

Sohu profit tumbles to \$2 million, revenue up

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Chinese portal Sohu.com Inc. said Monday its latest quarterly profit tumbled to \$2 million due to higher expenses but revenue rose 29 percent, reflecting intense competition in China's Internet industry.

Earnings for the three months ended Dec. 31 were down 91 percent from the \$23 million reported for the same quarter a year earlier. The Beijing-based company said revenue rose 29 percent to \$385 million.

The company was squeezed by a 78 percent rise in operating expenses that it said was due mainly to a bigger staff and increased costs for marketing and promotion.

Sohu provides entertainment, games and communication services. Its properties include [search](#) engine Sogou, games [company](#) Changyou and an online video site.

Sohu and Tencent Holdings Ltd., an online games and [entertainment company](#), agreed in September to merge their search engines in a deal in which Tencent also would invest \$448 million in the new combined operation.

"By partnering with Tencent, Sogou has become a stronger contender in China's search market," said chairman Charles Zhang in a statement. "And Changyou delivered solid financial results while investing aggressively in multiple new initiatives for long-term growth."

China has the world's biggest population of Internet users, with 618

million people online at the end of 2013, according to an industry group, the China Internet Network Information Center.

Internet companies are scrambling to roll out new services as Chinese shift rapidly to surfing the Web from mobile phones and other wireless devices.

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