



INTERIM REVENUE AND PROFIT UP 24% AND 20%

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Successful Transformation of KIS Business

Strong Sales Income Growth in Online Games and WPS Office

FINANCIAL HIGHLIGHTS

(RMB'000)	For the Three Months Ended June 30		Change	For the Six Months Ended June 30		Change
	2012	2011		2012	2011	
Revenue	322,467	262,967	23%	615,052	494,243	24%
- Entertainment Software	208,728	173,004	21%	399,818	336,380	19%
- Application Software	112,073	89,963	25%	202,827	157,863	28%
- Others	1,666	-	-	12,407	-	-
Gross Profit	281,590	228,359	23%	524,521	426,845	23%
Profit for the Period	118,420	105,895	12%	208,742	174,155	20%
Basic EPS (RMB cent)	9.79	9.27	6%	17.48	15.32	14%

OPERATIONAL HIGHLIGHTS

	For the Three Months Ended		
	30 June 2012	31 March 2012	30 June 2011
Online Games			
Daily Average Peak Concurrent Users ("DAPCU")	615,221	631,485	653,085
Monthly Average Paying Users	1,459,883	1,330,868	1,250,771
Monthly Average Revenue per Paying User (RMB)	47	47	46

(23 August 2012 – Hong Kong) **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; SEHK stock code: 03888), a leading developer, distributor and service provider of entertainment software, Internet security service and application software in China, announced its unaudited interim results for the three and six months ended 30 June 2012.

For the second quarter this year, revenue of Kingsoft increased by 10% quarter-over-quarter and 23% year-over-year to RMB322.5 million, and gross profit increased by 16% quarter-over-quarter and 23% year-over-year to RMB281.6 million. For the first half of 2012, revenue recorded was RMB615.1million while gross profit was RMB524.5 million, with a strong 24% and 23% year-over-year increase respectively. Revenue mainly came from the entertainment and applications software businesses which represented 65% and 35% respectively of the total revenue for the second quarter of 2012.

Dr. HongJiang Zhang, CEO of Kingsoft commented, “We are pleased to report strong top and bottom line growth on a sequential and year-over-year basis for the second quarter of 2012. With quarterly revenue exceeding RMB300 million, we have enjoyed a solid and healthy growth in revenue from all of our major business lines.”

Entertainment Software Business

For the second quarter of 2012, revenue from the entertainment software business increased by 9% quarter-over-quarter and 21% year-over-year to RMB208.7 million. The monthly average paying users increased by 10% quarter-over-quarter and 17% year-over-year to 1.46 million. The sequential and year-over-year rises were mainly due to the continued popularity of the Company’s core game – JX Online III. Driven by the release of the new expansion pack **Light up the Fire** (燭火燎天) in April 2012, JX Online III has achieved record revenue and popularity, driving a rapid growth of its paying accounts and the quarter-over-quarter increase in the monthly average paying users. Another new expansion pack **Wakened Dragon of Erhai** (洱海驚龍) for JX Online III was released in July 2012, which has further boosted the already high popularity of the game. At the same time, JX Online World, another of the Company’s games, has demonstrated solid growth in the second quarter since the release of the expansion pack **Heroic-Western Dragon** (西域龍魂) in March.

In terms of new games, the open beta testing of our new 3D MMO, **Legend of the Holy World** (聖道傳奇) started in July and has been well accepted by gamers. **Legend of Moon** (月影傳說) is targeted for commercial release in September after the final round of testing in April. **Ma La Jiang Hu** (麻辣江湖), a Q version of 3D role-playing game, is scheduled for open beta testing in the second half of the year. To further extend the Company’s game pipeline, development of several web-games and mobile games is also in full swing, with one planned for release in the second half of 2012.

Internet Security Service and WPS Office Software

Revenue from the application software business increased by 23% quarter-over-quarter and 25% year-over-year to RMB112.1 million. The remarkable performance in advertising and promotion revenue from Kingsoft Internet Security (“KIS”) marked a new milestone of its monetization capability and the successful transformation of its business model. Kingsoft WPS Office has also generated strong business revenue, mainly benefiting from the enhanced awareness of the importance of copyright protection in China and the continued improvement of the Company’s products.

The monthly active user base of WPS Office Personal has recently expanded to more than 30 million. On 29 July, Kingsoft WPS Office for Android vaulted into the first place in the “business” category of free applications as ranked in Google Play. WPS Office for Android has long reigned in first place within seven countries and regions including Britain, Germany, Australia and Taiwan. In July, it has also jumped into first place in a number of major markets including the United States, France, Canada, Singapore and Hong Kong. By the end of June this year, Kingsoft WPS Office has been purchased and installed widely by all provincial governments in China. Kingsoft WPS Office was awarded the WIPO Golden Award in June, which represents the highest level of achievement in global intellectual property. These outstanding performances have demonstrated that Kingsoft WPS Office has maintained the leading position in China market and has successfully expanded into mobile Internet market .

After Kingsoft PowerWord Android v5 was officially launched in April 2012, the number of users has exceeded 10 million in just three months. The number of downloads and installations is increasing rapidly, underscoring the significant improvement of the upgrade of the Kingsoft PowerWord product series.

Meanwhile, as a Kingsoft Cloud initiative, Kuaipan records a continuous growth in its user base, resulting from continued improvement in user experiences and new features. The Company entered a strategic partnership with Skyworth TV to provide cloud storage service to Skyworth Cloud TV users. The partnership with Xiaomi has led to the release of personal data storage service on Xiaomi phones. Kingsoft Cloud will continue to push corporation in depth with more partners including application developers who develop mobile apps based on Kingsoft cloud storage platform.

Dr. HongJiang Zhang concluded, "We are continuing our effort in developing a variety of products and services based on mobile Internet and cloud service. With the impressive growth of JX Online III, our new games pipeline, the successful transformation and turnaround of KIS business, and the continued strong sales of WPS Office and its fast expansion into mobile devices, we believe we have laid a solid foundation for a successful second half of 2012."

About Kingsoft Corporation Limited (Stock Code: 3888)

Kingsoft is a leading developer, distributor and service provider of entertainment software, Internet security service and application software in China. Headquartered in Beijing, Kingsoft has set up R&D centers in Zhuhai, Beijing, Dalian and Chengdu. 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 transiting 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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