforts on products and services in intelligent office of Kingsoft Office Group.

Administrative Expenses

Administrative expenses for the fourth quarter of 2024 decreased 11% year-on-year and 8% quarter-on-quarter to RMB152.7 million. The year-on-year decrease was mainly due to the high base in the same period last year caused by one-off expenses. The quarter-on-quarter decrease largely reflected decreased personnel-related expenses.

Share-based Compensation Costs

Share-based compensation costs for the fourth quarter of 2024 decreased 23% year-on-year and increased 2% quarter-on-quarter to RMB59.3 million.

Operating Profit before Share-based Compensation Costs

Operating profit before share-based compensation costs for the fourth quarter of 2024 increased 47% year-on-year and decreased 3% quarter-to-quarter to RMB1,166.2 million.

Other Gains/(Losses), net

Net other losses for the fourth quarter of 2024 were RMB73.7 million, compared with gains of RMB8.4 million for the fourth quarter of 2023, and losses of RMB63.5 million for the third quarter of 2024, respectively.

Share of Profits and Losses of Associates

We recorded share of losses of associates of RMB148.3 million for the fourth quarter of 2024, compared with losses of RMB285.8 million and RMB427.6 million for the fourth quarter of 2023 and the third quarter of 2024, respectively.

Income Tax Expense

Income tax expense for the fourth quarter of 2024 was RMB212.2 million, compared with income tax expense of RMB126.0 million and RMB31.2 million for the fourth quarter of 2023 and the third quarter of 2024, respectively.

Profit Attributable to Owners of the Parent

As a result of the reasons discussed above, profit attributable to owners of the parent was RMB460.2 million for the fourth quarter of 2024, compared with profit of RMB205.4 million and RMB413.4 million for the fourth quarter of 2023 and the third quarter of 2024, respectively.

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

Profit attributable to owners of the parent before share-based compensation costs, which is defined as profit attributable to owners of the parent excluding the effect of share-based compensation costs attributable to owners of the parent, is a measure supplementary to the consolidated financial statements presented in accordance with IFRS accounting standards.

We believe that the profit attributable to owners of the parent before share-based compensation costs will enhance investors to better understand the Group's overall operating performance. When assessing our operating performance, you should not consider this data in isolation or as a substitute for our profit or any other operating performance measure that is calculated in accordance with IFRS accounting standards. In addition, our profit attributable to owners of the parent before share-based compensation costs may not be comparable to similarly titled measures utilized by other companies.

Profit attributable to owners of the parent before share-based compensation costs was RMB496.5 million for the fourth quarter of 2024, compared with profit of RMB257.0 million and RMB453.2 million for the fourth quarter of 2023 and the third quarter of 2024, respectively. The net profit margin excluding the effect of share-based compensation costs was 18%, 11% and 16% for the three months ended 31 December 2024, 31 December 2023 and 30 September 2024, respectively.

Year 2024 Compared with Year 2023

Revenue

Revenue for the year of 2024 increased 21% year-on-year to RMB10,317.9 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 year of 2024, respectively.

Revenue from the office software and services business for the year of 2024 increased 12% year-on-year to RMB5,121.1 million. The increase was primarily due to increased revenue from WPS individual and WPS 365 businesses, partially offset by decreased revenue from WPS software business. The increase of WPS individual business was mainly attributed to improved conversion rates, driven by the synergistic development of traditional and AI-powered features. As for the WPS 365 business, the revenue grew notably, since we continuously consolidated customer advantages in central state-owned enterprises, and accelerated penetration into private and local state-owned enterprises. The decline in WPS software business revenue was mainly due to the purchase transition from software products to the WPS 365 platform, along with digital transformation needs from customers.

Revenue from the online games and others business for the year of 2024 increased 31% year-on-year to RMB5,196.8 million. The significant increase was primarily attributed to the strong performance of JX3 Online and anime game Snowbreak: Containment Zone, partially offset by decreased revenue from certain existing games.

Cost of Revenue and Gross Profit

Cost of revenue for the year of 2024 increased 16% year-on-year to RMB1,737.4 million. The increase was primarily driven by greater server and bandwidth costs, higher personnel-related expenses, and increased channel costs along with the business growth for both online games and office software and services businesses.

Gross profit for the year of 2024 increased 22% year-on-year to RMB8,580.5 million. The Group's gross profit margin increased by one percentage point to 83%.

R&D Costs

R&D costs for the year of 2024 increased 13% year-on-year to RMB3,045.4 million. The increase was primarily driven by the growth in headcount and AI-related investments to support the development of intelligent office products and services of Kingsoft Office Group, as well as increased accrued performance-based bonus related to online games business.

Selling and Distribution Expenses

Selling and distribution expenses for the year of 2024 decreased 8% year-on-year to RMB1,345.9 million. The decrease was mainly due to lower marketing expenditures related to online games business.

Administrative Expenses

Administrative expenses for the year of 2024 decreased 4% year-on-year to RMB634.3 million.

Share-based Compensation Costs

Share-based compensation costs for the year of 2024 decreased 12% year-on-year to RMB275.9 million.

Operating Profit before Share-based Compensation Costs

Operating profit before share-based compensation costs for the year of 2024 increased 54% year-on-year to RMB3,922.5 million.

Other Losses, net

Net other losses for the year of 2024 were RMB153.8 million, compared with losses of RMB32.2 million for the last year.

Share of Profits and Losses of Associates

Share of losses of associates for the year of 2024 were RMB913.8 million, compared with losses of RMB1,146.2 million for the last year.

Income Tax Expense

Income tax expense for the year of 2024 increased 22% year-on-year to RMB334.2 million.

Profit Attributable to Owners of the Parent

For the reasons described above, profit attributable to owners of the parent was RMB1,551.6 million for the year of 2024, compared with profit of RMB483.5 million for the 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 was RMB1,719.6 million for the year of 2024, compared with profit of RMB684.5 million for the last year.

The net profit margin excluding the effect of share-based compensation costs was 17% and 8% for the year of 2024 and 2023, respectively.

Liquidity and Financial Resource

The Group had a strong cash position towards the end of 2024. As at 31 December 2024, the Group had major financial resources in the forms of cash and bank deposits and restricted cash amounting to RMB23,815.0 million and RMB5.8 million, respectively, which totally represented 62% of the Group's total assets.

As at 31 December 2024, the Group's gearing ratio, representing total liabilities divided by total assets, was 26%, compared with 24% as at 31 December 2023.

Note:

The cash resources which the Group considered in cash management including but not limited to cash and bank deposits, restricted cash and financial assets at fair value through profit or loss. As at 31 December 2024, the aggregate amount of cash resources of the Group was RMB26,583.3 million.

Foreign Currency Risk Management

As at 31 December 2024, RMB4,773.6 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 reflects the Group's profit for the year, 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 RMB4,587.2 million and RMB3,488.7 million for the years ended 31 December 2024 and 31 December 2023, respectively.

Capital Expenditures

Capital expenditures represent cash payments for fixed assets, investment properties and intangible assets. Cash used for capital expenditures was RMB426.2 million and RMB474.0 million for the years ended 31 December 2024 and 31 December 2023, respectively.

BUSINESS REVIEW AND OUTLOOK

Mr. Jun LEI, Chairman of the Company, commented: “Throughout 2024, we remained dedicated to technology empowerment, focused on strengthening our core capabilities, and achieved the milestone of surpassing 10 billion in revenue for the first time. Kingsoft Office Group focuses on the core strategic directions of ‘multiscreen, cloud, content, collaboration, AI’ and continues to increase R&D investments in the fields of collaboration and AI. This drives product iteration and upgrades through innovation, creating a product system that better meets user needs, effectively enhancing its market competitiveness and industry influence in the intelligent office business. For the online games business, we deeply engage in classic wuxia IP, actively exploring new genres to provide players with diverse gaming experience.”

Mr. Tao ZOU, Chief Executive Officer of the Company, added, “The Group’s overall performance in 2024 was strong, achieving record highs in revenue, profitability, and core operating metrics. In 2024, the total revenue increased by 21% year-on-year to RMB10,317.9 million, of which revenue from office software and services business was up 12% to RMB5,121.1 million, and revenue from online games and others business reached RMB5,196.8 million, representing a robust increase of 31%. In 2024, the Group’s operating profit soared to RMB3,646.6 million, representing a strong increase of 64%, and the operating profit margin increased to 35% compared with 26% in 2023.

In 2024, Kingsoft Office Group remained committed to a user-centric approach, continuously enhancing products and services, driving dual growth in both user base and monetization capabilities. For WPS domestic individual business, we continuously iterated WPS AI and launched the WPS AI Assistant, empowering users with intelligent office capabilities. Meanwhile, based on the optimization of WPS Office major components powered by AI, we significantly lowered the barrier of AI adoption. By the end of 2024, the number of daily active devices of WPS PC in the domestic market exceeded 100 million. In overseas market, we prioritized expansion in high-value regions and leveraged differentiated value-added features to attract users.

For institutional customers, WPS 365 underwent a brand-new upgrade, including WPS Office, WPS Teams, and WPS AI Enterprise Edition, successfully integrated document management, collaboration, and AI capabilities to enable a one-stop AI-powered office solution. Additionally, we launched Kingsoft Government Office Model, and released WPS AI Government Edition, offering intelligent solutions for government.

For WPS software business, we advanced software legalization and domestic adoption, empowering government and enterprises in digital transformation. In localization, we strengthened our presence in government and key industries like finance, energy, and telecommunications, assisting clients in building secure, self-sufficient digital offices.

In 2024, the online games business has achieved outstanding growth, with a record number of new users. JX3 Online achieved integration across platforms, further boosting players' enthusiasm. The vitality of the JX3 Online IP continued to flourish, with its cultural ecosystem recovered, and has attracted a number of young players' attention. World of Sword Origin (劍俠世界：起源), as a classic wuxia inheritance work, continued to operate stably and was deeply loved by players. Progress was also made in anime shooter game, Snowbreak: Containment Zone initially broke into new game genre through product positioning, continuous iteration, and user interaction.

Moving into 2025, we are set to introduce several new titles while continuing to refine our flagship game, JX3 Online. The sci-fi mech game Mecha BREAK (解限機), targeting the global market, is planned to be launched in the first half of the year. This title aims to break into the sci-fi mech genre and establish a new original IP, further enriching our game portfolio. And the Fate of Sword: Zero (劍俠情緣•零), the new mobile game from the classic Sword series, will be also released. The in-house developed shooter game Wild Assault (獸獵突襲), built with Unreal Engine 5, is expected to launch on platforms, including Steam and Epic Games Store in April.”

Mr. Jun LEI concluded, “Heading into 2025, we will continue to iterate on our core products and technologies to meet user needs and promote high-quality business development. Kingsoft Office Group will deepen AI adoption in office productivity, strengthen WPS 365's capabilities, and expand global market reach. Targeting the global market, online games business will continue focusing on prime games, expand into new genres, and strive to create high-quality games that are deeply loved by players. We will adhere to technology empowerment, focus on products and services innovation, and create long-term value for our shareholders.”

OTHER INFORMATION

Employee and Remuneration Policies

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from salaries, medical insurance, discretionary bonuses and state managed retirement benefit scheme, the Group has also adopted share option schemes and share award schemes for its employees, providing incentives and rewards to eligible participants with reference to their contribution.

As at 31 December 2024, the Group employed approximately 8,047 full-time employees (2023: 7,172) inclusive of all its staff in China and overseas offices, most of whom are based at the Company's offices in Beijing, Zhuhai and Wuhan. The staff costs of the Group including Directors' and senior management's emoluments in 2024 and 2023 were approximately RMB4,070.9 million and RMB3,765.5 million, respectively.

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

In January 2024, the Company repurchased 15,025,000 of its own ordinary shares on the Stock Exchange at a price range from HK\$18.42 to HK\$23.5. In February 2024, the Company repurchased 1,861,200 of its own ordinary shares on the Stock Exchange at a price range from HK\$18.56 to HK\$21.25. In June 2024, the Company repurchased 1,802,400 of its own ordinary shares on the Stock Exchange at a price range from HK\$22.5 to HK\$25.2. In July 2024, the Company repurchased 1,296,200 of its own ordinary shares on the Stock Exchange at a price range from HK\$21 to HK\$22.25. In August 2024, the Company repurchased 1,078,000 of its own ordinary shares on the Stock Exchange at a price range from HK\$19.98 to HK\$21. During the year ended 31 December 2024, the Company repurchased a total of 21,062,800 of its own ordinary shares on the Stock Exchange at a total cost of approximately HK\$435.60 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. The Company did not have any treasury share (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) during the year ended 31 December 2024.

Code of Conduct Regarding Directors' Securities Transaction

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules to govern securities transactions by Directors. Further to the specific enquiries made by the Company to all Directors, they have confirmed their compliance with the Model Code during their terms of services for the year ended 31 December 2024.

Closure of Register of Members

For the purposes of determining shareholders' eligibility to attend and vote at AGM and entitlement to the final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

(i) For determining eligibility to attend and vote at the AGM

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 16 May 2025
Closure of the register of members of the Company	Monday, 19 May 2025 to Thursday, 22 May 2025 (both dates inclusive)
Record date	Thursday, 22 May 2025

(ii) For determining entitlement to the final dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on Monday, 2 June 2025
Closure of the register of members of the Company	Tuesday, 3 June 2025 to Friday, 6 June 2025 (both dates inclusive)
Record date	Friday, 6 June 2025

During the above closure periods, no transfer of shares will be registered. In order to qualify for the proposed final dividend and the right to attend and vote at the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than the aforementioned latest time.

Review by Audit Committee

The Audit Committee of the Company has been established since 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 the accounting principles and practices adopted by the Group and internal control and financial reporting matters. During the year ended 31 December 2024, our Audit Committee comprised of three independent non-executive Directors, namely Ms. Wenjie WU (chairman of the Audit Committee), Mr. Shun Tak WONG, and Mr. Zuotao CHEN.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters with management.

The Audit Committee has reviewed the Group's audited financial statements for the year ended 31 December 2024, and is of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

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 Part 2 of the Corporate Governance Code (the “Code”) contained in Appendix C1 to the Listing Rules, except for the code provision D.1.2 of the Code.

The code provision D.1.2 of the 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 between 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.

Forward Looking Statements

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements are based upon current plans, estimates and projections and represent the Company’s expectations or beliefs concerning future events, therefore, no undue reliance should be placed upon them.

Forward looking statements contain inherent risks and uncertainties. The Company warns that should any of these risks or uncertainties ever materialize or should any number of important factors or events occur or not occur, then the actual results of the Company may differ materially from those either expressed or implied in any of these forward looking statements.

Publication of the Annual Results, Annual Reports and Corporate Governance Report

All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.kingsoft.com) in due course.

By Order of the Board
Kingsoft Corporation Limited
Jun LEI
Chairman

Hong Kong, 19 March 2025

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, Zuotao CHEN, and Ms. Wenjie WU.