

[For Immediate Release]



**New Games Launches Boost Peak Concurrent Users**  
**2008 1H Profit Up 54%**

**Financial Highlights**

RMB'000	For the 6 months ended June 30		Change (%)
	2008 (unaudited)	2007 (unaudited)	
<b>Revenue</b>	<b>346,806</b>	243,455	+42
- Entertainment software	<b>228,111</b>	178,794	+28
- Applications software	<b>116,274</b>	62,145	+87
- Others	<b>2,421</b>	2,516	-4
<b>Gross profit</b>	<b>297,667</b>	201,799	+48
<b>Profit attributable to equity holders</b>	<b>107,874</b>	70,049	+54
<b>Basic EPS (RMB cent)</b>	<b>10.13</b>	8.13	+25

**Operational Highlights**

For the three months ended	2008 June 30	2008 March 31	2007 December 31
<b>Online Games</b>			
Daily Average Peak Concurrent Users	<b>846,180</b>	633,487	605,569
Monthly Average Paid users	<b>1,036,692</b>	1,093,789	1,001,381
Monthly Average Revenue per Paid Users (RMB)	<b>34</b>	36	37
<b>Online Services of Internet Securities</b>			
Daily Average Paid Users	<b>8,696,519</b>	8,277,873	7,555,280
Monthly Average Revenue per Paid Users (RMB)	<b>1.6</b>	1.4	1.5

(Aug 28, 2008 – Hong Kong) **Kingsoft Corporation Limited** (“Kingsoft” or the “Company”; SEHK stock code: 3888), a leading entertainment and applications software developer, distributor and service provider in China based on market share, announced its interim results for the six months ended June 30, 2008.

Kingsoft recorded satisfactory business growth in the first half compared with the corresponding period last year. Revenue increased by 42% to RMB347 million and the profit attributable to equity holders of the Company increased by 54% to RMB108 million.

Basic earning per share was RMB0.1013. The Board of Directors of the Company does not recommend the payment of any interim dividend.

“Kingsoft has achieved satisfactory results in both of its entertainment software business

and applications software business while making sound progress in tapping into overseas markets. In the first half, the Company continued to allocate considerable resources to develop a stronger research and development (R&D) team. We have established strategic partnerships to launch new products and form joint venture companies, with an aim to enrich our product portfolio, broaden our sales platform and expand our scope of customers. The success of our strategy is reflected in the surge of revenue and profit in the past six months,” said **Mr. Pak Kwan Kau, Chairman and CEO of Kingsoft.**

## **BUSINESS REVIEW**

During the review period, the Company’s two major business segments achieved encouraging performance. Revenue from the entertainment software business and applications software business contributed 66% and 34% of total revenue respectively in the first half.

Revenue from the entertainment software business reached RMB228 million in the first half, representing a 28% year-on-year growth. The introduction of two new major MMORPGs, JX Online World and The First Myth II, brought the daily average peak concurrent users up to 0.85 million in the first half, a 72% raise compared with the corresponding period last year.

The First Myth II, the sequel of the Group’s self-developed MMORPG game, conducted a successful limited close beta testing followed by an unlimited close beta testing and was well-received by the market. Moreover, JX Online World, a sequel of the original JX Online series, carried out an unlimited close beta testing during the period and recorded over 280,000 of peak concurrent users in August 2008. The impressive number is an evidence of its popularity in the market.

In order to expand the online game genre, the Company entered into a seed-investment framework agreement with Lianking, an online game R&D studio in China in April 2008.

The Company’s continuous effort to expand the overseas markets was rewarded. JX Online II was commercially launched in Vietnam in March 2008. JX Online, The First Myth, and JX Online II recorded daily average peak concurrent users of over 350,000 for the three months ended June 30, 2008. To strengthen its penetration in the market, the Company formed a joint venture company, Kim Quang Software and Technology Joint Stock Company, in Hanoi with two Vietnamese parties. Apart from Vietnam, the Company has also tapped into the Thailand market, where Kingsoft launched its first three dimensional first-person shooter game “MAT”.

As for the applications software business, the segment recorded a revenue of RMB116 million, translating into an 87% growth compared with the corresponding period last year. The growth was attributable to the 63% year-over-year increase of subscribers of online services of Kingsoft Internet Security, meaning the daily average paying users jumped from 5.3 million in the second quarter of 2007 to 8.7 million in the second quarter of 2008.

During the period, the Company partnered with Baidu to launch a free internet security service and with Google a free online translation service, the “Google-Kingsoft Ciba”. The partnerships were essential for Kingsoft’s applications software to tap into the web-based service market.

In April 2008, for the second time Kingsoft Internet Security 2008 was awarded the VB100 certificate by Virus Bulletin, the international authority in anti-virus software testing, in recognition of its outstanding protection against viruses.

In sight of the sound potential in internet security services for small and medium enterprises (SMEs), the Company is acquiring Shenzhen Zhaoshangzhuoer Infogate Co., Ltd., an internet security products and services provider in China. The acquisition will build a platform for Kingsoft to access the booming market.

## **OUTLOOK**

**Foreseeable Strong Growth for the Entertainment Software business:** Since JX Online World’s unlimited closed beta testing in June 2008, it has become one of the most successful MMORPGs in China which consolidated the leading position of the JX series in China as well as in South East Asia. Revenue from both JX Online World and The First Myth II will be fully reflected in the third quarter, the segment will make greater contribution to the Company in the second half of 2008.

**Enhance Software Quality to Sustain Growth:** Facing fierce competition in the internet security online service market, some of our peers have employed aggressive price cutting and longer free trial to fight for market share. In combat, Kingsoft will remain committed to the improvement of the technology and quality of its service and products. The strategy will enhance the Company’s competitiveness and sustain its long-term growth. In the second half, Kingsoft will continue to focus resources in its R&D team while expanding its internet service platform to develop a new sales model for its applications software. With this vision, the Company will be able to grasp upcoming opportunities in the future.

**SMEs SaaS (Software As A Service) as Key Growth Driver:** The Company is in progress of acquiring Shenzhen Zhaoshangzhuoer Infogate Co., Ltd., an internet security products and services provider in China, to further its penetration into the booming market of internet security services for SMEs. This business will develop into the key growth driver for the applications software segment in years ahead.

“Backed by an increasing youth population and surging national income per capita, we see well-grounded potential for the development of the entertainment software and applications software business in the time to come. Kingsoft will maintain its strategy to focus its investment in R&D. By doing this, we will be able to cater our customers with diversified products of excellent better qualities, thus grasp the rising opportunities in the booming market.” concluded **Mr. Pak Kwan Kau, Chairman and CEO of Kingsoft.**

## **About Kingsoft**

Following the commercial launch of its first office applications software WPS 1.0 in 1989, Kingsoft Corporation Limited has now become a leading entertainment and applications software developer, distributor and service provider in China, based on market share. The Company leverages its comprehensive software development platform to offer a wide range of innovative entertainment and applications software.

Kingsoft has several well-known products such as WPS Office, Kingsoft PowerWord, Kingsoft Internet Security, and online games such as the JX Series and The First Myth. In addition, the Company sells various products such as Kingsoft Internet Security and Kingsoft PowerWord to retail consumers, corporate organizations and government agencies in China using online and offline distribution channels.

With its headquarters in Beijing, Kingsoft has multiple research and development centers based in Zhuhai, Beijing, Chengdu, Dalian and Shenzhen. The Company's vision is to create world-class software products that run on every computer and our strategy is to enhance our position as a leading entertainment and application software developer, operator and distributor in China and to expand its presence in certain oversea markets.

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