



KINGSOFT ANNOUNCES 2011 ANNUAL AND Q4 RESULTS
GROWTH IN Q4 REFLECTS RESULTS ACHIEVED BY
STRATEGIC TRANSFORMATION

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MOBILE INTERNET AND CLOUD COMPUTING AS NEW CATALYST FOR GROWTH

FINANCIAL HIGHLIGHTS

<i>(RMB'000)</i>	Year ended 31 December		Change (%)
	2011	2010	
Revenue	1,020,508	971,397	+5%
- Entertainment software	689,519	640,917	+8%
- Application software	326,098	330,480	-1%
- Others	4,891	-	
Gross Profit	872,696	840,399	+4%
Profit Attributable to Owners of the Parent	324,729	372,480	-13%
Basic EPS (RMB cent)	28.86	34.16	-16%
Final Dividend per Share (HKD cent)	10	15	-33%

<i>(RMB'000) (unaudited)</i>	For the Three Months Ended		Change (%)
	31 December 2011	30 September 2011	
Revenue	283,558	242,707	+17%
- Entertainment software	188,812	164,327	+15%
- Application software	90,752	77,483	+17%
- Others	3,994	897	
Gross Profit	239,914	205,937	+16%
Profit Attributable to Owners of the Parent	79,026	74,894	+6%

OPERATIONAL HIGHLIGHTS OF ONLINE GAMES

	For the Three Months Ended			
	31 March 2011	30 June 2011	30 September 2011	31 December 2011
Daily Average Peak Concurrent Users	684,023	653,085	608,607	661,774
Monthly Average Paying Users	1,258,525	1,250,771	1,186,481	1,326,071
Monthly Average Revenue per Paying User (RMB)	43	46	46	47

(27 March 2011 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company”; HKEx: 03888), a leading developer, distributor and service provider of application and entertainment software in China, announced its audited 2011 annual results, and its 2011 fourth quarter results.

In the fourth quarter of 2011, revenue of Kingsoft increased quarter-over-quarter by 17% and year-over-year by 13% to RMB283.6 million. Gross profit increased quarter-over-quarter by 16% and year-over-year by 12% to RMB239.9 million.

In the year under review, total revenue increased by 5% year-over-year to RMB1,020.6 million. Gross profit increased 4% year-over-year to RMB872.7 million. Revenue from entertainment and application software business segments were RMB689.5 million and RMB326.1 million respectively, represented approximately 68% and 32% of total revenue in 2011. Cash and cash equivalents increased from approximately RMB1.66 billion in 2010 to approximately RMB1.95 billion in 2011, reflecting a strong cash position of the Company. Basic earnings per share for the year was RMB28.86 cents (2010: RMB34.16 cents). The Board of directors has recommended a final dividend of HKD0.10 per share for year 2011 (2010: HKD0.15 per share and a special dividend of HKD0.25 per share).

Mr. Jun Lei, Chairman of Kingsoft, said, “2011 was an important year and a turning year for Kingsoft. During the year, we have completed the restructuring of Westhouse and introduced Tencent Holdings Limited to be our strategic shareholder. Dr. Hongjiang Zhang and Mr. Shun Tak Wong were appointed as the Chief Executive Officer and Chief Financial Officer of Kingsoft respectively towards the end of 2011, which signified the completion of the new management team foundation. We are well positioned for opportunities brought by cloud computing technology and mobile Internet as well.”

BUSINESS REVIEW

Entertainment Software Business

During the year under review, the performance of our existing games, in particular **JX Online III**, demonstrated a strong momentum of growth as the Company continued to enhance the gamer experience, leading the revenue from the entertainment software business for the year of 2011 to increase by 8% year-over-year to RMB689.5 million. The release of the expansion pack, **The Grand Master** for the 3D MMO **JX Online III** in November brought new excitements to the players as well as a year-over-year growth of nearly 60% in the user base of **JX Online III**, leading to a 15% quarter-over-quarter increase in revenue from the entertainment software business for the fourth quarter of 2011.

Daily average peak concurrent users for the Company's online games for the fourth quarter of 2011 increased 9% quarter-over-quarter and decreased 14% year-over-year to approximately 0.66 million. Monthly average paying users increased 12% quarter-over-quarter and decreased 2% year-over-year to approximately 1.3 million. Monthly ARPU for the Company's online game increased by 2% quarter-over-quarter and by 15% year-over-year to RMB47.

Internet Security Service and WPS Office Software

During the year under review, the Company has achieved tremendous growth in user base for its Internet security service business, as it continued to improve the cloud-based version of **Kingsoft Antivirus 2012 – the Cheetah Version** and **Kingsoft Security Defender**. Leveraging the momentum of mobile Internet, the Company launched **Kingsoft Mobile Defender** for Android in the first half of 2011. To enhance the mobile user experiences, new features such as one-key examination, protection of privacy, anti-theft of mobile phone, anti-harassment and anti-virus were added.

During the year under review, revenue from the application software business decreased by 1% year-over-year to RMB326.1 million, while revenue from the applications software business for the fourth quarter of 2011 increased 17% quarter-over-quarter and 7% year-over-year, which is mainly attributed to the growing advertising revenue from Kingsoft Internet Security driven by enhanced user base, and the robust growth of sales from **Kingsoft WPS Office** benefited from the on-going improvement in copyright protection in China.

Driven by the steady improvement of the Company's products, revenue of **Kingsoft WPS Office** for domestic market and Japan has exceeded RMB120 million during 2011. To date, more than 70 departments, offices and ministries in the Central Government including the Ministry of Foreign Affairs, the General Administration of Press and Publication, the Ministry of Industry and Information Technology and the Science & Technology Ministry have purchased **Kingsoft WPS**. According to statistics, **Kingsoft WPS** software accounted for about 57% of the total government procurement market share in terms of ministries and commissions, and local government at all levels, achieving its best performance since the Company's establishment. Apart from government procurement, Kingsoft has also secured numerous orders with large state-owned enterprises and financial institutions. In the second half of 2011, Kingsoft launched **Kingsoft Kuaipun** and **Kingsoft Office Mobile Edition** for Android in both China and Japan.

Outlook

Entering 2012, Kingsoft is devoted in the release of **Legend of Moon, Ma La Jiang Hu** as well as other new games in the pipeline. The open beta of Legend of Moon is expected to start in the mid of 2012. The Company will continue to strive on optimizing gamer experience and improving the planning, marketing and promotion activities, in order to maintain a steady growth of the revenue from the online game business. In addition, the Company has been actively pursuing the development of web games and mobile games, in order to create new growth catalysts.

The Company will continue to invest in Kingsoft cloud-based security solutions and expand our investment in mobile security. To enhance the user experience of our products, we have adopted a fast development model and will release a new update weekly. By doing so we believe our active user base will be able to expand further. Although the advertising revenue from Kingsoft Security was relatively less in 2011, it has gained momentum as our user base expansion accelerates to a historical high level. The accelerated growth of mobile internet user basis and smart devices in China opens opportunities for Kingsoft to provide cloud-based, cross platform office service. We will further improve the user experience of document reading, document conversion, file synchronization and file sharing across devices.

Leveraging the rapid development of mobile Internet, cloud-based services and the Company's R&D capabilities, the Company has announced the establishment of a new subsidiary of cloud computing by integrating **Kingsoft Kuai Pan** and **Kingsoft T Pan** as the first step of entering the cloud computing business. The Company has entered into strategic partnership with Konka and Xiaomi to provide cloud storage to TV and mobile phone users. This will be a long term strategic investment and will better position Kingsoft in the coming years.

Dr. HongJiang Zhang, Chief Executive Officer of Kingsoft, concluded, "We have had a relatively satisfying results. Our revenue posted a quarter-over-quarter growth of 17% for the fourth quarter and a year-over-year growth of 5% for the whole year. If we take out the one-off disposal gain of RMB105.2 million of Kingsoft Guangzhou in 2010, our profitability growth has in fact been improved in 2011. Looking forward, we will strive to deliver long term results to our shareholders, by focusing on innovation and R&D to continue improving our products and services and providing enhanced experience to our users."

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About Kingsoft Corporation Limited (Stock Code: 3888)

Kingsoft is a leading Internet-based developer, distributor and service provider of entertainment software, Internet security and application software in China. 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 software brand in China. Kingsoft has also rejuvenated itself by successfully transiting from “the King of package software” legacy to become an Internet application based model of Software as a Service.

Kingsoft’s main business encompasses on-line games, Internet security and application software. The Company utilises the Internet as an effective and relatively secure channel to market and distribute its products, and has built an extensive sales and distribution network. Kingsoft launches numerous well-known software products such as WPS Office, Kingsoft PowerWord, Kingsoft Internet Security and online games, including the JX Series and the First Myth series to retail customers, corporate clients and Government bodies in China. The Company is currently building a converged user platform for its diversified product portfolio and providing users with a variety of value-added services.

Enhancing the quality of digitalised lifestyle has been the mission of Kingsoft. Headquartered in Beijing, Kingsoft has set up R&D centers in Zhuhai, Beijing, Dalian and Chengdu. In addition to possessing strong R&D capabilities, Kingsoft has introduced top Internet and on-line game operation talents to its management team with the aim to enhancing user engagement and improving the efficiency of operations. Kingsoft will continue developing new products 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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