



KINGSOFT ANNOUNCES 2015 THIRD QUARTER RESULTS

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Mobile MAU Exceeds 660 Million

Global Strategy Expands and Cloud Business Rapidly Grows

FINANCIAL HIGHLIGHTS

<i>RMB'000 (Unaudited)</i>	For the Three Months Ended		
	30 September 2015	30 June 2015	30 September 2014
Revenue	1,506,780	1,282,240	852,181
- Online Games	330,902	298,065	304,172
- Cheetah Mobile	971,727	843,809	445,981
- Office Software & Others	204,151	140,366	102,028
Gross Profit	1,137,516	975,348	711,837
Operating Profit excluding SBC¹	189,744	150,812	136,483
Basic EPS (RMB cent)	4	7	20

OPERATIONAL HIGHLIGHTS

	For the Three Months Ended		
	30 September 2015	30 June 2015	30 September 2014
Online Games			
Monthly Average Paying Accounts ("APA")	3,301,297	3,438,493	2,374,699
Monthly Average Revenue per Paying User ("ARPU") (RMB)	32	27	41
	In September 2015	In June 2015	In September 2014
Cheetah Mobile			
Mobile Monthly Active Users ("MAU") (Million)	567	494	341
% of Mobile MAU from Overseas Markets	74%	71%	65%
Mobile User Installations (Million)	1,942	1,596	862

(17 November 2015 – Hong Kong) **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; HKEx stock code: 03888), a leading Chinese software and Internet services company, has announced its unaudited quarterly results for the three months ended 30 September 2015.

¹ The Company's proactive investment strategies in mobile transformation, globalization and cloud businesses are necessary to trade off short term profits for capturing the vast growth opportunities in the long term, and these strategies would continue to have an impact on our performance and the operating profit margin for the year 2015.

During the period under review, the total revenue of Kingsoft increased by 18% quarter-over-quarter and 77% year-over-year to RMB1,506.8 million. Revenue from the online game, Cheetah Mobile, and office software and others businesses represented 22%, 64% and 14%, respectively, of the total revenue. The Company's gross profit increased by 17% quarter-over-quarter and 60% year-over-year to RMB1,137.5 million. Operating profit excluding share-based compensation costs increased 26% quarter-over-quarter and 39% year-over-year to RMB189.7 million.

Mr. Jun Lei, Chairman of Kingsoft, commented, "We continued to execute our proactive investment strategies in the third quarter to further advance our mobilization, globalization and 'ALL IN CLOUD' strategies. Our mobile MAU achieved a new high of 661.3 million in September compared with 409.6 million a year ago. Cheetah Mobile accelerated its mobile and global transformation, with mobile revenue increasing to 70% of its total revenue and overseas revenue improving to 54% of its total revenue in the third quarter. Kingsoft Cloud also sustained rapid growth, and solidified its leading position in game cloud, mobile video and storage services."

Dr. Hong Jiang Zhang, Chief Executive Officer of Kingsoft, said, "We are pleased to report another quarter of solid topline growth with total revenue reaching RMB1,506.8 million. The operating profit margin before share-based compensation costs for the third quarter was 13%, up one percentage point quarter-over-quarter and down three percentage points year-over-year. These results are in line with the Company's expectation and execution of its proactive investment strategies. Such strategies would continue to have an impact on our performance and the operating profit margin for the year 2015. These investments are necessary to lay a solid foundation for our future growth and we are excited about our progress."

BUSINESS REVIEW

Online Games Business

For the third quarter of 2015, the revenue from the online games business rose 11% quarter-over-quarter and 9% year-over-year to RMB330.9 million. The increase in revenue was mainly due to the outstanding growth of the flagship game JX Online III, and to a lesser extent the revenue contribution from mobile games. The revenue of JX Online III achieved a new record high of RMB223.9 million, a growth of 24% quarter-over-quarter and 23% year-over-year.

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In October, the Company has released the largest expansion pack of the year “Jian Dan Qin Xin” for JX Online III and received highly positive feedback, which indicated the game’s sustainable growth potential. The 3D version of both “Journey to the West: Conquering the Demons” and “Brave Cross” have ranked among the top ten most popular games on Xiaomi and iOS game platforms after their launch. The company currently has several mobile game projects under development. The mobile games developed on the basis of the Company’s core IP (intellectual property), “JX World “and “JX Online III,” are expected to debut in 2016.

Cheetah Mobile

Cheetah Mobile has contributed another quarter of excellent performance. Its revenue rose 15% quarter-over-quarter and soared 118% year-over-year to RMB971.7 million. Mobile MAUs reached 567 million users in September. The strong results were driven by rising demand for its mobile advertising services.

In addition to expanding its direct sales team globally, Cheetah Mobile continues to work closely with leading Internet players to further enhance its monetization capability. It recently reached a global strategic partnership with Yahoo, including the integration of its products with Yahoo’s Gemini native advertising platform. Furthermore, Cheetah is a user- and product-focused company, first and foremost. So, it is particularly encouraging that its content-driven products achieved some notable successes in the quarter. For example, Piano Tiles 2, a light, casual mobile game that it developed, reached the No. 1 spot in the US and the No. 5 spot globally as the most downloaded free game on Google Play in September. Looking ahead, Cheetah Mobile will stay focused on mobile and global to build a solid foundation for long-term, sustainable growth.

Office Software and Others

For the third quarter of 2015, the revenue from the office software and others business surged 45% quarter-over-quarter and soared 100% year-over-year to RMB204.2 million. Such strong increases primarily resulted from the rapidly growing revenue of cloud services and also from the steady contribution of the enterprise sales of WPS Office.

During the third quarter, Kingsoft’s cloud storage and computing services have demonstrated impressive progress in its focused market segments. In the mobile game industry, Kingsoft Cloud continued its tremendous momentum, gradually shifting to become a game cloud ecosystem service provider. It established the first game industry ecological cluster in Hainan Province, aiming to build the largest game cloud platform in China. Through collaborating with GIF Deft and Today’s Headlines, Kingsoft Cloud has also emerged as a key player in video cloud services. It has also actively expanded its services into both government and corporate markets, and secured a contract amidst fierce competition to provide cloud services for the Beijing municipal government.

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During the quarter, revenue from WPS office, net of advertising revenue derived from cooperation with Cheetah Mobile, registered double-digit percentage growth quarter-over-quarter and year-over-year to RMB108.0 million. The Company has been encouraged by the steadily increasing sales contribution from enterprise customers in the traditional WPS PC version. The global MAU of the WPS family reached 167.4 million, among which the mobile MAU of WPS Office totaled 72.3 million, a 22% increase year-over-year. In July, WPS Android was cited by Google Play as a “Top Developer” and “Editor’s Choice”. In September, WPS Android partnered with Huawei and launched its latest edition with other top 100 applications.

“As we continue proactive investments in our core strategies, we have experienced pressure on short-term profits during the past few quarters. We believe 2015 is a year of major strategic expansion for Kingsoft and we are excited with the progress achieved thus far both strategically and operationally. We are striving to maintain the growth momentum and seize opportunities in the mobile Internet and cloud businesses that will come to fruition in the near future.” concluded **Mr. Jun Lei**.

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About Kingsoft Corporation Limited (Stock Code: 3888)

Kingsoft is a leading Chinese software and Internet services company listed on the stock exchange of Hong Kong. It has four subsidiaries including WestHouse, Cheetah Mobile, WPS and Kingsoft Cloud. Following the implementation of its “mobile internet transformation” strategy, Kingsoft has completed the comprehensive transformation of its overall business and management models and formed a strategic platform with interactive entertainment, Internet security and office software as the pillars and cloud computing as the new growth driver and source. The Company has approximately 6,000 staff around the world. It has set up R&D centers and offices in Beijing, Zhuhai, Chengdu, Dalian, Guangzhou and Hong Kong and enjoys a large market share overseas in North America, Europe, Japan and Malaysia. In addition to PC desktop products, the Company has launched mobile products such as Clean Master and mobile WPS Office targeting the mobile Internet market. These products rank number one in their respective categories in the global market.

For more information, please visit www.kingsoft.com

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