

2Q 2016 Conference Call Script

[[Jay Chang]]

Thank you operator.

"This conference call may contain forward-looking statements. Although such statements are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on them. For additional discussion of risks and uncertainties relating to forward looking statements and other factors, please see the documents we file from time to time with the Securities and Exchange Commission. We assume no obligation to update any forward-looking statements, which apply only as of the date of this conference call."

Thank you for your interest in KongZhong.

2Q16 Review

Total revenues for the second quarter of 2016 were US\$ 46.35 mn, a 9.90% decrease from the first quarter of 2016 and a 2.52% decrease from the same period last year.

Total gross profit was US\$ 22.67 mn, a 2.60% increase from the first quarter of 2016.

Net income was US\$3.39 mn, with diluted net income per ADS of US\$ 0.07.

Non-GAAP net income was US\$ 8.21 mn, a 22.11% increase from the first quarter of 2016 and a 46.16% increase from the same period last year, with Non-GAAP diluted net income per ADS of US\$ 0.17

As of June 30th 2016, the Company had US\$ 158.82 mn in cash and cash equivalents, term deposits, held-to-maturity securities, available-for-sale securities and restricted cash or US\$ 3.37 per ADS in cash and cash equivalents

The Company will continue to concentrate its efforts in Internet Games and Mobile games around its War Saga game platform, China's leading military genre online game platform. The Company plans to test and release additional mobile and PC games around the War Saga theme in 2016.

Internet Games

Internet Game revenues were US\$ 32.93 mn in the second quarter of 2016, an 11.04% decrease from the first quarter of 2016 but a 34.62% increase from the same period last year.

2Q16, mainland China online game operations achieved average “MAUs” of 2.41 mn and aggregated monthly paying accounts of 389k with monthly “ARPU” of 181 RMB.

Internet game revenues made up 71.1% of total revenues in the second quarter of 2016.

Internet game gross profit was US\$ 18.88 mn, where other than the effect of impairment loss on intangible assets, Non-GAAP gross profit was US\$ 19.11 mn, a 0.49% decrease from gross profits in the first quarter of 2016 but a 61.63% increase from Non-GAAP gross profit in the same period last year.

Non-GAAP Internet game gross margin was 58.0% compared to 51.9% in the first quarter of 2016.

Mobile Games

Total mobile game revenues were US\$ 5.43 mn, a 20.69% increase from the first quarter of 2016 but a 42.41% decrease from the same period last year. The increase in mobile game revenues was due to the newly launched mobile games in the Chinese domestic market and overseas.

Total mobile game revenues made up 11.7% of total revenues in the second quarter of 2016.

Mobile games gross profit was US\$ 2.30 mn, a 460.24% increase from the first quarter of 2016 but a 48.76% decrease from the same period last year. 2Q16 gross profit returned to normal operating levels compared to 1Q16 which included recognition of prior prepaid license fees for offline mobile games.

Mobile games gross margin was 42.3% compared to 9.1% in the first quarter of 2016.

WVAS

WVAS revenues were US\$ 7.99mn, a 19.54% decrease from the first quarter of 2016 and a 41.50% decrease from the same period of last year.

WVAS made up 17.2% of total revenues in the second quarter of 2016.

WVAS gross profit was US\$1.50 mn, a 39.69% decrease from the first quarter of 2016 and a 58.56% decrease from the same period last year.

WVAS gross margin was 18.8% compared to 25.0% in the first quarter of 2016.

Total operating expenses in the second quarter of 2016 were US\$18.68 mn compared to US\$17.48 mn in the first quarter of 2016, although 2Q16 operating expenses included an impairment amount of US\$1.72 mn related to prepaid license fees for games which we expect to not be launched.

Product development expenses in the second quarter of 2016 were US\$ 5.61 mn compared to US\$ 6.16 mn in the first quarter of 2016.

Sales and marketing expenses in the second quarter of 2016 were US\$ 9.12 mn compared to US\$9.07 mn in the first quarter of 2016.

General and administrative expenses in the second quarter of 2016 were US\$2.23 mn compared to US\$2.25 mn in the first quarter of 2016.

The Company's total headcount in the second quarter of 2016 was 822 staff compared to 789 staff at the end of the first quarter of 2016.

Thank you for your continued interest in KZ and we look forward to speaking to you in the near future.