KINGSOFT®

KINGSOFT ANNOUNCES 2012 FIRST QUARTER RESULTS

STEADY GROWTH FOR REVENUE AND PROFIT WITH CONTINUED EFFORT TO IMPROVE PRODUCTS AND ENHANCE USER EXPERIENCES
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FINANCIAL HIGHLIGHTS

RMB'000 (unaudited)	For the Three Months Ended				
	March 31 2012	March 31 2011	YoY Change (%)	December 31 2011	QoQ Change (%)
Revenue	**292,585**	231,276	27%	283,558	3%
- Entertainment Software	191,090	163,376	17%	188,812	1%
- Application Software	90,754	67,900	34%	90,752	-
- Others	10,741	-	-	3,994	169%
Gross Profit	**242,931**	198,486	22%	239,914	1%
Profit Attributable to Owners of the Parent	**87,526**	66,894	31%	79,026	11%
Basic Earnings per Share (RMB cents)	**7.68**	5.97	29%	6.93	11%

OPERATIONAL HIGHLIGHTS OF ONLINE GAMES

	For the Three Months Ended		
	March 31 2012	December 31 2011	March 31 2011
- Daily Average Peak Concurrent Users	**631,485**	661,774	684,023
- Monthly Average Paying Users	**1,330,868**	1,326,071	1,258,525
- Monthly Average Revenue per Paying User (RMB)	**47**	47	43

(Hong Kong, 24 May 2012) — **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; SEHK stock code: 03888), a leading entertainment software, Internet security and application software developer, distributor and service provider in the PRC, announced its unaudited first quarter results for the three months ended 31 March 2012.

During the period under review, Kingsoft recorded an increase in both revenue and profit compared with the corresponding period last year. Revenue increased by 27% year-over-year to RMB292.6 million and gross profit increased by 22% year-over-year to RMB242.9 million. Profit attributable to owners of the parent increased by 31% year-over-year to RMB87.5 million. Revenue from the entertainment software business and the application software business represented 65% and 31% respectively of total revenue in the first quarter. As at 31 March 2012, cash and cash equivalent amounted to RMB2.01 billion.

Dr. HongJiang Zhang, Chief Executive Officer, commented, "We are pleased to report a solid first quarter of 2012 with revenue posted a steady growth of 3% quarter-over-quarter and a considerable growth of 27% year-over-year. The Company's operating profit margin continued to improve from 25% in last quarter to 29% this quarter end and our quarterly bottom line also recorded a quarter-over-quarter growth of 18% and year-over-year growth of 32%, respectively."

BUSINESS REVIEW

Entertainment Software Business

Revenue from the entertainment software business in the first quarter increased 17% year-over-year to RMB191 million. The increase was primarily due to the climbing popularity of *JX Online III*. In the first quarter, the existing games continued to show enhanced performance, particularly the Company's major 3D MMO *JX Online III*, which has been ramping up since the launch of the expansion pack *The Grand Master* (一代宗師) in November 2011. The new expansion pack, *Light Up The Fire* (燭火燎天), for *JX Online III* with expanded and fun-to-play dodge features was launched in April 2012, which has stimulated the popularity of the game. Also, the expansion pack *Hedric-Western Dragon* (西域龍魂) for *JX Online World* was launched in March 2012 to retain the existing gamers and attract former players back. New servers of *Legend of Moon* were opened in April and the new game title is now under its last-round unlimited closed beta test.

Internet Security Service and WPS Office Software

In the first quarter, the active users of Kingsoft Internet Security continued to grow, and the advertising revenue from Kingsoft Internet Security was gaining momentum. In May, the first internet browser from Kingsoft, **Cheetah**, was released for beta test. The dual-core internet browser differentiates itself from its competitors by speed, security, and UI design. It integrates both Chrome and IE cores, and for the first time introduces intrusion prevention system supported by the Company's proprietary cloud-based internet security technology. It has received overwhelmingly positive feedbacks since its beta release. The release of the browser will further enrich the product line of Kingsoft and help to cultivate the broad and active user base, and enable the Company to further improve the monetization capability.

During the period under review, revenue from the application software business increased by 34% year-over-year to RMB90.8 million. The increase was primarily driven by the strong sales from **Kingsoft WPS Office**.

The active user base of **Kingsoft WPS Office** continued to expand in the first quarter. Due to the seasonality effect, the top line of **Kingsoft WPS Office** reported quarter-over-quarter decrease of 16% but with year-over-year increase of 190% to RMB41.1 million. The year-over-year growth has demonstrated the strong momentum of **Kingsoft WPS Office**, benefiting from the improved awareness of copyright protection and the continued improvement of **WPS Office** product.

In the past quarter, the Company has announced the establishment of Kingsoft Cloud, a new business division that focuses on providing cloud storage services to consumers and enterprises. This will be a long term investment for Kingsoft. The users of the Company's services have grown to over ten million as we continue to improve our products and user experiences. In February, Kingsoft Japan launched Android pad in the Japanese market and gained positive feedbacks. The company believes this move will be conducive to the expansion of Kingsoft Software's market share in Japan.

Dr. Zhang, Chief Executive Officer of Kingsoft, concluded, "For the latest two quarters, our matured business including online games, anti-virus and WPS have achieved outstanding performance with enhanced user activeness, launch of new versions and upgrades in user interface designs. These products have fully demonstrated the speediness and characteristics of internet based applications. Kingsoft has pushed forward mobile internet applications in all of its product lines and launched the iOS and Android Apps, some of which have made to the top of the user download ranking. This has brought us new development opportunities. The launch of our new internet browser, *Cheetah* would help Kingsoft to complete its product line and cultivate a boarder and more active user base which bring a promising future. Looking forward, we will ensure the development of our matured business while making bold steps forward in developing new businesses in order to prepare ourselves for the new rounds of opportunities brought about by the new trends of mobile internet and cloud computing."

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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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