



KINGSOFT ANNOUNCES 2010 INTERIM RESULTS

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REVENUE INCREASED BY 3% Y-O-Y TO RMB 492 MILLION

FINANCIAL HIGHLIGHTS

(RMB'000)	For the six months ended June 30		Change (%)
	2010	2009	
Revenue	492,012	476,209	3
- Entertainment software	320,666	321,055	0
- Application software	168,137	150,899	11
- Others	3,209	4,255	-25
Gross profit	429,811	417,079	3
Profit for the period	158,018	198,295	-20
Basic EPS (RMB cent)	14.47	18.62	-22

OPERATIONAL HIGHLIGHTS

	For the three months ended		
	June 30, 2010	March 31, 2010	June 30, 2009
Online Games			
Daily Average Peak Concurrent Users ("DAPCU")	819,325	915,212	953,817
Monthly Average Paying Users	1,276,351	1,457,101	1,317,755
Monthly Average Revenue per Paying User (RMB)	41	36	39
Online Services of Internet Securities			
Daily Average Paying Users	7,648,623	8,416,136	8,211,110
Monthly Average Revenue per Paying User (RMB)	2.2	2.0	2.1

(August 25, 2010 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company”; SEHK stock code: 03888), a leading application and entertainment software developer, distributor and service provider in China, announced its unaudited interim results for the six months ended June 30, 2010.

During the period under review, Kingsoft recorded continuous growth in both revenue and gross profit compared with the corresponding period last year. Revenue and gross profit both increased by 3% year-over-year to RMB 492.0 million and RMB 429.8 million, respectively.

BUSINESS REVIEW

Revenue from the entertainment and application software business represented 65% and 34% respectively of the total revenue in the first half of 2010.

Entertainment Software Business

Revenue from the entertainment software business held flat year-over-year to RMB 320.7 million. Daily average peak concurrent users decreased 14% year-over-year to 0.82 million in the second quarter of 2010. Monthly average paying users declined 3% year-over-year to 1.28 million in the second quarter of 2010. The decrease in gamer traffic and paying player base was mainly caused by the underperformance of the Company’s online games in the overseas markets, particularly in Vietnam. The monthly average revenue per paying user (“monthly ARPU”) for the Company’s online games increased 5% year-over-year to RMB 41 in the second quarter of 2010.

The Company has been diligently fulfilling its plan to launch new titles in 2010. The testing for new games has proceeded in line with the Company’s product development schedule. In June, “**Cang Jian Shan Zhuang**”, the new expansion pack for **JX Online III** has been launched. **The Legend of Moon**, the Company’s 2.5D online game, has completed two rounds of closed beta testing. **The First Myth III** is currently in the final round of closed beta testing and is well received by players.

Kingsoft has always valued the cultivation of new generations of users. Since 2010, Kingsoft has implemented various strategies to diversify its user base. Earlier in May, Kingsoft announced an investment in the TV program named after its online game, “**JX — Cang Jian Shan Zhuang**”, with famous artists of EEG, Mr. Nicholas Tse and Ms. Charlene Choi, as the lead actor and actress. In July, Kingsoft collaborated with 7K7K, a leisure online game platform, to jointly operate **CQ**, which allows Kingsoft to explore market of the post-90s. Besides, Kingsoft’s first web-game **Shen Dao Xing 8 Ke**, which is tailor-made for the post-90s, has commenced closed beta testing.

Application Software Business

Revenue from the application software business increased 11% year-over-year to RMB 168.1 million. The increase was primarily attributable to the rapid sales growth of **Kingsoft WPS Office** both in Chinese and Japanese market.

Daily average paying users for online services of **Kingsoft Internet Security** decreased 7% year-over-year to 7.65 million, largely due to the decline in the number of paying users acquired from the original equipment manufacturers. Monthly ARPU for online service of Kingsoft Internet Security business increased 5% year-over-year to RMB 2.2, reflecting the growing proportion of SMS and bank card subscribers with higher monthly ARPU.

The Company has marched a big step forward in expanding its application software business. **WPS Office Japanese Version** has recorded strong growth in sales volume, currently ranks the second in market share, after Microsoft in Japan. In addition, **Kingsoft Office 2010 Traditional Chinese Edition** has been recently launched in Taiwan. The rapid growth of Kingsoft's application software business in Japan has continuously contributed to the increase of Kingsoft's revenue, which shows the market leadership of Kingsoft Office software in Japan and underscores the potential of overseas market.

On the other hand, **WPS Office** has been collectively procured in June by tens of state-owned enterprises (SOEs) including China Southern Power Grid, Angang Steel Group, Baogang Steel Group, China Southern Airlines, etc. The collective purchase shows SOEs' high acceptance of our product and the Kingsoft brand. Enterprise sales also contributed greatly to the increase of the Company's revenue in application software business. To further expand the user group and explore new business opportunities, the Company has started an alpha test on the Internet office automation product of WPS Office—**Kuai Pan**.

OUTLOOK

To remain competitive and achieve higher game success rate, Kingsoft has been undertaking measures to improve studio and game operation efficiency, along with stringent company-wide cost cutting. In the second half year of 2010, the Company plans to launch **the First Myth III**, **DUGUJIUJIAN** and **the Legend of Moon**, a new sequel of JX franchise.

On application software front, **Kingsoft Defender**, the Company's new free-based Internet security suite, has recorded rapid growth since launched on March 6, 2010. Riding on Kingsoft's leading technology and reputation in professional Internet security software, **Kingsoft Defender** will help the Company to capture a larger customer base and to facilitate healthy competition in free anti-virus software market. In addition, the Company is preparing to introduce a number of value-added-services to the new version of **Kingsoft Internet Security** to further enhance user experience.

Mr. Pak Kwan Kau, Chairman and CEO of Kingsoft, said, “In view of weak online game growth in the industry, we are vigilant in monitoring industry trend and strive to achieve game operation efficiency. Meanwhile, we are actively pursuing collaboration with industry players to enlarge our customer base and to add new dimensions to the Kingsoft brand. In the application software business, with better protection of copyright in China, we are confident about the prospects of **WPS Office**. The Company will continue to enrich its product portfolio, strengthen its leading position, and bring rewarding returns to shareholders.”

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Conference Call

Kingsoft will announce its 2010 Second Quarter and Interim Results and host a conference call and live webcast at **7:00pm Hong Kong Time (7:00AM East State Time) on 25 August 2010 (Wed)**. Details are as below:

Speakers: Mr. Pak Kwan KAU, Chairman & Chief Executive Officer
Mr. Kevin WANG, Executive Director & Chief Financial Officer

You may access the teleconference with the following dial in information or webcast link:

Webcast <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=189890&eventID=3280109>
(Live & Replay)

Participant Passcode 49697138

For Hong Kong HK Dial In # +852.3002.1672

For the US US Toll Free Dial In # +1.866.700.7173

US (Int.) Toll Dial In # +1.617.213.8838

Dial in details:

China Toll Free Dial In

For China # 10.800.130.0399 (South China Telecom)

10.800.152.1490 (North China Telecom)

10.800.852.1490 (South China Netcom)

A replay of the conference call can be accessed by dialing US Toll Free Dial In # +1-888-286-8010, US (Int.) Toll Dial In # +1-617-801-6888, passcode is 93196313. The replay will be available from 25 August 2010 10:00 AM EST (25 August 2010 10:00PM HKT), and will be available until 1 September 2010.

About Kingsoft Corporation Limited (Stock Code: 3888)

Kingsoft is a leading developer, distributor and service provider of application and entertainment software in China. Following the commercial launch of its first office application software WPS 1.0 in 1989 and through over 20 years of innovative endeavor, Kingsoft has been widely recognized as a household renowned software brand in China. We have rejuvenated and successfully transited ourselves from the legacy of “the King of package software” to be an internet application based model of Software as a service (SAAS).

Kingsoft’s main business lines are on-line games, internet security and application software. We have built an extensive sales and distribution network through our online and offline distribution channels. We provide 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. Kingsoft is building a converged user platform for its diversified product portfolio and providing a variety of value-add-services.

The mission of Kingsoft is being committed to improving the quality of people's digital lives. With its headquarter located in Beijing; Kingsoft has built a number of R&D centers in Zhuhai, Beijing, Chengdu and Dalian. While leveraging our R&D strength, we have introduced groups of top software and game operation talents to our management team with the aim to better user engagement and improve operation efficiency. Kingsoft will carry on developing new products and expanding its market share in China, while making strong entrance into other overseas markets.

For more information, please visit www.kingsoft.com

For Press Enquiries:

Kingsoft Corporation Limited

Ms. Michelle Feng Harnett
Tel: (86) 10 82325515
Email: ir@kingsoft.com

Ms. Claire Lee
Tel: (86) 10 82334488 – 5850
Email: limiao@kingsoft.com

Strategic Financial Relations (China) Limited

Ms. Nan Dong
Tel: (852) 2864 4811
Email: nan.dong@sprg.com.hk

Ms. Winnie Kwong
Tel: (852) 2864 4839
Email: winnie.kwong@sprg.com.hk