



Kingsoft 2013 Revenue Significantly Increases by 54%

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KIS Strengthens Monetization Capability

JX Online III Records Strong Growth for the Past 10 Consecutive Quarters

FINANCIAL HIGHLIGHTS

<i>(RMB'000)</i>	For the 3 Months Ended Dec 31		Change %	For the 12 Months Ended Dec 31		Change %
	2013	2012		2013	2012	
Revenue	668,752	430,722	55%	2,173,269	1,411,161	54%
- Online Game	287,724	240,627	20%	1,095,913	851,402	29%
- Application Software	378,017	189,466	100%	1,055,716	544,064	94%
- Others	3,011	629	379%	21,640	15,695	38%
Gross Profit	579,072	378,786	53%	1,876,165	1,224,222	53%
Profit Attributable to Owners of the Parent:	166,301	125,084	33%	670,746	432,589	55%
Basic EPS <i>(RMB cent)</i>	14.35	10.42	38%	58.12	37.85	54%

OPERATIONAL HIGHLIGHTS OF ONLINE GAMES

	For the 3 Months Ended			
	31 March 2013	30 June 2013	30 September 2013	31 December 2013
Daily Average Peak Concurrent Users	631,098	616,285	614,263	632,171
Monthly Average Paying Accounts	1,768,190	2,002,414	1,791,194	1,869,433
Monthly Average Revenue per Paying User (RMB)	47	43	48	49

(18 March 2014 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company;” SEHK stock code: 03888), a well-known Chinese software and Internet service provider, announced its audited 2013 annual results, and its unaudited 2013 fourth quarter results ended 31 December 2013, respectively.

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In the fourth quarter of 2013, the revenue of Kingsoft increased quarter-over-quarter by 21% and year-over-year by 55% to RMB668.8 million. Revenue from the online game and application software businesses represented 43% and 57%, respectively, of the Company's total revenue for the fourth quarter of 2013. Gross profit increased quarter-over-quarter by 23% and year-over-year by 53% to RMB579.1 million. Profit attributable to owners of the parent for the fourth quarter of 2013 increased 2% quarter-over-quarter and 33% year-over-year to RMB166.3 million.

In the year under review, total revenue surged by 54% year-over-year to RMB2,173.3 million. Approximately 50% of the revenue was generated from the online game and 49% of the revenue was generated from the application software. Gross profit rose by 53% year-over-year to RMB1,876.2 million. Profit attributable to owners of the parent increased by 55% year-over-year to RMB670.7 million.

Mr. Jun Lei, Chairman of Kingsoft, said, "2013 was a critical year of transformation for Kingsoft, and the first year that we started to transform our core businesses into mobile businesses. We saw a strong growth in our mobile monthly active users ("MAU"), posted over 210 million in December 2013."

Dr. HongJiang Zhang, Chief Executive Officer of Kingsoft, said, "We are thrilled to deliver a 54% annual growth in our revenue in 2013, well above the 38% annual revenue growth in 2012. All of our three major business lines have set new records in terms of revenue and operating metrics. I am extremely pleased with the outstanding results, particularly the great success of Clean Master in the global market, the expansion of Kingsoft footprints in new markets and the substantial progress we have achieved in KIS mobile monetization. These trends showcase that Kingsoft has embraced a right set of strategies and successfully adopted the internet trends and methodologies."

BUSINESS REVIEW

Online Game Business

Revenue from the online game business for the fourth quarter of 2013 increased 6% quarter-over-quarter and 20% year-over-year to RMB287.7 million. Revenue from the online game business for the year of 2013 increased 29% year-over-year to RMB1,095.9 million, outpaced the growth rate of MMO gaming market in China. The significant increase was primarily attributable to the continued rapid growth in revenue from JX Online III, which mostly doubled that of 2012 driven by the Company's continuous optimization and innovation of the game through expansion packs.

In 2013, revenue from JX Online III, the flagship game of Kingsoft, increased 92% year-over-year to RMB456.7 million with the release of a series of expansion packs in 2013, following a growth of 99% in 2012.

Kingsoft Internet Software and Kingsoft WPS Office

Revenue from the applications software business for the fourth quarter of 2013 increased 40% quarter-over-quarter and 100% year-over-year to RMB378.0 million. Revenue from the application software business for the year of 2013 increased 94% year-over-year to RMB1,055.7 million. The strong increase was mainly attributable to: i) the strong growth in revenue from online marketing and game platform of KIS as a result of strengthened monetization capability; ii) the emerging and accelerated growth of mobile marketing revenue and mobile game operation revenue as a result of initial success of KIS mobile monetization; and iii) strong sales of WPS Office stimulated by favorable IPR protection environment and emerging value-added revenue derived from the monetization of free user traffic of Kingsoft WPS Office.

KIS is now the #1 mobile application publisher in the Google Play Tools category based on worldwide downloads in January 2014, according to App Annie, and the #2 internet security software provider in China according to iResearch as of December 2013. In December 2013, total MAU of KIS's applications has reached 329.5 million. Mobile MAU has also increased almost 4 folds from 45.8 million in March 2013 to 166.2 million in December 2013. In the fourth quarter, approximately 11% of KIS revenue came from mobile services, representing a fast and strong ramp-up of KIS mobile monetization capabilities, compared with approximately 8% in the third quarter of 2013.

With a more than doubled year-over-year growth rate, KIS achieved an all-time record revenue of approximately RMB700.0 million in the year of 2013. This strong growth momentum was supported by the significant increase in traffic from Duba.com personal start page, Cheetah Browser, and the tremendous growth of its game platform. Through persistent efforts, there were more than 400 games on the KIS game platform in December 2013.

Revenue from Kingsoft WPS Office for the year of 2013 grew 47% year-over-year to RMB288.8 million, 51% of which came from enterprise users. In the past year, Kingsoft has completed milestone contracts with globally renowned financial institutions, which manifest the high quality and competitiveness of Kingsoft's product and services, and also signal the Company's deeper and broader penetration to the enterprise markets. In addition, the online marketing revenue from WPS is becoming the growth catalyst supported by the expanded user traffic of WPS Personal Edition. The global MAU of WPS mobile office has also expanded quickly to 34 million in December 2013 from 13 million a year ago.

Kingsoft has expanded into enterprise data storage services and cloud storage platform services in 2013. The growth of user base of Kingsoft Cloud accelerated to 52 million in December 2013 through product innovation and strategic collaboration with Xiaomi and smart TV producers.

Mr. Jun Lei, Chairman of Kingsoft, said, “Looking ahead, Kingsoft will continue to invest heavily in mobile and cloud services. Meanwhile, KIS will continue to invest aggressively in product innovation and big data analytic research, in order to expand its worldwide user penetration in both PC and mobile internet markets.”

Dr. HongJiang Zhang, Chief Executive Officer of Kingsoft, concluded, “The measures we have taken since 2011, focusing on core businesses and user experiences, adopting MBOs, and shifting to mobile internet services, have all paid off in 2013. We expect that KIS mobile platform will continue to attract user activities, game developers, and business partners, so the revenue from KIS mobile monetization will become our growth catalyst in the coming years. Kingsoft will always embrace the internet trends and strive to deliver products and services that exceed users’ expectations. I am confident that, by focusing on products and services innovation, exceptional user experiences, and being responsive to the fast-changing market, we will continue to increase shareholders’ value in the coming years.”

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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 software, 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 services, and has built an extensive sales and distribution network. Kingsoft provides a range of products and services across devices and platforms, such as Kingsoft Internet Software, online games, WPS Office, and cloud storage and cloud computation to internet users, corporate customers and Government agencies 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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