

Cheetah Mobile Inc.  
Form 20-F  
April 24, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 20-F**

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2017.**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report \_\_\_\_\_

Commission file number: 001-36427

**Cheetah Mobile Inc.**

**(Exact name of Registrant as specified in its charter)**

**N/A**

**(Translation of Registrant's name into English)**

**Cayman Islands**

**(Jurisdiction of incorporation or organization)**

**Building No. 8**

**Hui Tong Times Square**

**Yaojiayuan**

**South Road**

**Beijing 100123**

**People's Republic of China**

**(Address of principal executive offices)**

**Vincent Zhenyu Jiang**

**Chief Financial Officer**

**Cheetah Mobile Inc.**

**Building No. 8**

**Hui Tong Times Square**

**Yaojiayuan South Road**

**Beijing 100123**

**People's Republic of China**

**Tel: +86-10-6292-7779**

**Email: IR@cmcm.com**

**(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)**

**Securities registered or to be registered pursuant to Section 12(b) of the Act.**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>American depositary shares, each representing ten Class A ordinary shares</b>	<b>The New York Stock Exchange</b>
<b>Class A ordinary shares, par value US\$0.000025 per share*</b>	

\*Not for trading, but only in connection with the listing on the New York Stock Exchange of American depositary shares, each representing ten Class A ordinary shares.

**Securities registered or to be registered pursuant to Section 12(g) of the Act.**

**NONE**

**(Title of Class)**

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.**

**NONE**

**(Title of Class)**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 415,250,897 Class A ordinary shares and 1,006,398,742 Class B ordinary shares, par value US\$0.000025 per share, as of December 31, 2017.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.    Yes    No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.    Yes    No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.    Yes    No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).      Yes      No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer                      Accelerated filer                      Non-accelerated filer  
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act.

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP      International Financial Reporting Standards as issued                      Other

by the International Accounting Standards Board

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.      Item 17      Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).      Yes      No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.      Yes      No

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**INTRODUCTION**

In this annual report, except where the context otherwise requires and for purposes of this annual report only:

Cheetah Mobile Inc., we, us, our company or our refers to Cheetah Mobile Inc., its subsidiaries and, in context of describing our operations and consolidated financial data, also includes our variable interest entities and, in certain periods prior to January 2017, the subsidiaries of our variable interest entities;

ADSs refers to American depositary shares, each of which represents ten of our Class A ordinary shares;

China or the PRC refers to the People's Republic of China, excluding, for the purposes of this annual report, Hong Kong, Macau and Taiwan;

Ordinary shares, prior to the completion of our initial public offering in May 2014, refers to our ordinary shares, par value US\$0.000025 per share and, upon the completion of the offering, to our Class A and Class B ordinary shares, par value US\$0.000025 per share;

RMB or Renminbi refers to the legal currency of China;

US\$, U.S. dollars, \$, or dollars refers to the legal currency of the United States;

, Euro dollars or Euro refers to the legal currency of the eurozone;

¥, Japanese Yen or JPY refers to the legal currency of Japan;

Kingsoft Corporation Limited or Kingsoft Corporation refers to Kingsoft Corporation Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 3888);

Number of monthly active users, in reference to all of our products, refers to the number of computers, tablets or smartphones on which one or more of our products have been installed or downloaded and that accessed the internet at least once during the relevant month; and number of monthly active users, in reference to an individual product, refers to the number of computers, tablets or smartphones on which such product has been installed or downloaded and that accessed the internet at least once during the relevant month. A single device with multiple applications installed is counted as one user. A single person with applications installed on multiple devices is counted as multiple users. Multiple persons using a single device are counted as one user. The number of monthly active users for our mobile products is based on our internal statistics;

Number of mobile devices on which our applications have been installed, as of a specified date, refers to the cumulative number of mobile devices on which one or more of our applications have been installed as of the specified date;

Hong Kong Listing Rules refers to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

Overseas revenues or revenues from overseas markets refers to revenues generated by our operating legal entities incorporated outside China. Such revenues are primarily attributable to customers located outside China, based on our customers' registered addresses; and

Variable interest entities or VIEs refers to those entities incorporated in PRC consolidated in our financial statements and over which our subsidiaries exercise effective control through a series of contractual arrangements.

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**FORWARD-LOOKING STATEMENTS**

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by words or phrases such as may, could, should, would, will, expect, anticipate, aim, estimate, intend, plan, believe, likely to, project, other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

our business strategies, plans and priorities, including growth strategies as well as investment and acquisition plans in China and overseas;

our ability to retain and attract users, customers and business partners, and increase their spending or level of engagement with us;

our ability to expand and improve our product and service offerings;

our ability to monetize the user traffic on our platform;

our future business development, results of operations and financial condition, including the seasonal trends of our results of operations;

expectations regarding our user growth rate and user engagement;

expected changes in our revenues and cost or expense items;

competition and changes in landscape in our industry;

relevant PRC and foreign government policies and regulations relating to our industry;

general economic and business condition globally and in China; and

assumptions underlying or related to any of the foregoing.



You should not place undue reliance on these forward-looking statements and you should read these statements in conjunction other sections of this annual report, in particular the risk factors disclosed in Item 3. Key Information D. Risk Factors. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Moreover, we operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

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**PART I**

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**A. Selected Financial Data**

The following table presents the selected consolidated financial information of our company. The selected consolidated statements of comprehensive income/(loss) data for each of the three years ended December 31, 2017 and the selected consolidated balance sheets data as of December 31, 2016 and 2017 have been derived from our audited consolidated financial statements, which are included in this annual report beginning on page F-1. The selected consolidated statements of comprehensive income/(loss) data for each of the two years ended December 31, 2013 and 2014 and the selected consolidated balance sheets data as of December 31, 2013, 2014 and 2015, excluding the financial data of Kingsoft Japan Inc., or Kingsoft Japan, have been derived from our audited consolidated financial statements that are not included in this annual report. Our audited consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Our historical results do not necessarily indicate results expected for any future period. You should read the following selected financial data in conjunction with the consolidated financial statements and related notes and Item 5. Operating and Financial Review and Prospects included elsewhere in this annual report.

In January 2016, we obtained control of Kingsoft Japan. See Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions Transactions and Agreements with Kingsoft Corporation and its Subsidiaries Purchase of Equity Interest in Kingsoft Japan . As we and Kingsoft Japan were under common control by Kingsoft Corporation both before and after our acquisition of control over Kingsoft Japan, the consolidated financial data presented below have been prepared as if we had owned the assets and liabilities of and operated Kingsoft Japan throughout the periods presented, and the consolidated financial data for the years ended December 31, 2013, 2014, and 2015 have been retrospectively adjusted accordingly. The consolidated financial data set forth below as of and for each of the years ended December 31, 2013, 2014 and 2015 may not necessarily reflect the results of operations, financial position and cash flows we would have experienced with respect to Kingsoft Japan if we had owned and operated Kingsoft Japan throughout those years.

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	Year Ended December 31,					
	2013	2014	2015	2016	2017	
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands except for shares, per share and per ADS data)					
<b>Selected Consolidated Statements of Comprehensive Income/(Loss) Data:</b>						
<b>Revenues</b>	858,903	1,858,182	3,773,877	4,564,650	4,974,757	764,606
Utility products and related services	840,487	1,616,184	3,465,239	3,870,995	3,439,563	528,651
Mobile entertainment	18,416	176,008	281,671	693,195	1,496,443	229,999
Others		65,990	26,967	460	38,751	5,956
Cost of revenues <sup>(1)</sup>	(192,720)	(438,661)	(956,353)	(1,543,817)	(1,780,089)	(273,595)
<b>Gross profit</b>	666,183	1,419,521	2,817,524	3,020,833	3,194,668	491,011
Operating income and expenses:						
Research and development <sup>(1)</sup>	(224,179)	(443,214)	(695,185)	(905,854)	(684,863)	(105,262)
Selling and marketing <sup>(1)</sup>	(221,462)	(601,433)	(1,505,951)	(1,650,581)	(1,656,505)	(254,600)
General and administrative <sup>(1)</sup>	(121,368)	(274,991)	(447,984)	(561,834)	(407,410)	(62,618)
Impairment of goodwill and intangible assets		(8,304)	(49,882)	(2,889)	(38,862)	(5,973)
Other operating income		1,087	98,376	87,877	39,852	6,125
Total operating income and expenses	(567,009)	(1,326,855)	(2,600,626)	(3,033,281)	(2,747,788)	(422,328)
<b>Operating profit/(loss)</b>	<b>99,174</b>	<b>92,666</b>	<b>216,898</b>	<b>(12,448)</b>	<b>446,880</b>	<b>68,683</b>
Other income/(expenses):	19,849	6,534	21,479	(56,448)	986,385	151,605
Income/(Loss) before income taxes	119,023	99,200	238,377	(68,896)	1,433,265	220,288

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Income tax benefit/(expenses)	(51,430)	(27,895)	(63,740)	12,189	(57,602)	(8,853)
<b>Net income/(loss)</b>	<b>67,593</b>	<b>71,305</b>	<b>174,637</b>	<b>(56,707)</b>	<b>1,375,663</b>	<b>211,435</b>
Less: Net income/(loss) attributable to noncontrolling interests	4,478	2,988	(1,710)	23,818	27,469	4,222
<b>Net income/(loss) attributable to Cheetah Mobile Inc.</b>	<b>63,115</b>	<b>68,317</b>	<b>176,347</b>	<b>(80,525)</b>	<b>1,348,194</b>	<b>207,213</b>
<b>Earnings/(Losses) per share</b>						
Basic	0.0618	0.0530	0.1285	(0.0580)	0.9573	0.1471
Diluted	0.0587	0.0509	0.1236	(0.0580)	0.9366	0.1439
<b>Earnings/(Losses) per ADS<sup>(2)</sup></b>						
Basic	0.6181	0.5301	1.2845	(0.5805)	9.5728	1.4713
Diluted	0.5872	0.5092	1.2360	(0.5805)	9.3656	1.4395
<b>Weighted average number of shares used in computation:</b>						
Basic	929,119,153	1,210,501,020	1,372,863,321	1,387,254,551	1,394,303,326	1,394,303,326
Diluted	1,135,982,953	1,341,732,457	1,426,810,939	1,387,254,551	1,425,154,838	1,425,154,838

(1) Share-based compensation expenses were allocated in cost of revenues and operating expenses as follows:

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	Year Ended December 31,					
	2013	2014	2015	2016	2017	US\$
	RMB	RMB	RMB	RMB	RMB	
	(in thousands)					
Cost of revenues	10	1,393	1,523	1,490	762	117
Research and development	14,520	51,322	142,777	148,211	20,691	3,180
Selling and marketing	2,835	7,621	18,206	13,830	39	6
General and administrative	20,031	113,435	153,234	142,618	51,824	7,965