



## KINGSOFT ANNOUNCES 2014 THIRD QUARTER RESULTS

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### Global Mobile MAU Hits New Record High Strong Growth in Mobile Monetization Capability

#### FINANCIAL HIGHLIGHTS

<i>RMB'000 (Unaudited)</i>	For the Three Months Ended		
	30 September 2014	30 June 2014	30 September 2013
<b>Revenue</b>	<b>852,181</b>	750,506	551,130
- Online Games	304,172	307,537	270,984
- Cheetah Mobile	445,981	353,595	174,692
- Office Software & Others	102,028	89,374	105,454
<b>Gross profit</b>	<b>711,837</b>	634,221	471,331
<b>Profit Attributable to Owners of the Parent</b>	<b>230,538</b>	118,121	163,276
<b>Basic EPS (RMB cent)</b>	<b>20</b>	10	14

#### OPERATIONAL HIGHLIGHTS

	For the Three Months Ended		
	30 September 2014	30 June 2014	30 September 2013
<b>Online Games</b>			
Daily Average Peak Concurrent Users	<b>617,717</b>	572,374	614,263
Monthly Average Paying Accounts	<b>2,374,699</b>	2,255,404	1,791,194
Monthly Average Revenue per Paying User (RMB)	<b>41</b>	43	48
	<b>In September 2014</b>	<b>In June 2014</b>	<b>In September 2013</b>
<b>Cheetah Mobile</b>			
Mobile Monthly Active Users ("MAU") (Million)	<b>340.7</b>	284.3	120.3
% of Mobile MAU from Overseas Markets	<b>65%</b>	67%	N.A.
Mobile User Installations (Million)	<b>862.2</b>	662.2	N.A.
MAU of Duba.com Personal Start Page (Million)	<b>61.6</b>	67.6	39.9

(9 November 2014 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company;” SEHK stock code: 03888), a leading Chinese software and Internet service company, has announced its unaudited quarterly results for the three months ended 30 September 2014.

During the period under review, the revenue of Kingsoft increased by 14% quarter-over-quarter and 55% year-over-year to RMB852.2 million. Revenue from the online game, Cheetah Mobile, and office software and others businesses represented 36%, 52% and 12%, respectively, of the total revenue. Gross profit increased by 12% quarter-over-quarter and 51% year-over-year to RMB711.8 million. Profit attributable to owners of the parent in the third quarter increased 95% quarter-over-quarter and 41% year-over-year to RMB230.5 million.

**Mr. Jun Lei, Chairman of Kingsoft**, commented, “We continue to execute well on our priorities in capitalizing the mobile transformation, reinforcing R&D competence, accelerating the global expansion of mobile applications as well as strengthening the mobile monetization capabilities. We are particularly pleased with the rapid growth of our global mobile MAU, which skyrocketed 180% year-over-year to a new record of 410 million in September 2014. As the mobile internet market is growing explosively, we continue to invest aggressively in the mobile application development and global market penetration, and will make 2014 a milestone in our mobile transformation.”

**Dr. Hong Jiang Zhang, Chief Executive Officer of Kingsoft**, said, “We are pleased to report another quarter with strong top line growth of 14% quarter-over-quarter and 55% year-over-year to a new record of RMB852.2 million. As we continue with our proactive investment strategy to accelerate the global expansion of mobile applications and reinforce our R&D capabilities, the operating profit excluding the impact of share-based compensation costs, declined 25% quarter-over-quarter and 29% year-over-year. I believe that it is right time for us to trade off short term profit for long term greater gains in our capabilities and market share in the future. I am pleased with the outstanding performances and excellent execution of our strategy and priorities, particularly the strong growth momentum of the mobile user base, the progress of mobile monetization and the rapid growth of our cloud services.”

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## **BUSINESS REVIEW**

### **Online Games Business**

For the third quarter of 2014, the revenue from the online game business decreased 1% quarter-over-quarter but increased 12% year-over-year to RMB304.2 million. The year-over-year rise was primarily attributable to the sustained and notable growth of JX Online III with continuous improvement in game experiences and introduction of new expansion packs on quarterly basis.

JX Online III continued to achieve an increase of 10% quarter-over-quarter growth and 48% year-over-year to RMB182.6 million driven by the release of a refined version of the game in July and the in-game celebration for the game's fifth anniversary in August. The largest expansion pack of the year "Cang Xue Long Cheng" for JX Online III will be launched on 24 November, and the revenue and user population of JX Online III are expected to achieve new records.

With Company's focus on the mobile game business strategy, there are thirteen mobile games under development, and two of which will be commercially launched in the fourth quarter.

### **Cheetah Mobile**

In the third quarter of 2014, the revenue from Cheetah Mobile continued to increase 26% quarter-over-quarter and soared 155% year-over-year to RMB446.0 million. The strong increases were primarily due to a solid performance of online marketing services and internet value-added services driven by increased monetization capability of PC-based user traffic as well as significant ramp of global mobile monetization, with global mobile monetization at a faster pace.

Mobile user installation of Cheetah Mobile has reached 862.2 million as of 30 September 2014. Mobile MAU increased 20% quarter-over-quarter and soared 183% year-over-year to 340.7 million in September 2014, approximately 65% of which were from overseas markets, mostly users from the United States, Asia (excluding China) and Europe, compared to approximately 53% in December 2013.

The robust mobile user growth mainly reflected that the mission critical applications continued to gain traffic share and expand rapidly in global markets through efforts in market exploration, market expansion and user experience improvements. The mobile application Clean Master continued to rank No.1 in the Tools category on Google Play. For the third quarter, Cheetah Mobile generated approximately 24% of its revenue from mobile services, compared with approximately 8% a year ago.

### **Office Software and Others**

For the third quarter of 2014, the revenue from the office software and other business rose 14% quarter-over-quarter and decreased 3% year-over-year to RMB102.0 million. The quarter-over-quarter growth mainly reflected the robust increase in revenue contribution from Kingsoft Cloud, the growing revenue from online marketing services driven by monetization of WPS free user traffic, and the steady contribution from the sales of WPS Office.

With the strengthened efforts in global market expansion of WPS mobile business suite, the growth of global mobile MAU of WPS Office increased 127% year-over-year to 59 million in September 2014 compared to 26 million in September 2013. In July, WPS Mail was launched to add another key function to the mobile WPS productivity tools and to improve the email experience of Android users.

The Company also showed material progresses in the development of Kingsoft's cloud computing and cloud storage businesses in the third quarter, after its sale of Kuaipan Personal in September 2014. The Company has set up the game cloud service alliance and gradually started to build a gaming ecosystem. The growth of its enterprise data storage services has been accelerated, driven by the rapid increase in users' data from Xiaomi, WPS and Xunlei. The daily average upload data into Kingsoft's storage services was approximately 230 Tbytes in September 2014, which catalyzed the growth of the company's cloud storage revenue. Leveraging the explosive growth of smart devices, mobile user data and cloud computing, the cloud services of Kingsoft are expected to grow with strong momentum.

"We will continue to execute our mobile and cloud strategy. With the continuous proactive investment in future opportunities, increasing capability of mobile monetization, upcoming major expansion pack for JX Online III and two mobile game releases, as well as the steady growth of WPS Office market share and the fast growing cloud services, we are well on our way to achieve our goal in 2014." concluded **Dr. Zhang**.

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**About Kingsoft Corporation Limited (Stock Code: 03888)**

Kingsoft is a leading Chinese software and Internet service company with its shares listed on the Stock Exchange of Hong Kong Limited. Since the commercial launch of its first office applications software, WPS 1.0, in 1989 followed by more than 20 years of innovative endeavors, Kingsoft has become well recognized as a leading brand in China. Kingsoft has also rejuvenated itself by successfully transforming from “the King of Packaged Software” to an internet technologies and services provider.

Kingsoft provides a range of products and services across devices and platforms, and its main business encompasses online game, internet software, mobile applications, office software, and cloud storage and computing services. The Company utilizes the internet as an effective channel to market and distribute its products and services, and has built an extensive sales and distribution network.

Enhancing the quality of the digital lifestyle has been the mission of Kingsoft. Kingsoft will continue developing new products, expanding our products and services across the internet especially the mobile internet and expanding its market share in China, while vigorously penetrating overseas markets.

For more information, please visit [www.kingsoft.com](http://www.kingsoft.com)

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