



**KINGSOFT 2012 ANNUAL AND Q4 RESULTS
ACHIEVED RAPID GROWTH**

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A RECORD YEAR FOR ALL BUSINESS LINES

FINANCIAL HIGHLIGHTS

(RMB'000)	Year Ended 31 December		Change (%)
	2012	2011	
Revenue	1,411,161	1,020,508	38%
- Entertainment software	851,402	689,519	23%
- Application software	544,064	326,098	67%
- Others	15,695	4,891	221%
Gross Profit	1,224,222	872,696	40%
Profit Attributable to Owners of the Parent	432,589	324,729	33%
Basic EPS (RMB cents)	37.85	28.86	31%
Final Dividend per Share (HKD cents)	11	10	10%

(RMB'000) (unaudited)	For the Three Months Ended		Change (%)
	31 December 2012	30 September 2012	
Revenue	430,722	365,387	18%
- Entertainment software	240,627	210,957	14%
- Application software	189,466	151,771	25%
- Others	629	2,659	-76%
Gross Profit	378,786	320,915	18%
Profit Attributable to Owners of the Parent	125,084	108,082	16%

OPERATIONAL HIGHLIGHTS OF ONLINE GAMES

	For the Three Months Ended			
	31 March 2012	30 June 2012	30 September 2012	31 December 2012
Daily Average Peak Concurrent Users	631,485	615,221	611,474	633,084
Monthly Average Paying Accounts	1,330,868	1,459,883	1,524,761	1,650,636
Monthly Average Revenue per Paying User (RMB)	47	47	46	48

(19 March 2013 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company;” SEHK stock code: 03888), a leading Chinese software and Internet services company, announced its audited 2012 annual results, and its unaudited 2012 fourth quarter results.

In the fourth quarter of 2012, the revenue of Kingsoft increased quarter-over-quarter by 18% and year-over-year by 52% to RMB430.7 million. Gross profit increased quarter-over-quarter by 18% and year-over-year by 58% to RMB378.8 million.

In the year under review, total revenue surged by 38% year-over-year to RMB1,411.2 million. Gross profit rose strongly by 40% year-over-year to RMB1,224.2 million. Profit attributable to owners of the parent increased by 33% to RMB432.6 million. Revenue from entertainment and application software business segments reached RMB851.4 million and RMB544.1 million respectively, which represented approximately 60% and 39% of the Company’s total revenue in 2012. Cash and cash equivalents increased from approximately RMB1.95 billion in 2011 to approximately RMB2.42 billion in 2012, reflecting the strong cash position of the Company. Basic earnings per share for the year were RMB37.85 cents (2011: RMB28.86 cents). The Board of Directors has recommended a final dividend of HKD0.11 per share for year 2012 (2011: HKD0.10 per share).

Mr Jun Lei, Chairman of Kingsoft, said, “The year 2012 was a critical and historical year for Kingsoft marked by encouraging performance and breakthrough. The MBO of Kingsoft WPS Office completed in July marked the completion of restructuring our three major subsidiaries. Among the three major existing business lines, advertising revenue from Kingsoft Internet Security continued setting historical highs; JX Online III gained greater popularity, doubling its revenue; and WPS Office also seized the market opportunities brought about by the government’s call to improve the IPR environment. Meanwhile, the active user base of Kingsoft Kuaipan, the first initiative of our strategic cloud business, has expanded further topping the list of similar services. We are pleased to announce that Kingsoft’s strategy, namely **Three Plus One**, has taken shape comprising three major existing business lines and one strategic new business line.”

BUSINESS REVIEW

Entertainment Software Business

The revenue from the entertainment software business for the year of 2012 increased by 23% year-over-year to RMB851.4 million, and revenue for the fourth quarter of 2012 rose 14% quarter-over-quarter and 27% year-over-year to RMB240.6 million. During 2012, the year's largest expansion pack "Nirvana of the Light" for JX Online III, and expansion pack "New JX Online World" for JX Online World were successfully released in November and October respectively, and enjoyed great popularity. Monthly average paying accounts ("APA") of JX Online III has jumped to a new record of more than 0.9 million in December, soaring 104% year-over-year stimulated by continuous optimisation and innovation through expansion packs. The outstanding performance of its current games has demonstrated the Company's capabilities of anticipating gamers' needs and optimising their experiences.

During the year under review, the company launched three main game titles thereby enriching the game portfolio, among which Ma La Jiang Hu, the Company's first Q version of 3D role-playing game, has shown very promising potential since its release in December. Legend of Moon and Legend of Holy World, the other two new titles, also contributed to the solid growth of the fourth quarter and the whole year's revenue.

In the fourth quarter of 2012, daily average peak concurrent users for the Company's online games for increased 4% quarter-over-quarter and decreased 4% year-over-year to 0.63 million. Monthly APA for the Company's online games increased 8% quarter-over-quarter and 24% year-over-year to 1.65 million. The monthly average revenue per paying user for the Company's online games increased 4% quarter-over-quarter and 2% year-over-year to RMB48, primarily attributable to the continuous growth of JX Online III gamers.

Kingsoft Internet Security and Kingsoft WPS Office

Revenue from the application software business for the year of 2012 surged by 67% year-over-year to RMB544.1 million, while revenue from the applications software business for the fourth quarter of 2012 increased by 25% quarter-over-quarter and 109% year-over-year to RMB189.5 million. During the year under review, Kingsoft Internet Security has completed its transformation into an Internet company and scaled new heights in its profitability. Advertising revenue has experienced a soaring triple-digit year-over-year growth, supported by the expanded user base of 150 million and improved profitability. Since the official launch of Cheetah Internet browser in June, its user base has enjoyed tremendous growth due to its stylish design and outstanding user experiences. The creative marketing efforts for Cheetah, such as train ticket purchase applications, have also accelerated the growth of its installed base and its popularity in the market. In addition, benefiting from the rapid growth of the mobile internet and smartphones, the monthly active user base of Kingsoft Mobile Security has rapidly increased to 40.7 million.

Benefitting from the government's continued push for IPR protection and the Company's product innovation, revenue from Kingsoft WPS Office continued its strong growth momentum in 2012 and achieved a new record with sales in Mainland China and Japan exceeding RMB195.8 million. The monthly active users of WPS Personal Edition rose to more than 43.3 million, attracted by the improved user experiences. The number of global monthly active users of WPS Mobile Office exceeded 11.2 million from more than 226 countries and regions, and its application took the top spot in Google Play in the business APPs category across 25 major countries and regions.

As Kingsoft's new strategic business, Kingsoft Cloud was established in early 2012 to capture the opportunities in cloud storage and cloud computing services. The company forged strategic collaboration with Xiaomi, Skyworth TV and AIGO in 2012, in order to take advantage of the strong growth of mobile internet user bases and smart devices in China. As at the end of 2012, total registered users for Kingsoft Cloud expanded further and topped the list of similar services.

Outlook

Entering 2013, Kingsoft will continue its commitment to enriching the game portfolio and improving gamer experience. JX Online III, as a leading domestic 3D MMO game, will continue its growth momentum, while Ma La Jiang Hu, as a Q version of 3D role playing game, will also be another growth catalyst of the Company's online games in 2013. Two more MMO games, Jiutian Myth and Doomsday Dragon, as well as the web game T3 and mobile game Pet Castle, will be released soon. These focused investments will help the Company capture the growth opportunities of web and mobile game markets in the coming years.

Through product innovation, improving the user experience, and strengthening collaboration with strategic partners, the Company intends to further grow the user base of Kingsoft Internet Security and the Cheetah browser, and expects the revenue from advertising to sustain strong growth momentum. Kingsoft Internet Security would invest heavily in the mobile business and has launched a series of mobile services, targeting at transforming itself into a mobile internet company. Besides, the Company is actively developing other value-added services. Revenue from web games operation is currently in its earliest stage and is expected to be the next growth catalyst in 2013.

WPS Office will focus on expanding enterprise business and new revenue sources. Meanwhile, with its new functions, improved user experiences and expansion into new mobile platforms, WPS Office will further leverage its worldwide mobile user base. In February 2013, WPS Mobile Office for IOS was launched and received positive feedback.

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In the future, Kingsoft will continue its investment in the strategic new business line of Kingsoft Cloud, with a strategy to expand the business coverage from personal data storage to enterprise data storage and cloud storage platform services. The Company expects the growth of Kingsoft Cloud's user base to accelerate in 2013, through product innovation as well as the strategic collaboration with Xiaomi and smart TV producers.

Dr HongJiang Zhang, Chief Executive Officer of Kingsoft, concluded, "Looking forward, while maintaining the competitive strengths of the existing business lines, we will continue to invest heavily in the mobile internet business and cloud business, to maintain a fast growth of the Company's top line. We are confident that Kingsoft will bring fruitful results to its investors by focusing on product and service innovation, delivering an exceptional user experience and seizing available market opportunities."

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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. Headquartered in Beijing, Kingsoft has set up R&D centers in Zhuhai, Beijing, Chengdu and Dalian. Since the commercial launch of its first office applications software, WPS 1.0, in 1989 followed by over 20 years of innovative endeavors, Kingsoft has become well recognised as a leading brand in China. Kingsoft has also rejuvenated itself by successfully transforming from "the King of package software" to an Internet technologies and service provider.

Kingsoft's main business encompasses Internet security, office software, entertainment software, cloud computing and on-line translation. The Company utilises the Internet as an effective channel to market and distribute its products, and has built an extensive sales and distribution network. Kingsoft provides a range of products and services across all devices and platforms, such as WPS Office, Kingsoft PowerWord, Kingsoft Internet Security and online games to retail customers, corporate clients and Government bodies in China.

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

For more information, please visit www.kingsoft.com

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