



## Interim Profit of Kingsoft Surges by 71%

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### WPS Records Promising Growth All Business Lines See Robust Development

#### FINANCIAL HIGHLIGHTS

(RMB'000)	For the Three Months Ended June 30		Change	For the Six Months Ended June 30		Change
	2013	2012		2013	2012	
<b>Revenue</b>	<b>496,528</b>	<b>322,467</b>	54%	<b>953,387</b>	<b>615,052</b>	55%
- Online Game	270,539	208,728	30%	537,205	399,818	34%
- Application Software	219,275	112,073	96%	407,304	202,827	101%
- Others	6,714	1,666	303%	8,878	12,407	-28%
<b>Gross Profit</b>	<b>430,484</b>	<b>281,590</b>	53%	<b>825,762</b>	<b>524,521</b>	57%
<b>Profit Attributable to Owners of the Parent:</b>	<b>145,255</b>	<b>111,897</b>	30%	<b>341,169</b>	<b>199,423</b>	71%
<b>Basic EPS (RMB cent)</b>	<b>12.60</b>	<b>9.79</b>	29%	<b>29.67</b>	<b>17.48</b>	70%

#### OPERATIONAL HIGHLIGHTS

	For the Three Months Ended		
	30 June 2013	31 March 2013	30 June 2012
<b>Online Games</b>			
Daily Average Peak Concurrent Users ("DAPCU")	<b>616,285</b>	631,098	615,221
Monthly Average Paying Accounts	<b>2,002,414</b>	1,768,190	1,459,883
Monthly Average Revenue per Paying User (RMB)	<b>43</b>	47	47

(27 August 2013 – Hong Kong) **Kingsoft Corporation Limited** ("Kingsoft" or the "Company;" SEHK stock code: 03888), a leading Chinese software and Internet service company, announced its unaudited quarterly and interim results for the three and six months ended 30 June 2013 respectively.

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For the second quarter of 2013, the revenue of Kingsoft increased by 9% quarter-over-quarter and 54% year-over-year to RMB496.5 million. Gross profit increased by 9% quarter-over-quarter and 53% year-over-year to RMB430.5 million. For the first half of 2013, revenue recorded was RMB953.4 million, 55% above that in the first half of 2012. Gross profit recorded in the first half of the year was RMB825.8 million, representing a 57% year-over-year growth, while gross profit margin remained high at 87%. Profit attributable to owners of the parent in the first half of 2013 was RMB341.2 million, up 71% from the same period a year earlier. Revenue contributions from online games and applications software businesses represented 56% and 43% respectively of the total revenue during the first half of 2013.

**Dr. HongJiang Zhang, Chief Executive Officer of Kingsoft,** said, “The growth momentum continued during the second quarter of 2013, and all major business lines achieved steady development. The entertainment software business recorded an outstanding performance, while the application software business achieved extraordinary growth, which contributed to the 55% year-over-year increase in the Company’s revenue to reach RMB953.4 million in the first half of this year.”

## **BUSINESS REVIEW**

### **Online Games Business**

With a steady release of expansion packs in the first half of 2013, revenue from the online games business increased by 34% year-over-year to RMB537.2 million. “Anshi Rebellion (安史之亂)”, the year’s largest expansion pack for the Company’s flagship product JX Online III (《劍網3》), was successfully launched on 8 June. MAT (《反恐行動》), the Company’s first 3D shooting game, was launched in the first quarter of 2013, and its expansion pack “Gun Fate Version of MAT (反恐行動槍緣版)” was then released in the second quarter. The rising popularity of the game has brought significant revenue growth. The new expansion packs of these two 3D games are to be released in September, which are expected to further drive the Company’s online games business development.

Further research and development on web games and mobile games has also continued. The Company is actively striving to improve The Young Elf King (《少年精靈王》), which is currently under closed beta testing before its official release in September, while its second episode “The Young Brave King (少年勇者王)” is already in the pipeline. Kingsoft intends to continue its substantial investment in mobile games to further enrich its game portfolio and expand its user base across all devices.

### **Kingsoft Internet Security and Kingsoft WPS Office**

In the second quarter of 2013, revenue from the application software business was RMB219.3 million, representing a quarter-over-quarter increase of 17% and a year-over-year increase of 96%, which contributed to a significant year-over-year rise of 101% in the revenue of the application software to RMB407.3 million in the first half of 2013. The remarkable growth was mainly driven by the revenue from online advertising and Internet value-added services of Kingsoft Internet Security (“KIS”), as well as the continuous strong sales of Kingsoft WPS.

The monthly PC-based active user base of the KIS family continued its upward trend and reached 155 million at the end of June. Supported by an expanding user base, and in particular by the popularity of the Cheetah Internet browser, advertising revenue maintained significant growth. An active mobile user base for KIS is also developing, with several acquisitions of mobile application completed in China and international markets in the first half of 2013. With the expanding user base of the self-developed and newly acquired mobile applications, mobile product users of KIS rose to over 100 million at the end of July 2013.

Kingsoft WPS continued to enjoy stable growth in the first half of 2013. At the end of June, the number of monthly active users of WPS Personal Edition rose to over 56 million while the global monthly active users of WPS Mobile Office jumped to 20 million. Recently, Kingsoft has entered into an agreement with ICBC on a large-scale WPS purchase. At the same time, the Company has successfully monetized the PC user traffic of free version of WPS with very promising results. On 17 July, Kingsoft WPS Office 2013 Version was officially released and has received positive feedback from users for its portable features and online template options.

In addition, as the Company’s new strategic business line, Kingsoft Cloud developed more rapidly during the period under review. In June, the new commercial version of Kingsoft Cloud with refined functionality and improved user experience was released. In July, Kingsoft Cloud entered into strategic agreement with ChinaCache (“藍訊”) to provide SMEs with one-stop solution for virtual server solutions. To leverage the robust growth of social platforms, Kingsoft Cloud for Wechat was also released in July, occupying a niche in the increasingly competitive cloud computing and cloud storage market. More importantly, Kingsoft Cloud has introduced DST Global as a strategic investor, a move that would complement the strategy of Kingsoft Cloud and accelerate the development of this internal venture business.

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**Dr. HongJiang Zhang, Chief Executive Officer of Kingsoft**, concluded, “We are pleased to see that Kingsoft has again delivered an impressive business performance. Looking ahead into the second half of the year, the sustainable growth in the user base of our flagship game product and the increasing popularity of our KIS solutions, will enable Kingsoft to strengthen its commercialisation capabilities. WPS Office will benefit from the favorable policy by the Government aimed at strengthening intellectual property rights protection. The Company will seize the development opportunities in terms of expanding the number of its business users as well as its mobile office business. We have confidence in maintaining a remarkable growth of all businesses in the second half of the year, and we remain committed to deliver the best quality products and services to all of our users.”

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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](http://www.kingsoft.com)

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