



KINGSOFT ANNOUNCES 2014 FIRST QUARTER RESULTS

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Cheetah Mobile Strengthens Monetization Capabilities JX Online III has Grown for the Past 11 Consecutive Quarters

FINANCIAL HIGHLIGHTS

<i>RMB'000 (Unaudited)</i>	For the Three Months Ended				
	31 March 2014	31 March 2013	YoY Change (%)	31 December 2013	QoQ Change (%)
Revenue	675,625	456,859	48%	668,752	1%
- Online Games	294,911	266,666	11%	287,724	2%
- Cheetah Mobile	292,847	125,974	132%	249,833	17%
- Office Software and Others	87,867	64,219	37%	131,195	-33%
Gross Profit	569,012	395,278	44%	579,072	-2%
Profit Attributable to Owners of the Parent	246,237	195,914	26%	166,301	48%
Basic EPS (RMB cent)	21	17	24%	14	50%

OPERATIONAL HIGHLIGHTS

	For the Three Months Ended		
	31 March 2014	31 December 2013	31 March 2013
Online Games			
Daily Average Peak Concurrent Users	599,384	632,171	631,098
Monthly Average Paying Accounts	1,972,027	1,869,433	1,768,190
Monthly Average Revenue per Paying User (RMB)	48	49	47
Cheetah Mobile			
Mobile Monthly Active Users (Million)	223	166	46
Mobile User (Million)	502	347	N/A
% of Mobile MAU from Overseas Markets	63%	53%	N/A
MAU of Duba.com Personal Start Page(Million)	54	47	38

(28 May 2014 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company;” SEHK stock code: 03888), a well-known Chinese software and Internet service company, announced its unaudited quarterly results for the three months ended 31 March 2014.

During the period under review, the revenue of Kingsoft increased 1% quarter-over-quarter and 48% year-over-year to RMB675.6 million. Revenue from the online game, Cheetah Mobile and office software and others represented 44%, 43% and 13% respectively, of the Company’s total revenue for the first quarter of 2014. Gross profit for the first quarter of 2014 decreased 2% quarter-over-quarter and increased 44% year-over-year to RMB 569.0 million. Profit attributable to owners of the parent for the first quarter of 2014 increased 48% quarter-over-quarter and 26% year-over-year to RMB 246.2 million.

Dr. HongJiang Zhang, Chief Executive Officer of Kingsoft, said, “We are pleased to report another strong first quarter results. Total revenue achieved a new record of RMB675.6 million, an increase of 48% year-over-year. We will make proactive investments in mobile business development and market expansion in 2014, though it may have adverse impact on our operating margin in the short term. We firmly believe that these investments are important to support our long term business growth and help us to align our strategy with tremendous mobile opportunities.”

BUSINESS REVIEW

Online Games Business

Revenue from the online game business increased 2% quarter-over-quarter and 11% year-over-year to RMB 294.9 million in the first quarter of 2014, even under the adverse impact of Chinese New Year holidays. With the continuous improvement of game experiences, JX Online III has grown for the past eleven consecutive quarters. In April 2014, Kingsoft launched a new expansion “Zhu Lu Zhong Yuan” for JX Online III and had received positive feedbacks. For now, more than five mobile games are under full swing development, of which two to three games are in the pipeline for release.

Monthly average paying accounts (“APA”) for the Company’s online games for the first quarter of 2014 increased 5% quarter-over-quarter and 12% year-over-year to 2 million. Daily average peak concurrent users (“ADPCU”) for the Company’s online games for the first quarter of 2014 reached 0.60 million while the monthly ARPU for the Company’s online games for the first quarter of 2014 achieved RMB48.

Cheetah Mobile

Due to the growth in revenue from the internet-value added and online marketing services driven by contribution from mobile games and increasing traffic from Cheetah Mobile platform, revenue from Cheetah Mobile for the first quarter of 2014 increased 17% quarter-over-quarter and 132% year-over-year to RMB292.8 million.

Cheetah Mobile is now the #1 mobile application publisher in the Google Play Tools category based on worldwide downloads in March 2014, according to App Annie, and the #2 internet security software provider in China according to iResearch as of March 2014. Mobile monthly active users (“MAU”) of Cheetah Mobile in March 2014 has increased 385% year over year from 46 million to 223 million, of which 63% are from the overseas markets. Mobile user in the first quarter of 2014 has increased 45% quarter over quarter from 347 million to 502 million. In the period under review, Cheetah Mobile strengthened its mobile monetization capabilities and had generated approximately 17% of its revenue from mobile services, compared with 11% in the fourth quarter of 2013. On 8 May 2014, Cheetah Mobile made its trading debut on the New York Stock Exchange.

Office Software and Others

Revenue from the office services and other business for the first quarter of 2014 decreased 33% quarter-over-quarter and increased 37% year-over-year to RMB87.9 million. The quarter-over-quarter decrease was mainly due to the adverse seasonal impact on WPS Office. The solid year-over-year increase was primarily attributable to record growth in revenue from WPS Office and online marketing revenue from WPS Office. The MAU of WPS Personal Edition continued to rise to over 66 million. The global MAU of WPS Mobile Office ramped up to 43 million in March 2014.

The daily data storage of Kingsoft’s cloud storage services is close to 200T at the end of first quarter of 2014. Meanwhile, the Company focused on establishing a one-stop cloud service platform for game developers. By partnering with Xiaomi and leveraging the fast growing mobile game business, the platform will offer game developers a one-stop solution for server deployment, game testing, game operation and game promotion.

Mr. Jun Lei, Chairman of Kingsoft, concluded, “We had an impressive and promising start for 2014. The financial and operating metrics for the first quarter of 2014 demonstrated the successful adoption of our mobile business strategy. Our MAU continued to grow rapidly to a new record of 276 million in March 2014, compared to 62 million a year ago. With the focused investment in mobile internet business, strengthened monetization capabilities of Cheetah Mobile, continuous optimization of JX Online III, full swing mobile game development, strong sales and fast growing user base of WPS, I believe the year of 2014 will manifest Kingsoft’s breakthrough in its mobile transformation. ”

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 services provider.

Kingsoft provides a range of products and services across devices and platforms, and its main business encompasses online games, internet software, mobile applications, office software, and cloud storage and computation services. The Company utilises 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 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

For Press Enquiries:

Kingsoft Corporation Limited

Ms. Francie Lu
Tel: (86) 10 62927777 ext.5581
Email: ir@kingsoft.com

Strategic Financial Relations (China) Limited

Ms. Nan Dong
Tel: (852) 2527 1628
Email: sprg-kingsoft@sprg.com.hk