

【For Immediate Release】



**KINGSOFT ANNOUNCES 2010 THIRD QUARTER RESULTS
PROFIT INCREASED BY 23% TO RMB85 MILLION**

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FINANCIAL HIGHLIGHTS

RMB'000	For the Three Months Ended September 30 (Unaudited)		Change (%)
	2010	2009	
Revenue	229,237	246,099	(7)
- Entertainment Software	155,203	162,786	(5)
- Application Software	71,880	81,464	(12)
- Others	2,154	1,849	16
Gross Profit	197,075	210,730	(6)
*Profit Attributable to Owners of the Parent	84,990	69,064	23
Basic Earnings per Share (RMB cent)	7.76	6.48	20

*Profit attributable to owners of the parent excluding the effect of share-based compensation cost is RMB98.0 million and RMB79.6 million for the three months ended September 30, 2010 and 2009 respectively. This represents a year-over-year increase of 23%.

OPERATIONAL HIGHLIGHTS

	September 30	June 30	September 30
	2010	2010	2009
Online Games			
- Daily Average Peak Concurrent Users	773,349	817,835	1,061,250
- Monthly Average Paying Users	1,325,056	1,276,351	1,543,946
- Monthly Average Revenue per Paying User (RMB)	39	41	35
Online Services of Internet Securities			
- Daily Average Paying Users	6,598,690	7,648,623	8,269,916
- Monthly Average Revenue per Paying User (RMB)	2.2	2.2	2.1

(Hong Kong, 25 November 2010) — **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; SEHK stock code: 03888), a leading developer, distributor and service provider of application and entertainment software in China, announced its unaudited third quarter results for the three months ended September 30, 2010.

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During the period under review, Kingsoft recorded a significant year-over-year increase in profit attributable to the owners of 23% to approximately RMB85 million. Revenue decreased by 7% year-over-year to RMB229 million. Gross profit decreased by 6% year-over-year to RMB197 million.

Other income and gains increased by 17715% quarter-over-quarter and 10% year-over-year to RMB26.7 million. The quarter-over-quarter increase mainly reflected the local government's financial incentives to our subsidiaries in China.

The stringent cost control measures of the Company achieved remarkable results. Selling and distribution expenses decreased by about 44.6% year-over-year to RMB34.7 million during the period under review. As at September 30, 2010, cash and cash equivalent amounted to RMB1.43 billion, and gearing ratio was 21%, which held flat compared to that as at December 31, 2009.

BUSINESS REVIEW

Revenue from the entertainment software and the application software businesses represented about 68% and 31% of total revenue in the third quarter, respectively.

Entertainment Software Business

Revenue from the entertainment software business decreased slightly by 2% quarter-over-quarter to RMB155 million mainly due to the adverse seasonality of school summer vacation for our *JX* games in China. Daily average peak concurrent users decreased slightly by 5% quarter-over-quarter to 0.77 million. The decrease was largely attributable to the adverse impact of summer vacation. Monthly average paying users increased by 4% quarter-over-quarter to 1.33 million. The increase primarily reflected the recovery of the base of paying players overseas. The monthly average revenue per paying user ("monthly ARPU") for the Company's online games in the third quarter of 2010 decreased by 5% quarter-over-quarter and increased by 11% year-over-year to RMB39.

Moving forward, the progress of our entertainment software business in the fourth quarter of 2010 and the coming year is expected to be satisfactory. The unlimited closed beta testing of *FS 3* has been launched in November 2010. The Company is also targeting to complete the last round of limited closed beta testing of the *Legend of Moon* by the end of the year, and to start unlimited closed beta testing in March 2011. Apart from game development, Kingsoft has established a strategic partnership with Vina Group Corporation ("Vina Game") through a strategic Ordinary Shares Subscription Option agreement in the third quarter of 2010.

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Application Software Business

Revenue from the application software business decreased by 16% quarter-over-quarter to RMB 71.9 million. The decrease was mainly due to the increasing competition in the Internet security market in China and the release of a new edition of Microsoft Office in Japan market. The monthly ARPU of Kingsoft Internet Security products held flat quarter-over-quarter and increased by about 5% year-over-year to RMB2.2.

WPS Office, Kingsoft's office software is widely recognised and favoured by Chinese enterprises for its high degree of compatibility and ease of operation, as well as being cost effective. In view of the increasing trend of using genuine software in China, it was announced in the State Council executive meeting in October 2010 that special actions would be taken to combat the infringement and step up efforts in the protection of intellectual property rights. It is believed that such steps would have a positive impact on the development of the Company's application software business.

The number of online service subscribers for Kingsoft Internet Security decreased by 14% quarter-over-quarter to 6.60 million. This was largely due to a quantity of free versions of Kingsoft Internet Security products released in the OEM channel, which resulted in a decline in the number of paying users.

Kingsoft Internet Security Software Holdings Limited ("KIS") also announced the cooperation with Keniu Network Technology (Beijing) Co., Ltd. ("Keniu Network") to establish Kingsoft Network Technology Limited ("Kingsoft Network") in November 2010. Kingsoft Network will provide users with extended professional Internet security services free of charge. At the same time, *Kingsoft Internet Security* Simplified Chinese Personal Edition was made available free of charge. The free model aims to offer Kingsoft's rapid growing user base free Internet security service. Meanwhile, the Company will speed up the launch of various value-added services and create a new business model.

OUTLOOK

Looking ahead, Kingsoft has adopted a brand new attitude towards future business development. **Mr Pak Kwan Kau, Chairman and Chief Executive Officer of Kingsoft**, said, "In the third quarter of 2010, we have benefited from Government subsidies and achieved a strong sequential growth of 26% in net profit. In the entertainment software business, we have been consistently dedicated to the testing and fine-tuning of new game products. There are several tests in the pipeline for the fourth quarter and the upcoming year. Meanwhile, we have also been pro-actively looking for business opportunities

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overseas. We have entered into an Ordinary Shares Subscription Option agreement with Vina Game to establish a more solid strategic alliance. Through this strategic partnership, we can benefit from the growth of the Vietnam online game market in the long run, which would become one of the growth drivers for our gaming business. Regarding our application software business, the acquisition of Keniu Network is an integral part of Kingsoft's strategic adjustment towards Internet specialisation. The establishment of Kingsoft Network demonstrates proactive initiative anticipating the market development trend through innovative concepts for the Internet and passion for the business. We intend to diligently explore new profit models, providing better products and services to users, and accelerating the Internet specialisation of our business.

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Investor Teleconference

Kingsoft Corporation Limited (SEHK: 03888) will announce its 2010 Third Quarter Results and hold its results teleconference on **25 November 2010 (Thur)** at **07:00PM** Hong Kong Time (06:00AM East State Time). Details are as follows:

Speakers: **Mr. Pak Kwan KAU, Chairman & Chief Executive Officer**
 Mr. Kevin WANG, Executive Director & Chief Financial Officer

You may access the teleconference with the following dial in information or webcast link:

Webcast <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=189890&eventID=3515656>
(Live & Replay)

Dial in details: **Participant Passcode 59490011**

For Hong Kong HK Dial In # +852.3002.1672

For the US US Toll Free Dial In # +1.866.804.6929
 US (Int.) Toll Dial In # +1.857.350.1675

For China China Toll Free Dial In
 # 10.800.130.0399 (South China Telecom)
 # 10.800.152.1490 (North China Telecom)
 # 10.800.852.1490 (South China Netcom)

A replay of the conference call can be accessed by dialing US Toll Free Dial In # +1-888-286-8010, US (Int.) Toll Dial In # +1-617-801-6888, passcode is 62399835. The replay will be available from 25 November 2010 09:00 AM EST (25 November 2010 10:00PM HKT), and will be available until 2 December 2010.

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About Kingsoft Corporation Limited (Stock Code: 03888)

Kingsoft is a leading developer, distributor and service provider of applications and entertainment software in China. Following the commercial launch of its first office applications software WPS 1.0 in 1989 and through over 20 years of innovative endeavor, Kingsoft has been widely recognized as a household renowned software brand in China. We have rejuvenated and successfully transited ourselves from the legacy of “the King of package software” to be an Internet application based model of Software as a service (SAAS).

Kingsoft’s main business lines are on-line games, Internet security and application software. We have built an extensive sales and distribution network through our online and offline distribution channels. We provide numerous well-known software products such as WPS Office, Kingsoft PowerWord, Kingsoft Internet Security and online games including the JX Series and the First Myth series to retail customers, corporate clients and government bodies in China. Kingsoft is building a converged user platform for its diversified product portfolio and providing a variety of value-add-services.

The mission of Kingsoft is being committed to improving the quality of people's digital lives. With its headquarter located in Beijing; Kingsoft has built a number of R&D centers in Zhuhai, Beijing, Chengdu and Dalian. While leveraging our R&D strength, we have introduced groups of top software and game operation talents to our management team with the aim to better user engagement and improve operation efficiency. Kingsoft will carry on developing new products and expanding its market share in China, while making strong entrance into other overseas markets.

For more information, please visit www.kingsoft.com

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