

Cheetah Mobile Inc.  
Form 20-F  
April 21, 2015  
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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, 2014.**

**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.**

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(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)

12/F, Fosun International Center Tower

No. 237 Chaoyang North Road

Chaoyang District, Beijing 100022

People's Republic of China

(Address of principal executive offices)

Ka Wai Andy Yeung

Chief Financial Officer

Cheetah Mobile Inc.

12/F, Fosun International Center Tower

No. 237 Chaoyang North Road

Chaoyang District, Beijing 100022

People's Republic of China

Tel: +86-10-6292-7779

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(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>
American depositary shares, each representing ten Class A ordinary shares	The New York Stock Exchange
Class A ordinary shares, par value US\$0.000025 per share*	

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\* 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)**

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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:

288,988,560 Class A ordinary shares and 1,127,614,152 Class B ordinary shares, par value US\$0.000025 per share, as of December 31, 2014.

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

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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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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  
by the International Accounting Standards Board

Other

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 the context of describing operations and consolidated financial data, also includes our variable interest entities and the subsidiary of a variable interest entity;
- 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;
- Kingsoft Corporation Limited, Kingsoft Corporation, or Kingsoft refers to Kingsoft Corporation Limited, our controlling shareholder, 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 smartphone 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. We derive the number of monthly active users for our products by combining (i) the number of active users of our mobile applications, which is based on our internal statistics, and (ii) the number of active users of our PC based applications, which is provided by iResearch. Certain rankings of our applications in China in terms of monthly active users are based on iResearch data but not our internal statistics;

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- 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; 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, likely to, project, continue, potential, or 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 growth strategies;
- our ability to retain and attract users and customers and expand our product and service offerings;
- our ability to monetize our platform;
- our future business development, results of operations and financial condition;
- expected changes in our revenues and certain cost or expense items;
- competition in our industry;
- relevant 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.

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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.

### PART I

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

Not applicable.

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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 data for each of the three years ended December 31, 2014 and the selected consolidated balance sheets data as of December 31, 2013 and 2014 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 data for the year ended December 31, 2011 and the selected consolidated balance sheets data as of December 31, 2012 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.

	Year Ended December 31,				US\$
	2011 RMB	2012 RMB	2013 RMB	2014 RMB	
	(In thousands except for number of shares, per share and per ADS data)				
<b>Selected Consolidated Statements of Comprehensive Income (Loss) Data:</b>					
<b>Revenues</b>	140,054	287,927	749,911	1,763,579	284,237
Online marketing services	23,916	212,443	612,565	1,322,612	213,166
Internet value-added services		2,354	83,155	400,671	64,576
Internet security services and others	116,138	73,130	54,191	40,296	6,495
Cost of revenues (1)	(53,737)	(71,560)	(140,526)	(403,412)	(65,018)
<b>Gross profit</b>	<b>86,317</b>	<b>216,367</b>	<b>609,385</b>	<b>1,360,167</b>	<b>219,219</b>
Operating expenses:					
Research and development (1)	(79,105)	(114,329)	(217,846)	(436,840)	(70,406)
Selling and marketing (1)	(28,810)	(57,167)	(201,504)	(580,610)	(93,577)
General and administrative (1)	(15,301)	(34,408)	(97,817)	(260,047)	(41,912)
Total operating expenses	(123,216)	(205,904)	(517,167)	(1,277,497)	(205,895)
<b>Operating profit (loss)</b>	<b>(36,899)</b>	<b>10,463</b>	<b>92,218</b>	<b>82,670</b>	<b>13,324</b>
Other income (expenses):					
Interest income	3,475	3,263	7,077	28,216	4,548
Changes in fair value of redemption right granted to a noncontrolling shareholder			11,146	3,576	576
Changes in fair value of contingent considerations	(496)	(297)	(1,067)	(13,749)	(2,216)

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Changes in fair value of put options granted to employees				799	129
Foreign exchange gain, net	551	47	920	16	3
Impairment loss of available-for-sale securities				(8,664)	(1,397)
Other income, net	537	1,283	2,243	3,487	562
Losses from equity method investments			(1,849)	(5,447)	(878)
Income (loss) before taxes	(32,832)	14,759	110,688	90,904	14,651
Income tax benefit (expenses)	2,597	(4,915)	(48,670)	(23,993)	(3,867)
<b>Net income (loss)</b>	<b>(30,235)</b>	<b>9,844</b>	<b>62,018</b>	<b>66,911</b>	<b>10,784</b>
Less: net loss attributable to noncontrolling interests				(1,030)	(166)
Net income (loss) attributable to Cheetah Mobile Inc.	(30,235)	9,844	62,018	67,941	10,950
<b>Earnings (loss) per share:</b>					
Basic	(0.0345)	0.0097	0.0567	0.0527	0.0085
Diluted	(0.0345)	0.0094	0.0538	0.0506	0.0082
<b>Earnings (loss) per ADS(2):</b>					
Basic	(0.3452)	0.0974	0.5671	0.5272	0.0850
Diluted	(0.3452)	0.0940	0.5381	0.5064	0.0816
<b>Weighted average number of shares used in computation:</b>					
Basic	875,944,795	908,457,367	929,119,153	1,210,501,020	1,210,501,020
Diluted	875,944,795	1,046,982,205	1,135,982,953	1,341,732,457	1,341,732,457

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(1) The amount of share-based compensation expenses for the years ended December 31, 2011, 2012, 2013 and 2014 is as follows:

	2011 RMB	2012 RMB	As of December 31, 2013 RMB (In thousands)	2014 RMB	US\$
Cost of revenues	94	21	10	1,393	225
Research and development expenses	4,313	6,663	14,520	51,176	8,248
Selling and marketing expenses	47	609	2,835	7,407	1,194
General and administrative expenses	1,381	12,994	20,031	113,298	18,260
<b>Total</b>	<b>5,835</b>	<b>20,287</b>	<b>37,396</b>	<b>173,274</b>	<b>27,927</b>

(2) Each ADS represents ten Class A ordinary shares.

	2012 RMB	2013 RMB (In thousands)	2014 RMB	US\$
<b>Consolidated Balance Sheets Data:</b>				
Cash and cash equivalents	134,376	530,536	1,093,285	176,206
Short-term investments	40,376	55,780	513,621	82,781
Total assets	316,995	909,593	3,001,175	483,703
Total current liabilities	152,062	263,968	621,656	100,194
Total liabilities	156,869	315,525	718,306	115,772
Total mezzanine equity	119,976	441,941		
Total Cheetah Mobile Inc. shareholders' equity	40,150	152,127	2,206,338	355,596
Total equity	40,150			