[For Immediate Release]

KINGSOFT

Kingsoft Corporation Limited
金 山 軟 件 有 限 公 司

Kingsoft Announces 2008 Annual Results

Net Profit Surges by 87% to RMB307.5 million

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Robust Growth in Entertainment and Applications Software Business

Financial Highlights

RMB'000	For the year ended December 31,		Change (%)
	2008	2007	
Revenue	**820,944**	556,614	+47%
- Entertainment Software	**553,723**	396,440	+40%
- Applications Software	**261,150**	156,521	+67%
- Others	**6,071**	3,653	+66%
Gross Profit	**710,009**	461,130	+54%
Profit Attributable to equity holders	**307,501**	164,678	+87%
Basic EPS (RMB cent)	**28.95**	18.15	+60%
Final Dividend per share (HK cent)	**15**	10	+50%

Operational Highlights

	For the three months ended			
	March 31, 2008	**June 30, 2008**	**September 30, 2008**	**December 31, 2008**
Online Games				
Daily Average Peak Concurrent Users	633,487	846,180	990,885	**1,029,611**
Monthly Average Paying Users	1,093,789	1,036,192	1,239,609	**1,531,993**
Monthly Average Revenue per Paying Users (RMB)	36	34	40	**38**
Online Services of Internet Securities				
Daily Average Paying Users	8,277,873	8,696,519	8,657,001	**8,409,533**
Monthly Average Revenue per Paying Users (RMB)	1.4	1.6	1.7	**1.9**

(April 1, 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 annual results for the year ended December 31, 2008.

Kingsoft recorded satisfactory growth in both revenue and net profit in 2008. Revenue increased by 47% year-over-year to RMB820.9 million while profit attributable to equity holders of the Company increased by 87% year-over-year to RMB307.5 million. The satisfactory result was mainly attributable to the strong revenue growth from the increasing popularity of Kingsoft's massively multi-player online role playing games ("MMORPGs") and the significant growth in Kingsoft Internet Security software.

Gross profit increased by 54% year-over-year to RMB710.0 million. Gross profit margin increased by three percentage points year-over-year to 86% which reflected a solid improvement of the profitability of business.

Basic earnings per share for the year were RMB28.95 cents. The Board of directors has recommended a final dividend of HKD15 cents per share for year 2008 (2007: HKD10 cents).

Mr. Pak Kwan KAU, Chairman and CEO of Kingsoft, said, "2008 was another successful year for Kingsoft following the IPO in 2007. We made robust financial and operational performance in entertainment software and applications software. Our online games' traffic, ADPCU reached to a record of in over 1 million for the fourth quarter of 2008; in a constant transit to a web-based software as a service model, our applications software also recorded a year-over-year growth of 67% as we increased the proportion of subscription revenue and advertising revenue."

BUSINESS REVIEW

Revenue from the entertainment and the applications software businesses represented approximately 67% and 32% respectively, of the total revenue for the year.

Entertainment Software Business

Revenue from the entertainment software increased by 40% to RMB553.7 million. The strong revenue growth was mainly attributable to the increasing popularity of MMORPGs, especially the JX series. In July 2008, JX Online World was launched which continued the successful story of JX brand name and recorded PCU of over 0.37 million in the

fourth quarter of 2008. For the three months ended December 31, 2008, the daily average peak concurrent users and the monthly average revenue per paying user of our MMORPGs, increased by 70% and 3% year-over-year to 1.0 million and RMB38 respectively.

Currently, Kingsoft has a game portfolio of eight games including six self-developed and two licensed. The JX series have become one of the most influential martial-arts genre game series in China and Southeast Asia. JX III, the Company's first 3D online game and the latest installment of JX series, began the limited close-beta testing in November 2008 and received overwhelmingly strong support from the fans. It is expected that JX III will be in full commercialization in the second half of 2009.

Kingsoft was an early believer in game diversification. The Company has multiple studios specialized in different game genres of martial-arts, Chinese mythology, cartoon and FPS. To further diversify and leverage the operating and user platforms, Kingsoft made investment into two other domestic game studios, "Lianking" studio in Beijing in 2008 and "Zhixiong" studio in Shanghai in 2009.

Kingsoft continued to expand its overseas online games markets as we launched a number of new games into Southeast Asia, such as JX Online II and First Myth II in Vietnam and MAT in Thailand and Taiwan. JX series have been leading the local market in Vietnam through the game operator Vinagame since 2005.

<u>Applications Software Business</u>
Kingsoft's applications software portfolio includes Kingsoft Internet Security, Kingsoft PowerWord and Kingsoft WPS Office. During the year, revenue from the applications software business increased by 67% year-over-year to RMB261.2 million primarily due to a significant increase in the number of subscribers for online services of Kingsoft Internet Security software and a rapid growth of software revenue from Kingsoft Japan.

During the year, the revenue contributed from Kingsoft Internet Security increased by 81% year-over-year to RMB201.4 million.

Kingsoft Japan recorded rapid growing revenue both from Kingsoft Office and Kingsoft Internet Security, especially advertising revenue from free version of Kingsoft Internet Security in the fourth quarter of 2008.

In January 2008, Kingsoft Internet Security teamed up with Baidu, the largest Chinese language internet search provider and launched a free internet security service that will benefit as many as 200 million users in China. Furthermore, the product reached a strategic cooperation agreement with Microsoft MSN to jointly launch the free "MSN Protection Shield v1.0" and "MSN Security Center" in November 2008.

In December 2008, Kingsoft Internet Security 2008 was the fourth time awarded the VB100 certificate by Virus Bulletin, the international authority in anti-virus software testing.

The Company also actively developed its dictionary software and office applications software. In May 2008, Kingsoft PowerWord, the Company's principal dictionary software, partnered with Google to launch "Google-Kingsoft PowerWord". The partnership is the start of a new chapter for Kingsoft PowerWord as it transforms into a web-based service.

Kingsoft WPS Office is the leading domestically developed office applications software in China. In August 2008, PRC government departments implemented mandatory application of Uniform Office Format standard ("UOF"), which is expected to accelerate development of PRC-made software. As one of the setters of the UOF standard, Kingsoft's key new product WPS Office 2007 is in full compliance with UOF.

OUTLOOK

Going forward, **Mr. Pak Kwan KAU** concluded: "Our 2008 annual results showed the resilience of our dual-engine growth model to the global economy recession. Supported by increasing broadband penetration, it is expected that the total number of Internet users in China will see a steady growth in 2009 with surging usages of interactive communities and entertainment content. We believe it provides Kingsoft with opportunities to further expand both entertainment and applications software businesses in China. With our strong brand, advanced research and development capability as well as a commitment to perform better, we are confident that we will rise to the challenges ahead and maximize returns for our shareholders in long term."

In addition to JX III, Kingsoft plans to launch four new games in 2009. We will continue to leverage the Internet to market, sell and distribute the products by entering into advertising and distributing arrangement with Internet content providers and website operators in order to increase user awareness of Kingsoft's websites and enhance the capacity in direct sales via the Internet. By making the Internet a more popular service

platform, Kingsoft will be at more advantageous position to capture future growth opportunities.

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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 oversea markets.

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