

【For Immediate Release】



**KINGSOFT ANNOUNCES 2010 FIRST QUARTER RESULTS
GROSS PROFIT INCREASED BY 4% Y-O-Y TO RMB 214.9 MILLION**

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FINANCIAL HIGHLIGHTS

RMB'000	For the 3 months ended March 31 (Unaudited)		Change (%)
	2010	2009	
Revenue	245,698	236,228	4
- Entertainment software	161,742	162,804	(1)
- Applications software	82,233	72,030	14
- Others	1,723	1,394	24
Gross profit	214,931	206,910	4

OPERATIONAL HIGHLIGHTS

	March 31 2010	December 31 2009	March 31 2009
Online Games			
- Daily Average Peak Concurrent Users	915,212	1,131,124	951,685
- Monthly Average Paying Users	1,457,101	1,767,553	1,489,797
- Monthly Average Revenue per Paying User(RMB)	36	38	36
Online Services of Internet securities			
- Daily Average Paying Users	8,416,136	8,746,468	8,450,146
- Monthly Average Revenue per Paying Users(RMB)	2.0	2.1	1.9

(Hong Kong, 25 May 2010) — **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; SEHK stock code: 3888), a leading developer, distributor and service provider of applications and entertainment software in China, announced its unaudited first quarter results for the three months ended March 31, 2010.

During the period under review, Kingsoft recorded continuous growth in both revenue and profit compared with the corresponding period last year. Revenue increased by 4% year-over-year to RMB 245.7 million and gross profit increased by 4% year-over-year to RMB214.9 million.

The Company continued to impose stringent cost control measures. Selling and distribution expenses decreased by 6% year-over-year to RMB 27.4 million during the period under

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review. As at March 31, 2010, cash and cash equivalent amounted to RMB 1,314 million, and gearing ratio decreased 3 percentage points quarter-over-quarter to 18%.

BUSINESS REVIEW

Revenue from the entertainment software business and the applications software business represented 66% and 33% respectively of total revenue in the first quarter.

Entertainment Software Business

Revenue from the entertainment software business slightly decreased by 1% year-over-year to RMB 161.7 million. Daily average peak concurrent users slightly decreased by 4% year-over-year to 0.9 million. Monthly average paying users also slightly dropped by 2% year-over-year to 1.5 million. The monthly average revenue per paying user (“monthly ARPU”) for the Company’s online games held flat year-over-year to RMB 36. The decrease in the first quarter was mainly due to the stronger than expected seasonality and increased level of competition.

The Company has strengthened its online game operating capacity by introducing high-end talents. In April it has signed a cooperation agreement with Game Flier International Corp., granting it the right of operating **JX World Online** in Hong Kong, Macau and Taiwan. The game is expected to be launched in the second quarter of 2010. The company will continue to enhance its R&D workforce, and plans to release up to 10 self-developed online games this year.

Applications Software Business

Revenue from the applications software business increased by 14% year-over-year to RMB 82.2 million. The daily average paying users for online services of Kingsoft Internet Security reached 8.4 million, which is similar to that of the first quarter of 2009. Monthly ARPU for online services of Kingsoft Internet Security business increased by 5% year-over-year to RMB 2.0.

The Company has made progress in expanding its applications software business. Kingsoft has signed a cooperation agreement with Asiasoft, the largest online game operator in Thailand, to launch the Thai version of its anti-virus software product, **Kingsoft Internet Security (Thai Edition)**, in Thailand. Kingsoft also debuted its free internet security software **Kingsoft Defender** in March 2010.

In a major advance of Kingsoft’s corporate strategy, **Beijing Kingsoft Security Software**

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Co., Ltd was established in April 2010. The new subsidiary is to focus on in-depth development of Internet security software series, one of the Company's major profitable product lines. Meanwhile, **Kingsoft Internet Security 2011**, the leading cloud anti-virus software in China, has been officially launched.

OUTLOOK

Looking ahead, Kingsoft remains optimistic about the growing momentum in both entertainment software and applications software businesses. **Mr. Pak Kwan Kau, Chairman and Chief Executive Officer of Kingsoft**, said, "In the first quarter, our game revenue was negatively impacted by stronger than expected seasonality and increased level of competition. However, we believe that by launching new expansion packs for **JX3** and **JX World** in the second quarter and new titles, such as **First Myth 3** and **Legend of Moon** and others in the second half of the year, we will continue to grow our top line. On the other hand, our applications software continues to benefit from the substantial progress of copyright protection and the PRC government's favorable policies to local software developers and sees increasing demand from the domestic market. Following our successful entrance into Asian markets such as Japan, Vietnam, Taiwan, Singapore, Malaysia and Thailand, we are aiming at expanding our market reach into North America and Europe. By leveraging our strength in R&D and our successful experience, we will make every effort to bring the best products to users and to optimize the Company's profitability."

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About Kingsoft Corporation Limited (Stock Code: 3888)

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 talent to our management team with the aim to better user engagement and improve operational 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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