

【For Immediate Release】



KINGSOFT ANNOUNCES 2011 FIRST QUARTER RESULTS

* * *

FINANCIAL HIGHLIGHTS

RMB'000	For the 3 months ended March 31 (Unaudited)		Change (%)
	2011	2010	
Revenue	231,276	245,698	(6)
- Entertainment software	163,376	161,742	1
- Application software	64,297	82,233	(22)
- Others	3,603	1,723	109
Gross profit	198,486	214,931	(8)

OPERATIONAL HIGHLIGHTS

	March 31	December 31	March 31
	2011	2010	2010
Online Games			
- Daily Average Peak Concurrent Users	684,023	771,352	915,212
- Monthly Average Paying Users	1,258,525	1,347,806	1,457,101
- Monthly Average Revenue per Paying User(RMB)	43	41	36
VIP Security Value-added Services			
- Daily Average Paying Users	2,357,540	3,671,877*	8,416,136
- Monthly Average Revenue per Paying Users(RMB)	4.9	3.0	2.0

*A number of subscribers for online services of Kingsoft Internet Security migrated to be fee-based VIP security value-added service subscribers since we announced the offerings of the free edition on November 10, 2010. As a result of that, most of the traditional off-line subscribers and particularly those of OEMs continued to be our users of the free edition. From the fourth quarter of 2010, daily average paying users represent fee-based VIP security value-added service subscribers.

(Hong Kong, 26 May 2011) — **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 March 31, 2011.

During the period under review, Kingsoft recorded decrease in both revenue and profit compared with the corresponding period last year. Revenue decreased by 6% year-over-year to RMB231.3 million and gross profit decreased by 8% year-over-year to RMB198.5 million. Profit attributable to owners of the parent decreased by 25%

Kingsoft Announces 2010 First Quarter Results

May 26, 2011 / P.2

year-over-year to RMB66.9 million. Selling and distribution expenses decreased by 27% year-over-year to RMB19.8 million during the period under review. As at March 31, 2011, cash and cash equivalent amounted to RMB1.68 billion.

BUSINESS REVIEW

Revenue from the entertainment software business and the application software business represented 71% and 28% respectively of total revenue in the first quarter.

Entertainment Software Business

Due to the decrease of revenue from Vietnam, revenue from the entertainment software business slightly decreased by 1% quarter-over-quarter. However, attributable to the steady performance of existing games in Mainland China, the revenue increased year-over-year slightly by 1% to RMB163.4 million. Daily average peak concurrent users decreased by 25% year-over-year to 0.68 million. Monthly average paying users also dropped by 13.6% year-over-year to 1.26 million. The sequential decrease in daily average peak concurrent users and monthly average paying users was mainly due to the underperformance of games in Vietnam. The monthly average revenue per paying user (“monthly ARPU”) for the Company’s online games increased by 5% quarter-over-quarter and 19% year-over-year to RMB 43.

In the second quarter of 2011, the company will launch tests for new games and updated versions of existing games. On May 13, 2011, limited close beta testing for the Legend of Moon, the masterpiece of Westhouse studios, was launched. Rush team (「熱血戰隊」) is targeting to begin unlimited close beta testing on May 31, 2011. Limited close beta testing for Dream Fantasy (「大話紅樓」) is expected to be launched in June. We also released an expansion pack for JX Online III on May 19, 2011. In the later second quarter of 2011, updated versions of JX Online II and JX world, with enhanced contents and features, are expected to be released. We believe all these would support the growth of revenue of online games.

Application Software Business

Revenue from the application software business decreased by 21% quarter-over-quarter and 22% year-over-year to RMB 64.3 million. The decrease from the fourth quarter of 2010 primarily reflected the seasonality of enterprise sales of Kingsoft WPS Office in China. The year-over-year decrease was largely due to the decline in revenue from Kingsoft Internet Security as we launched the free edition in November, 2010. The number of daily average fee-based VIP security value-added service subscribers for online services of Kingsoft

Kingsoft Announces 2010 First Quarter Results

May 26, 2011 / P.3

Internet Security decreased by 72% year-over-year to 2.36 million. The main reason of the decrease is that after the company announced the offerings of the free edition, the paying users from the OEM channel have become users of the free edition. Monthly ARPU for fee-based VIP security value-added services of Kingsoft Internet Security business increased by 145% year-over-year to RMB 4.9.

Kingsoft Internet security continues to expand user base and provide more value-added services, in order to transform more existing and new users to fee-based VIP security value-added service subscribers, allowing a gradual increase of fee-based subscribers. On May 6, 2011, Kingsoft Kuaipan cloud-based storage platform was listed by Zhongguancun Innovation Park Zone as one of nine cloud-based service platforms. On May 11, 2011, Kingsoft Office Android version was released.

OUTLOOK

Mr Pak Kwan Kau, Chairman and Chief Executive Officer of Kingsoft, commented, “Looking ahead, while maintaining a stable user retention rate of our existing games, we are confident that the new games to be introduced will boost the revenue of our entertainment software business. Meanwhile, the strong support from the Central Government towards the software industry would facilitate the growth of our application software business. Since we launched the free version of Kingsoft Internet Security, the number of free service users has increased gradually, which would further boost the number of paid service users. We have implemented our management performance incentive schemes by restructuring the business of Westhouse and issuing new shares to the key management of Kingsoft Internet Security. We believe that the initiatives would enhance the operational efficiency and support the long-term sustainable growth of the Company in the highly competitive internet industry. We will continue to be committed to the product and service innovation, minimising management costs and enhancing operational efficiency through streamlining our organisational structure as well as introducing management talent to strive for better business performance, and maximise shareholders’ returns through a win-win relationship.”

-- END--

Kingsoft Announces 2010 First Quarter Results

May 26, 2011 / P.4

About Kingsoft Corporation Limited (Stock Code: 03888)

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 recognized 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 (SAAS).

Kingsoft’s main business encompasses on-line games, Internet security and application software. We utilize the Internet as an effective and relatively secure channel to market and distribute our products, and have built an extensive sales and distribution network. 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 currently building a converged user platform for its diversified product portfolio and providing a variety of value-added services. The Company distributes certain entertainment software products in Vietnam, Taiwan, Malaysia, Thailand, Cambodia and the U.S., as well as certain Internet security and application software products in Japan, Hong Kong, Macau, Thailand and Vietnam.

Headquartered in Beijing, Kingsoft has R&D centers in Chengdu, Dalian, Zhuhai and Beijing. 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 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](mailto:ir@kingsoft.com)

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

Strategic Financial Relations (China) Limited

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

Ms. Marcus Keung
Tel: (852) 2114 4967
[Email: marcus.keung@sprg.com.hk](mailto:marcus.keung@sprg.com.hk)