



KINGSOFT ANNOUNCES 2015 FIRST QUARTER RESULTS

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Strong Growth Momentum Continued in Mobile and Cloud Services

FINANCIAL HIGHLIGHTS

RMB'000 (Unaudited)	For the Three Months Ended		
	31 March 2015	31 December 2014	31 March 2014
Revenue	1,109,360	1,071,821	675,625
- Online Games	324,892	346,133	294,911
- Cheetah Mobile	646,554	581,637	292,847
- Office Software & Others	137,914	144,051	87,867
Gross profit	885,636	845,408	569,012
Profit Attributable to Owners of the Parent¹	114,536	173,887	246,237
Basic EPS (RMB cent)	10	15	21

OPERATIONAL HIGHLIGHTS

	For the Three Months Ended		
	31 March 2015	31 December 2014	31 March 2014
Online Games			
Daily Average Peak Concurrent Users	672,779	661,002	599,384
Monthly Average Paying Accounts ("APA")	3,069,052	2,717,443	1,972,027
Monthly Average Revenue per Paying User ("ARPU") (RMB) ²	33	39	48
	In March 2015	In December 2014	In March 2014
Cheetah Mobile			
Mobile Monthly Active Users ("MAU") (Million)	443.6	395.4	222.5
% of Mobile MAU from Overseas Markets	71%	69%	63%
Mobile User Installations (Million)	1,340.5	1,089.1	502.1

¹ The Company's proactive investment strategies in mobile transformation, globalization and cloud businesses are necessary to trade off short term profits to capture the vast growth opportunities in the long term, and this would further adversely impact the profitability in the coming quarters this year.

² The year-over-year and quarter-over-quarter declines in ARPU were mainly attributable to the increasing proportion of JX III with low ARPU in total game revenue.

(19 May 2015 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company;” HKSE stock code: 3888), a leading Chinese software and Internet service company, has announced its unaudited quarterly results for the three months ended 31 March 2015.

During the period under review, the revenue of Kingsoft increased by 4% quarter-over-quarter and 64% year-over-year to RMB1,109.4 million. Revenue from the online game, Cheetah Mobile, and office software and others businesses represented 29%, 58% and 13%, respectively, of the total revenue. Gross profit increased by 5% quarter-over-quarter and 56% year-over-year to RMB885.6 million. Profit attributable to owners of the parent decreased 34% quarter-over-quarter and 53% year-over-year to RMB114.5 million.

Mr. Jun Lei, Chairman of Kingsoft, commented, “The achievements of our business lines in the first quarter demonstrated a good start of the effective execution of our mobile transformation, globalization and ‘All in Cloud’ strategies in 2015. Our total mobile MAU reached a new record of 535.7 million with over 66% from the overseas markets in March 2015. In the first quarter of 2015, 55% of Cheetah Mobile’s revenue was generated from the mobile services. The daily average upload data onto our storage services soared to approximately 296 terabyte in March 2015, compared to 122 terabyte a year ago. As the user traffic are migrating fast to mobile internet worldwide and cloud services has become mainstream and experienced explosive growth in China, I believe that Kingsoft will manifest successful mobile transformation and establish new milestones in cloud services in 2015.”

Dr. Hong Jiang Zhang, Chief Executive Officer of Kingsoft, said, “We are pleased to have delivered another quarter of solid revenue growth. We believe our proactive investments in mobile transformation, globalization and cloud businesses are necessary to trade off short term profits to capture the vast growth opportunities in the long term, even though it would further adversely impact our profitability in the coming quarters. We are glad with our progress thus far, particularly the outstanding performance of the Cheetah Mobile and Kingsoft Cloud businesses.”

BUSINESS REVIEW

Online Games Business

For the first quarter of 2015, the revenue from the online game business decreased 6% quarter-over-quarter and increased 10% year-over-year to RMB324.9 million. The quarter-over-quarter decrease was largely due to decline in revenue from the existing games, though partially offset by the continuous revenue growth from JX Online III. The year-over-year increase was primarily attributable to the notable and sustainable growth of JX Online III with continuous improvements in game experiences. Monthly APA for the Company's online games increased 13% quarter-over quarter and 56% year-over-year to 3.07 million, and this primarily reflected an ongoing increase in JX Online III users. The monthly ARPU for the Company's online games decreased 15% quarter-over-quarter and 31% year-over-year to RMB33, and this was mainly attributable to the increasing proportion of JX Online III in total game revenues.

Currently there are several flagship mobile game projects under development and some of them will be launched in this year. In April 2015, the Company has acquired the exclusive intellectual property right to use the content of a popular movie, "Journey to the West: Conquering the Demons" (「西遊降魔篇」) in mobile games, which are expected to be launched in the coming June.

Cheetah Mobile

In the first quarter of 2015, the revenue from Cheetah Mobile increased 11% quarter-over-quarter and soared 121% year-over-year to RMB646.6 million. The increase was primarily due to the outstanding performance of mobile advertising business driven by the strong demand in both the domestic and overseas markets. It was also attributable to the rapid growth of the worldwide mobile advertising market.

Cheetah Mobile's mobile business continued to enjoy tremendous momentum during the first quarter of 2015. Mobile revenues increased 584% year-over-year and now accounts for 55% of Cheetah Mobile's total revenues, with overseas contributing 38% of total revenues and 70% of mobile revenues in the quarter. Mobile MAUs of Cheetah Mobile grew nearly 100% year-over-year to 443.6 million in March 2015. Five of Cheetah Mobile's apps were among the top 40 non-game apps on Google Play in March 2015 and Cheetah Mobile remained the top publisher in tools category on Google Play.

During the quarter, Cheetah Mobile has further expanded its partnerships with leading mobile advertising networks worldwide and made strategic investments and acquisitions of key mobile advertising assets. As Cheetah Mobile continues towards its strategic goal to be among the top three global mobile advertising platforms, it will continue to execute on its investment plan to attract more mobile users, further strengthen its capabilities in big data analytics and improve its mobile advertising technology and platform.

Office Software and Others

For the first quarter of 2015, the revenue from the office software and other business decreased 4% quarter-over-quarter and increased 57% year-over-year to RMB137.9 million. The quarter-over-quarter decrease was primarily due to a seasonal adverse impact on revenue from WPS Office in the first quarter. Nevertheless, the global mobile MAU of WPS family increased 75% year-over-year to 92.1 million. Kingsoft WPS has established a strategic cooperation with Kingdee in the first quarter. In May 2015, WPS Enterprise Mail was launched, adding a key function to the enterprise WPS productivity suite, to enhance the email experience for WPS users.

The year-over-year increase in office software and other business revenue was primarily attributable to the significant ramp-up of revenue contribution from Kingsoft Cloud, driven by rapidly growing demand for cloud storage and cloud computing services from the expanding user base. In the first quarter of 2015, the Company continued to provide efficient cloud storage services to Xiaomi and also extended its service capabilities to healthcare and financial service businesses. For cloud computing services, the Company continued to expand its market share in mobile game platform market, and also extended to other non-game industries, such as intelligent hardware and mobile internet businesses.

“We had an impressive and promising start to 2015 and focused our investment in mobile internet business and enterprise cloud services. With the robust mobile monetization growth momentum of Cheetah Mobile, continued steady growth of JX Online III, a number of flagship mobile games in pipeline, consistent expansion of mobile WPS user base, and solid growth momentum of cloud services, we are in a great position to continue making strong progress in all our priorities in execution on the mobile internet and cloud strategies.” concluded **Mr. Jun Lei**.

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About Kingsoft Corporation Limited (Stock Code: 3888)

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 the 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

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