

For Immediate Release



Kingsoft Corporation Limited  
金山軟件有限公司

**Kingsoft Announces 2009 Interim Results**  
**Profit Increased by 88% Y-o-Y to RMB198 million**

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**Entertainment & Applications Software Businesses Delivered Rapid Growth**

**Financial Highlights**

RMB'000	For the 6 months ended June 30 (Unaudited)		Change (%)
	2009	2008	
<b>Revenue</b>	<b>476,209</b>	346,806	+37
- Entertainment software	<b>321,055</b>	228,111	+41
- Applications software	<b>150,899</b>	116,274	+30
- Others	<b>4,255</b>	2,421	+76
<b>Gross profit</b>	<b>417,079</b>	297,667	+40
<b>Profit for the period</b>	<b>198,295</b>	105,090	+88
<b>Basic EPS (RMB cent)</b>	<b>18.62</b>	10.13	+78

**Operational Highlights**

	June 30, 2009	March 31, 2009	June 30, 2008
<b>Online Games</b>			
Daily Average Peak Concurrent Users	<b>953,817</b>	951,685	846,180
Monthly Average Paying users	<b>1,317,755</b>	1,489,797	1,036,692
Monthly Average Revenue per Paying User (RMB)	<b>39</b>	36	34
<b>Online Services of Internet securities</b>			
Daily Average Paying Users	<b>8,211,110</b>	8,450,146	8,696,519
Monthly Average Revenue per Paying Users (RMB)	<b>2.1</b>	1.9	1.6

(August 25, 2009 – Hong Kong) **Kingsoft Corporation Limited (“Kingsoft” or the “Company”; SEHK stock code: 03888)**, China’s leading entertainment and applications software developer, distributor and service provider based on market share, announced its interim results for the six months ended June 30, 2009.

During the period under review, the core business of Kingsoft continued to grow. Revenue increased by 37% year-over-year to RMB476.2 million and profit for the period increased by 88% year-over-year to RMB198.3 million. Gross profit margin increased by two percentage points year-over-year to 88%.

## **BUSINESS REVIEW**

Revenue from entertainment software business and applications software business represented 67% and 32% respectively of total revenue in the first quarter.

### **Entertainment Software Business**

Revenue from the entertainment software business increased by 41% year-over-year to RMB321.1 million. Daily average peak concurrent users increased by 13% year-over-year to 0.95 million in the second quarter of 2009. Monthly average paying users increased by 27% year-over-year to 1.32 million in the second quarter of 2009. The monthly average revenue per paying user (“monthly ARPU”) for the Company’s MMORPGs increased by 15% year-over-year to RMB39 in the second quarter of 2009.

Kingsoft is committed to expanding its game offerings. The Company launched MAT, its 3D FPS game, in China in March 2009. JX III, the Company’s first 3D game, since its close beta testing commenced at the end of 2008, it has been well received by market and has been tested by over 0.8 million gamers in general.

In August 2009, another two new games, the Legend of CQ and the Legend of JX II, started open beta testing.

To expand Kingsoft’s game content franchise, Kingsoft formed a strategic alliance with Shanda, a leading online game operator in China, in January 2009. The Company opened its online games, JX Online World and The Legend of JX II, to users of Shanda.

### **Applications Software Business**

Revenue from applications software business increased by 30% year-over-year to RMB150.9 million. The growth was due to the increased SMS and bank card subscribers for online service of Kingsoft Internet Security, and Kingsoft Japan recorded rapid growing revenue from Kingsoft WPS Office and the free-advertisement version of Kingsoft Internet Security.

Monthly ARPU for online services of Kingsoft Internet Security business increased by RMB0.5 year-over-year to RMB2.1 in the second quarter of 2009, due primarily to the increased portion of SMS and bank card subscribers with higher monthly ARPU.

The Company's applications software was well-received among Japanese users. In July 2009, Kingsoft WPS Office was awarded as "Rakuten Most Valuable Professional Office Software in 2009 1H" by Rakuten, the largest e-commerce platform in Japan. To further expand Japan market, Kingsoft PowerWord Japanese Version was launched in March 2009.

In China market, Kingsoft WPS office continued to maintain its leading position. It has been widely adopted by various Chinese government departments, state-owned enterprises and renowned corporations, including China Securities Regulatory Commission, Yunnan-Copper (Group) Limited Company and Bank of Dalian. Since March 2009, Kingsoft WPS Office has been available at Google Pack for Google users to download at free.

Kingsoft Internet Security is another key product of Kingsoft. The Company has introduced a host of measures to expand its customer base and strengthen its functions. Since June 2009, Kingsoft has joined Microsoft Virus Information Alliance, becoming the first Chinese anti-virus software provider in the alliance. The participation will enhance the virus killing capability of Kingsoft Internet Security.

In May 2009, Kingsoft collaborated with PICC Property and Casualty Company Limited to offer Kingsoft Internet Security – Computer Insurance Version, which was one of the first products in China with both computer security and computer insurance functions.

Furthermore, the Company reached a strategic collaboration with 360 Security Center, the largest Internet security website in China in terms of usage, to offer "Kingsoft Internet Security 360 Special Edition" to the users of 360 Security Center.

## **OUTLOOK**

JX III, the Company's first 3D online game, will start open beta testing on August 28, 2009. We are confident that the game will leverage the growth of 3D game market and expand JX franchise further.

On applications software front, it is in a transit to becoming a software-as-a-service platform. In addition to the growth of online subscription revenue, we expect to see increasing revenue of value added services and advertisement to maintain our long-term sustainable growth.

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## **About Kingsoft**

Following the commercial launch of its first office applications software WPS 1.0 in 1989, Kingsoft Corporation Limited has now become a leading entertainment and applications software developer, distributor and service provider in China, based on market share.

The Company leverages its comprehensive software development platform to offer a wide range of innovative entertainment and applications software.

Kingsoft has several well-known products such as WPS Office, Kingsoft PowerWord, Kingsoft Internet Security, and online games such as the JX Series and The First Myth. In addition, the Company sells various products such as Kingsoft Internet Security and Kingsoft PowerWord to retail consumers, corporate organizations and government agencies in China using online and offline distribution channels.

With its headquarters in Beijing, Kingsoft has multiple research and development centers based in Zhuhai, Beijing, Chengdu, Dalian and Shenzhen. The Company's vision is to create world-class software products that run on every computer. The Company's strategy is to enhance its position as a leading entertainment and application software developer, operator and distributor in China and to expand its presence in certain overseas markets.

*For enquiries, please contact:*

**Kingsoft Corporation Limited**

Michelle Feng Harnett                      Tel: (86) 10 82325515                      Email:ir@kingsoft.com

**Hill and Knowlton (Asia) Limited**

Chelsea Ng                      Tel: (852) 2894 6240                      Email:chelsea.ng@hillandknowlton.com.hk  
Tiff Ko                      Tel: (852) 2894 6208                      Email:tiff.ko@hillandknowlton.com.hk