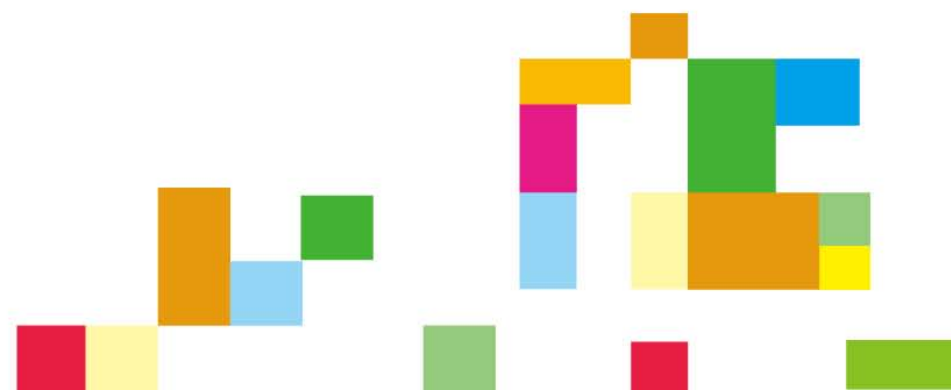




KongZhong Corporation (NASDAQ: KONG) Emerging Leader in Internet & Mobile Games

February 25th 2014
4Q 2013 and Full year 2013 Results Presentation



Safe Harbor Statement



This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, without limitation, statements regarding trends in the wireless value-added services, wireless media, mobile games and online games industries and our future results of operations, financial condition and business prospects. 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. These statements involve risks and uncertainties, and actual market trends and our results may differ materially from those expressed or implied in these forward looking statements for a variety of reasons. Potential risks and uncertainties include, but are not limited to, continued competitive pressure in China’s wireless value-added services, wireless media, mobile games and online games industries and the effect of such pressure on revenues; our ability to develop new products that are commercially successful; unpredictable changes in technology, consumer demand and usage preferences in the markets we operate; our ability to protect our intellectual property rights; the short operating history of certain of our business segments, in particular the online games segment; the state of and any change in our relationship with China’s telecommunications operators; our dependence on the billing systems of telecommunications operators for our performance; the outcome of our investment of operating income generated from the WVAS segment into the development of our wireless Internet, mobile games and online games segments; changes in the regulations or policies of the Ministry of Industry and Information Technology and other government authorities relevant to our businesses; and changes in political, economic, legal and social conditions in China, including the Chinese government’s policies with respect to economic growth, foreign exchange, foreign investment and entry by foreign companies into China’s telecommunications and online games markets. For additional discussion of these risks and uncertainties 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 press release.



4Q 2013 Results Overview



- Total 4Q13 revenues of US\$ 43.84 mn, a 0.6% decrease from 3Q13 but a 2.8% increase from the same period last year.
- 4Q13 Non-GAAP net income was US\$ 10.65 mn, a record high for the Company
- As of December 31st, 2013, the Company had US\$ 216.61 mn in cash and cash equivalents, term deposits, held-to-maturity securities and restricted cash or US\$ 4.78 per ADS.
- On January 31st 2014, we announced a RMB 100.0 mn (equivalent to roughly US\$ 16.5 mn at current exchange rates) strategic investment in Ourgame (aka Lian Zhong). Ourgame is one of the earliest and most popular providers of Internet-based and mobile casual board and card games in China.
- Preparing to launch Guild Wars 2 and World of Warplanes in 2014



Business Outlook (For the 3-month period ending March 31, 2014):

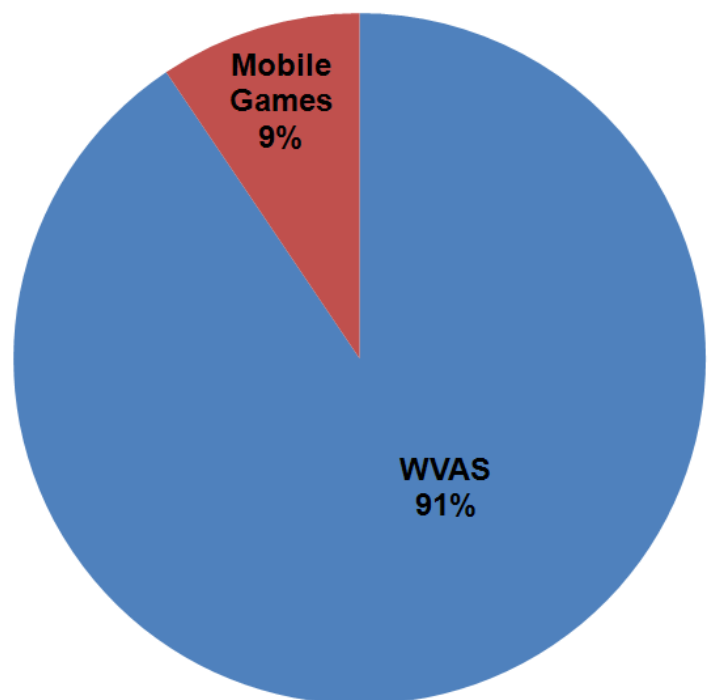
- The Company expects total revenues for 1Q14 to be within the range of US\$ 45.5 mn to US\$ 46.5 mn, with business unit revenues at the mid-point expected to roughly consist of:
 - WVAS revenues of US\$ 13.5 mn;
 - Mobile game revenues of US\$ 8.5 mn
 - Net Game revenues of US\$ 24.0 mn.
- The Company expects total gross profit to be within the range of US\$ 22.5 mn to US\$ 23.5 mn, net profit to be US\$ 9.5 mn to US\$ 10.5 mn, and Non-GAAP net profit is expected to be US\$ 10.5 mn to US\$ 11.5 mn.



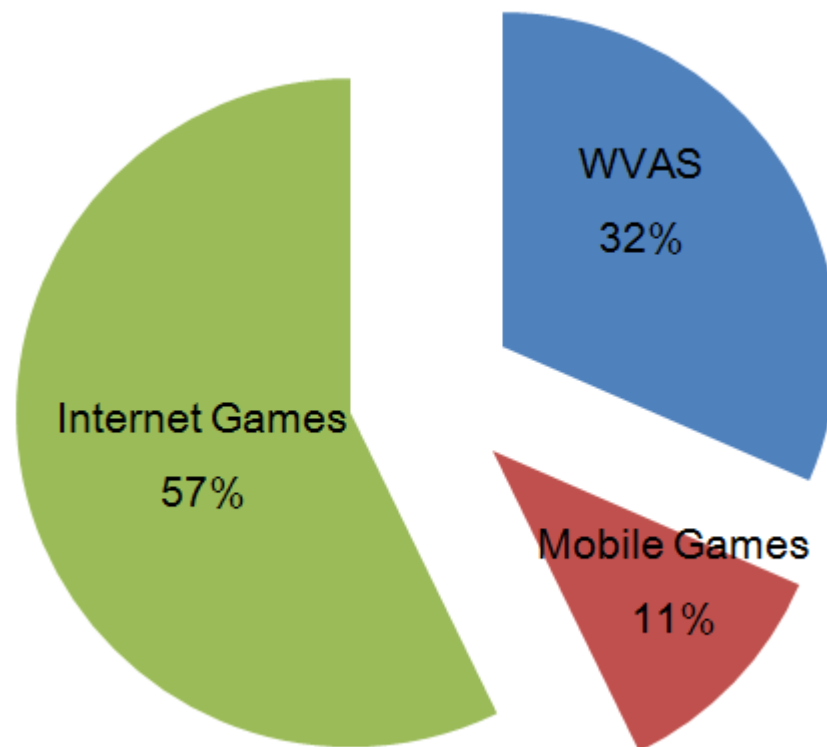
From WVAS to Internet / Smartphone Games



3Q08 Revenue Mix

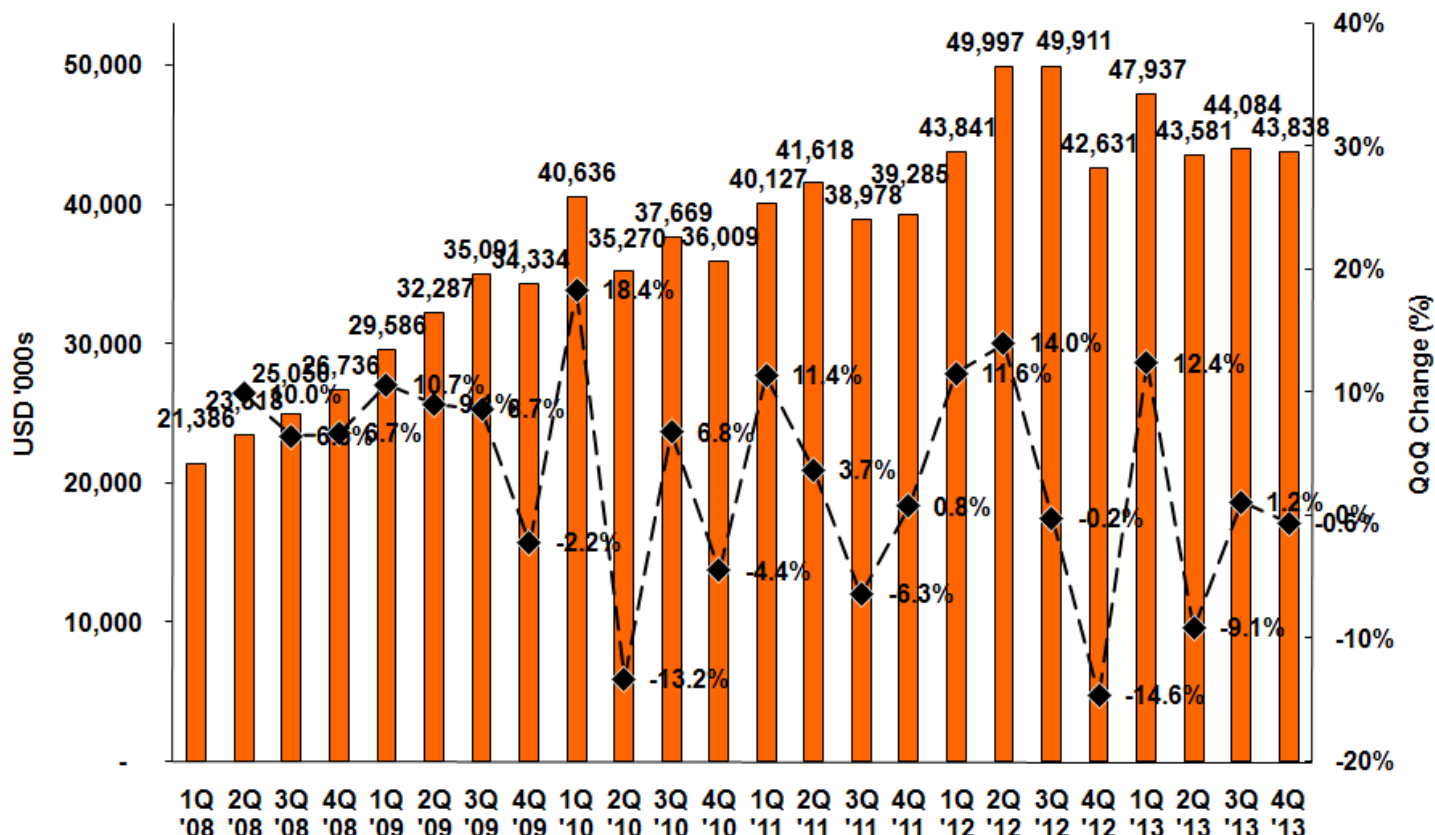


4Q13 Revenue Mix



4Q13 Total Revenues

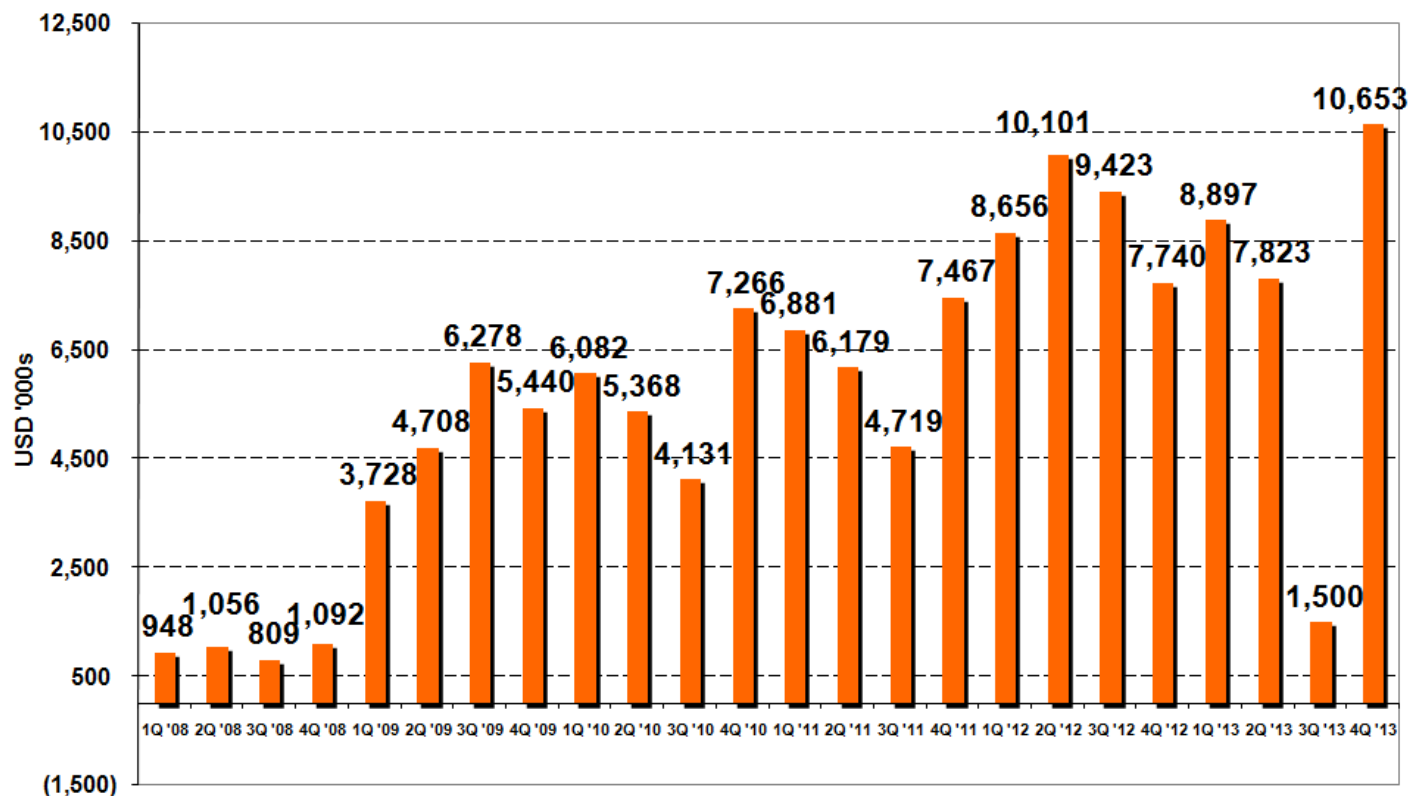
- Total revenues in 4Q13 US\$ 43.838 mn
- 1Q14 revenue guidance of US\$ 45.5 mn to US\$ 46.5 mn driven by smartphone games growth.



4Q13 Non-GAAP Net Profit



- 4Q13 Non-GAAP NPAT US\$ 10.653 mn
- Expect Non-GAAP NPAT in 1Q14 US\$ 10.5 mn to US\$ 11.5 mn

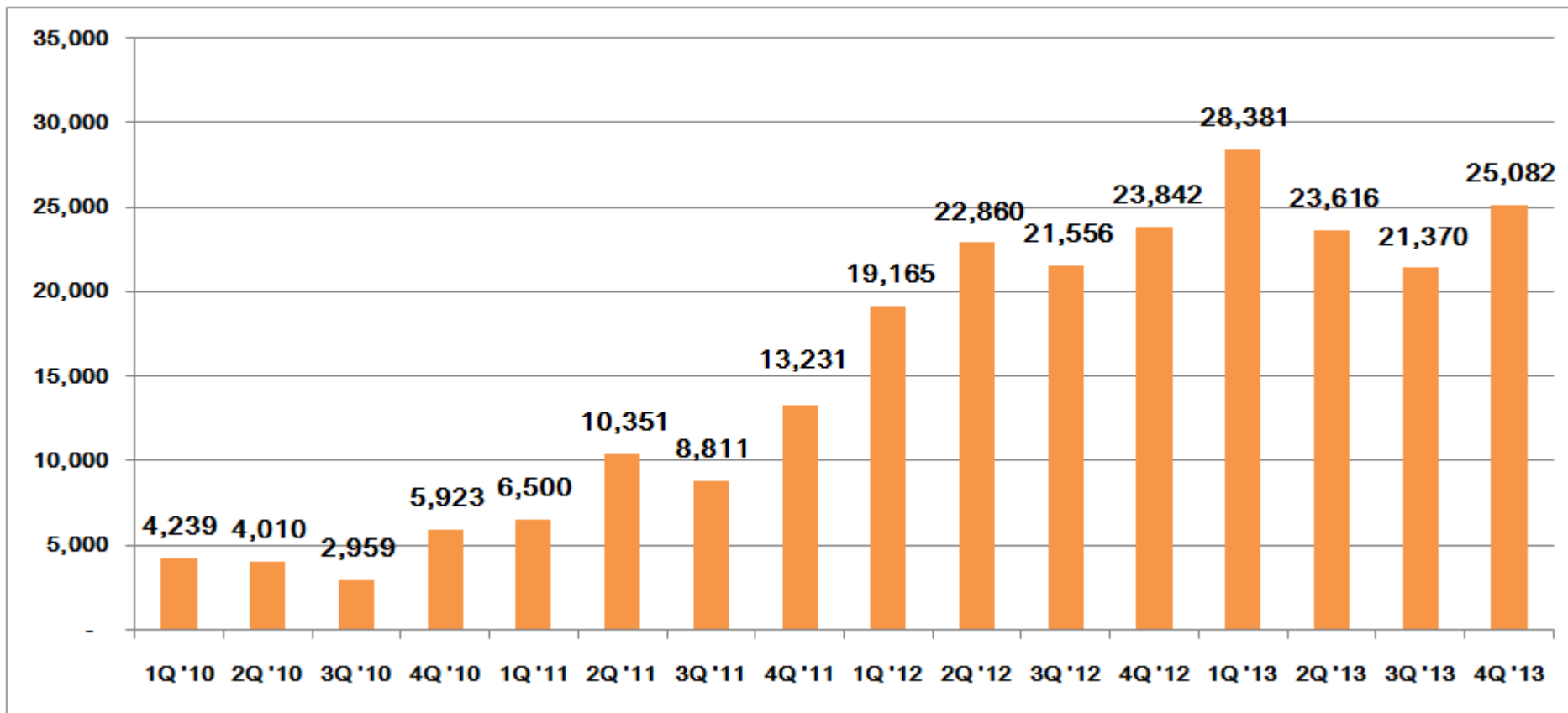


- Non-GAAP Financial Measures are described and reconciled to the corresponding GAAP measures in the section titled “Non-GAAP Financial Measures” in our corresponding financial reports / earnings releases

4Q13 Net Game Overview

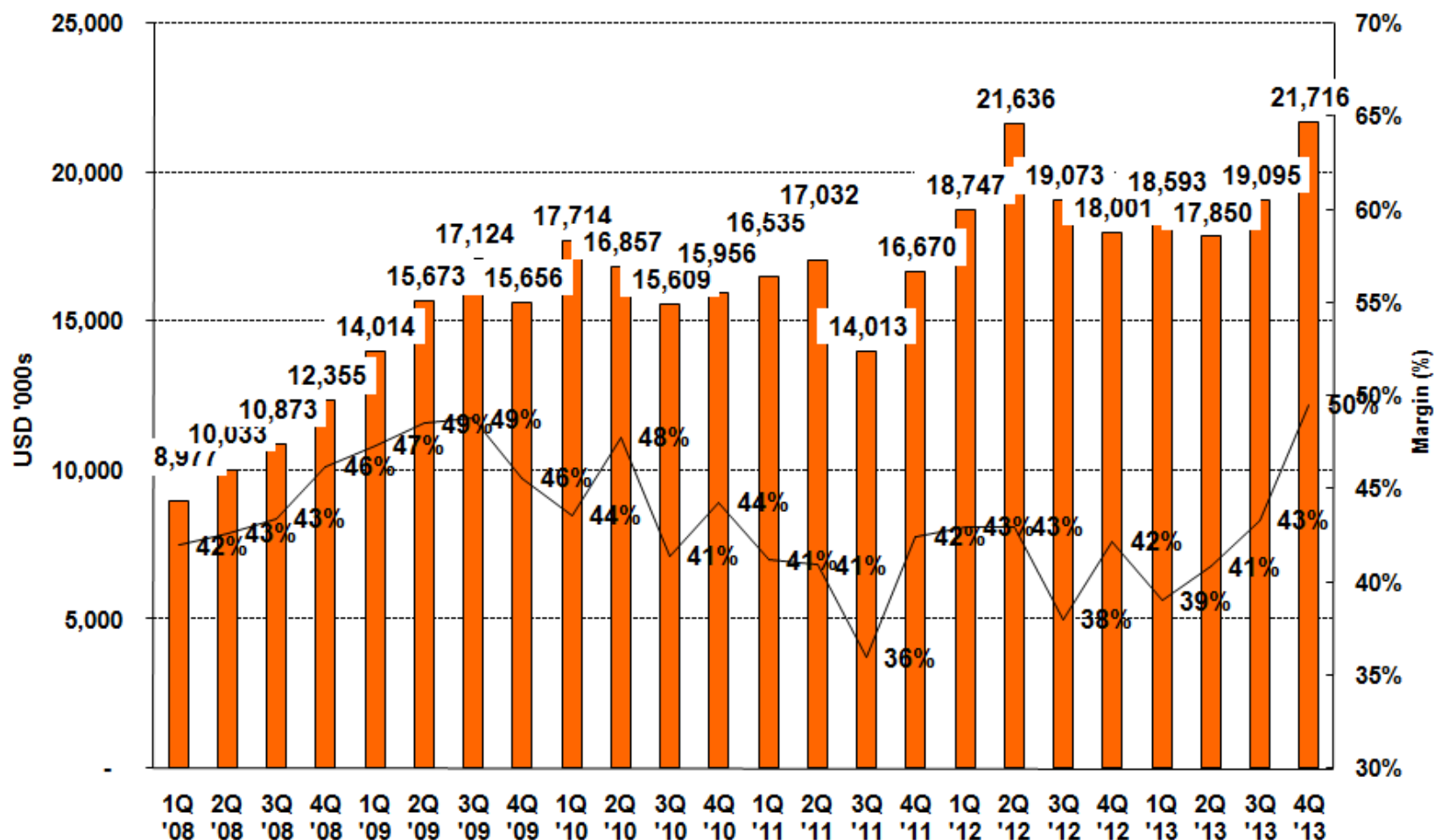


- 4Q13 rebound in WoT revenues driven by 3Q13 marketing activities and release of new WoT content patches in 4Q13



In USD '000s

4Q13 Gross Profit

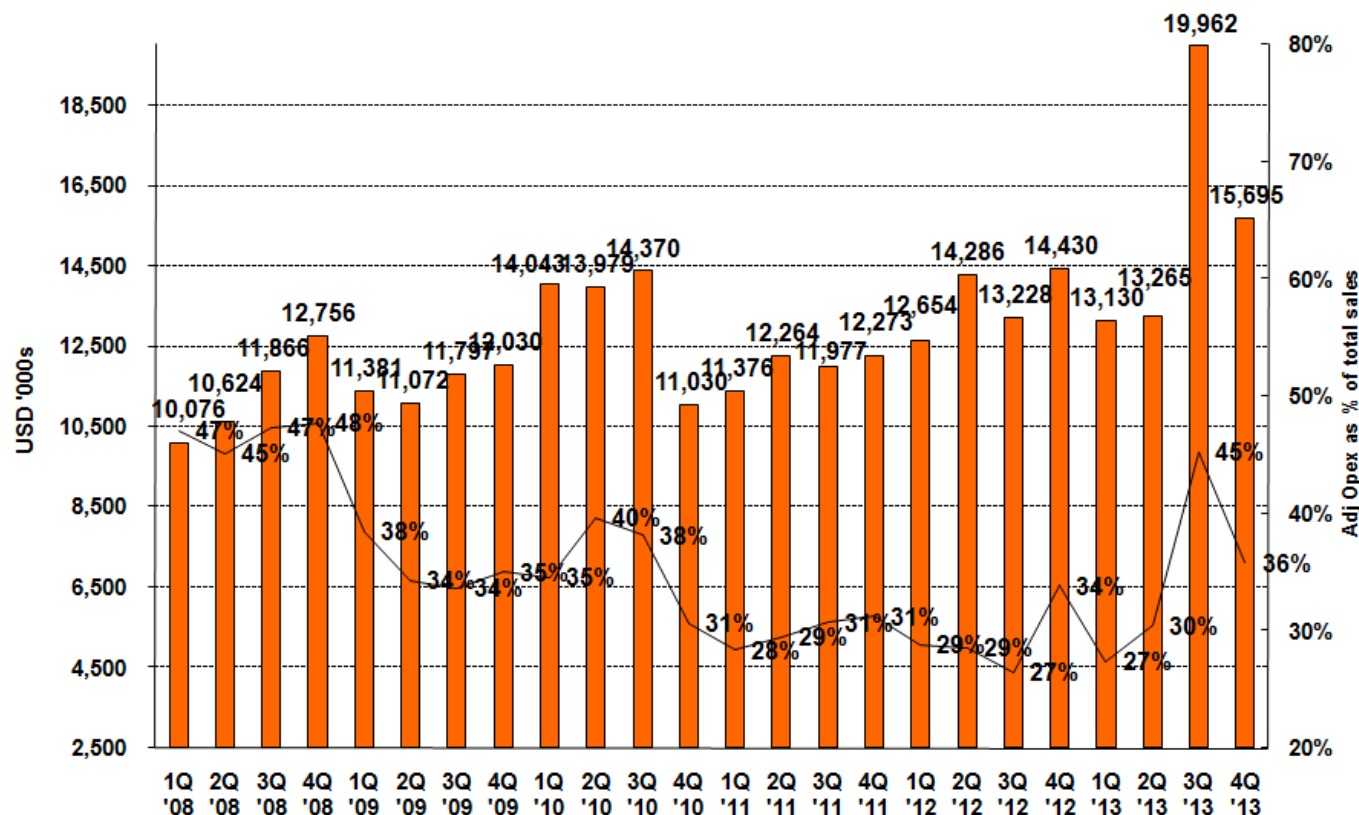


• Non-GAAP Financial Measures are described and reconciled to the corresponding GAAP measures in the section titled “Non-GAAP Financial Measures” in our corresponding financial reports / earnings releases

4Q13 Operating Expenses



- Sharp jump in 3Q marketing expenses focused on (a) new user acquisition for smartphone games (b) new users and branding for WoT and (c) overall branding for KONG games
- 4Q13 marketing levels moderated from 3Q13 levels



• Non-GAAP Financial Measures are described and reconciled to the corresponding GAAP measures in the section titled "Non-GAAP Financial Measures" in our corresponding financial reports / earnings releases

Internet Games



2014 Internet Game Pipeline



新流星搜剑录



4Q13 Internet Game Metrics



	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	3-mths	QoQ	YoY
US\$ '000s	1Q '10	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11	3Q '11	4Q '11	1Q '12	2Q '12	3Q '12	4Q '12	1Q '13	2Q '13	3Q '13	4Q '13	Chg (%)	Chg (%)
NET Game Revs	4,239	4,011	2,959	5,922	6,500	10,351	8,811	13,231	19,165	22,860	21,556	23,842	28,381	23,616	21,370	25,082	17%	5%
Overseas -%	7%	37%	18%	39%	23%	20%	12%	7%	6%	9%	6%	4%	2%	2%	3%	3%		
Net Game % of tll revs	10%	11%	8%	16%	16%	25%	23%	34%	44%	46%	43%	56%	59%	54%	48%	57%		
ACUs ('000s)	77	75	69	81	66	157	157	194	228	302	286	300	364	377	399	467	17%	56%
APAs ('000s)	185	115	69	120	218	445	450	570	744	821	781	832	950	838	763	774	1%	-7%
ARPU (RMB) - qtr	172	149	240	204	150	121	111	137	153	161	165	173	184	172	168	192	14%	11%
China operations revs	3,925	2,524	2,435	3,620	4,980	8,289	7,776	12,294	18,108	20,912	20,323	22,855	27,811	23,152	20,780	24,224	17%	6%
Overseas revs	314	1,487	524	2,302	1,520	2,062	1,035	937	1,057	1,949	1,233	987	570	464	590	858	45%	-13%

- 4Q13 rebound in WoT revenues and user engagement driven by 3Q13 marketing activities and release of new WoT content patches in 4Q13



• Note: 1Q11 figures only include WoT ACU / APA as of March 2011

World of Tanks – Team-based MMO Game

- Commercialized March 15th 2011
- Working closely with Wargaming to deploy new and timely content to WoT China users
- Continue to build up loyal WoT community while developing Net Café and e-sports



Strategic Partnership with Wargaming.net



- On May 14th 2012, announced strategic partnership with Wargaming.net, developer of World of Tanks
- World of Tanks – Extended initial 3-year agreement into no time limited, long-term operating rights
- World of Warplanes – Signed exclusive and long-term rights for China
- World of Warships-- Signed exclusive and long-term rights for China
- Future Wargaming.net games (including mobile games) – Right of first offer for mainland China



World of Warplanes – WoT in the sky!

- CBT in 2014
- World of Warplanes is an action MMO game dedicated to the golden era of military aviation. The new project will continue the "war saga" launched by its predecessor, the legendary World of Tanks, and will open up the skies for those wishing to dominate the air.



Exclusive for Mainland China



Time Magazine's Game of 2012



Auto Club Revolution – Under Development



- ACR - The First Free-to-Play Simulated Online Car Racing Game in China
- Eutechnyx is the world's leading independent racing game developer & publisher
- CBT in 2014



- 3D Martial Arts
“Wu Xia” MOBA
game
- KONG self-
developed by
experienced Xbox
development team
in Shanghai
- Beta testing to
begin in 2013 and
into 2014

新流星搜剑录



Blitzkrieg 3 – Under Development



- New genre of RTS / MOBA from Nival Games (Russian), developer of famous Blitzkrieg series.
- CBT in 2014



Smartphone Games



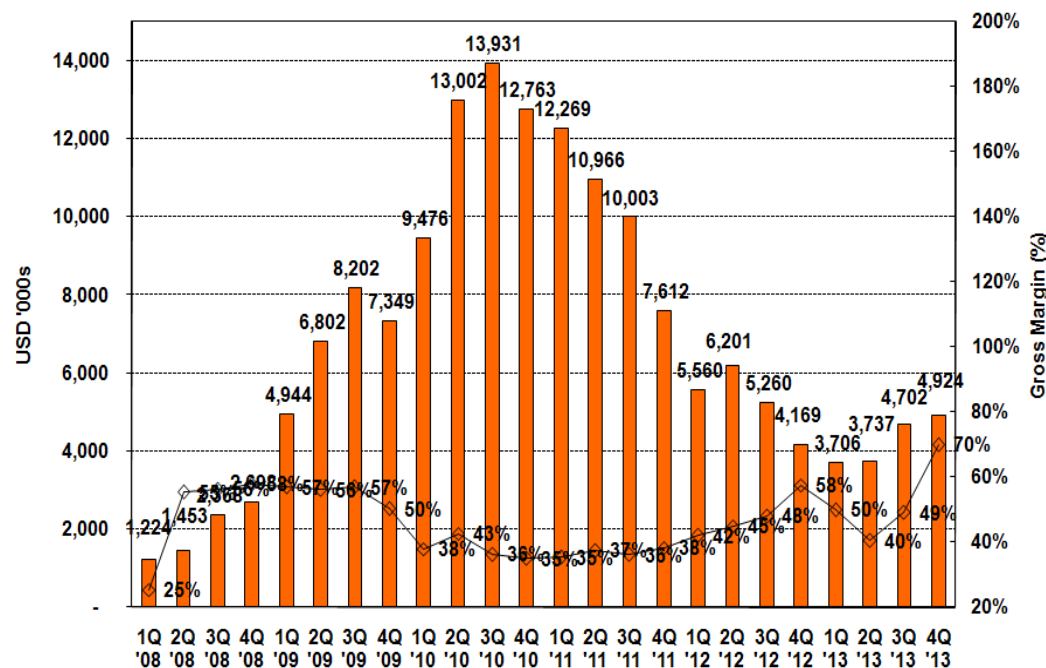
Mobile Games – Pivoting to Smartphone



Mobile Games	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013	QoQ %	Mix (%)
Featurephone	3,483	2,125	2,363	2,848	3,209	1,812	-44%	37%
Smartphone	1,778	2,043	1,343	889	1,493	3,112	108%	63%
Total	5,261	4,169	3,706	3,736	4,702	4,924	5%	

1Q14 guidance:

- US\$ 8.5 mn for mobile games



3Q /4Q Smartphone Games Line-up (1)



大领主 (Pocket Lord)

Type: **RPG**

Dev team size: **15-20**

Time under development: **6+ months**



口袋战争 (Pocket Fort)

Type: **SLG**

Dev team size: **25-30**

Time under development: **6+ months**



3Q /4Q Smartphone Games Line-up (2)



三国群英OL (Three Kingdom Generals)

Type: **SLG**

Dev team size: **15-20**

Time under development: **9+ months**



搞怪三国 (Kooky Three Kingdoms))

Type: **Online RPG**

Dev team size: **25-30**

Time under development: **9+ months**



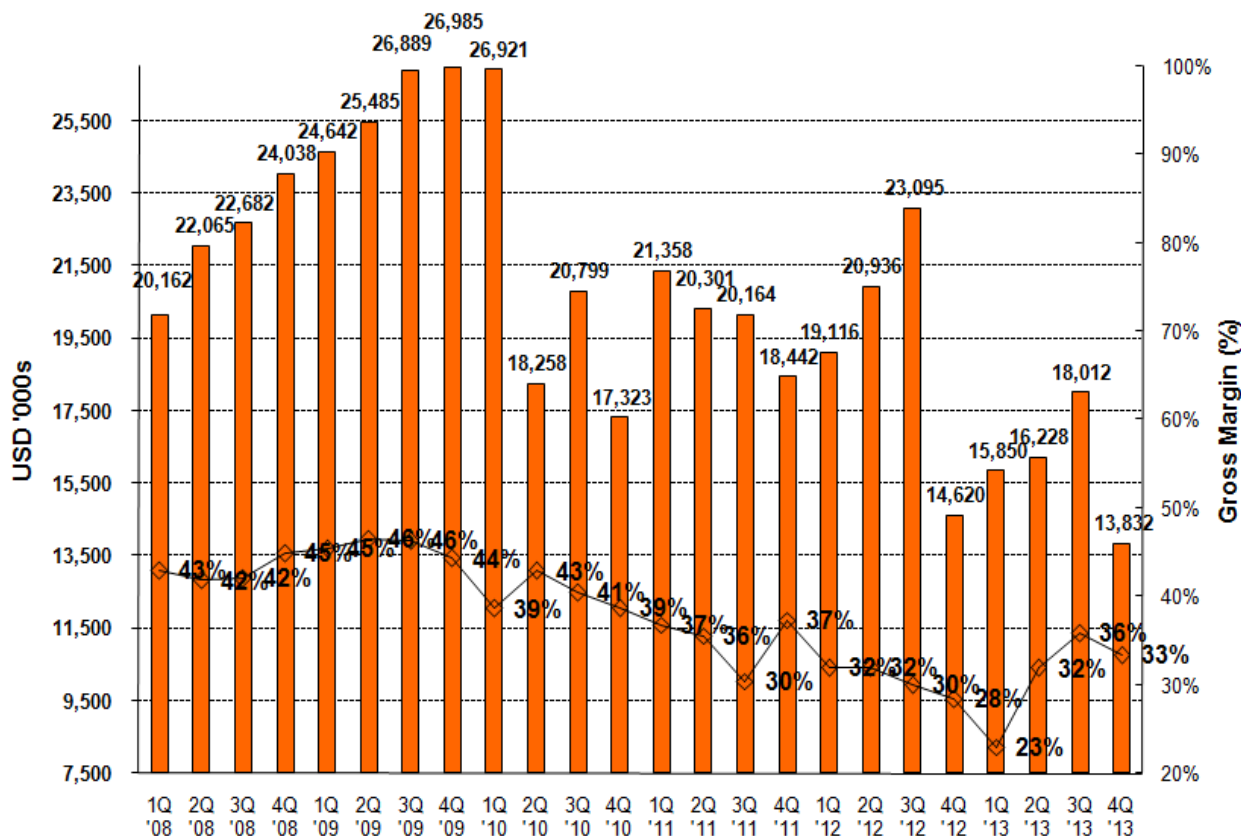
WVAS



WVAS: Remains difficult – Focus on cashflow



- New mobile operator policies were introduced in 4Q09 / 1Q10 with first full qtr impact in 2Q10
- Expect WVAS policy environment to remain difficult
- KONG strategy is to organically grow our Internet game business to be less dependent on WVAS
- **1Q14 WVAS revenue guidance US\$ 13.5 mn**
- We expect 2014 WVAS to be relatively stable compared to 2013



Company Guidance - 1Q 2014



Business Outlook (For the 3-month period ending March 31, 2014):

- The Company expects total revenues for 1Q14 to be within the range of US\$ 45.5 mn to US\$ 46.5 mn, with business unit revenues at the mid-point expected to roughly consist of:
 - WVAS revenues of US\$ 13.5 mn;
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Company Financials



Key Business Segments



in US\$ '000s	3-mths 1Q '11	3-mths 2Q '11	3-mths 3Q '11	3-mths 4Q '11	3-mths 1Q '12	3-mths 2Q '12	3-mths 3Q '12	3-mths 4Q '12	3-mths 1Q '13	3-mths 2Q '13	3-mths 3Q '13	3-mths 4Q '13	QoQ (%)	YoY (%)
Revenues	40,127	41,618	38,978	39,285	43,841	49,997	49,911	42,631	47,937	43,581	44,084	43,838	-0.6%	2.8%
WVAS	21,358	20,301	20,164	18,442	19,116	20,936	23,095	14,620	15,850	16,228	18,012	13,832	-23.2%	-5.4%
Mobile Games	12,269	10,966	10,003	7,612	5,560	6,201	5,260	4,169	3,706	3,737	4,702	4,924	4.7%	18.1%
Net Games	6,500	10,351	8,811	13,231	19,165	22,860	21,556	23,842	28,381	23,616	21,370	25,082	17.4%	5.2%
Sales tax	839	986	941	1,062	1,381	1,539	1,461	1,412	1,822	1,582	1,506	876		
WVAS	381	370	367	272	277	303	294	178	211	204	278	276		
Mobile Games	178	166	154	124	86	66	38	30	41	41	37	42		
Net Games	280	450	420	666	1,018	1,170	1,129	1,204	1,570	1,337	1,191	558		
Gross Profit	16,535	17,032	14,013	16,670	18,747	21,636	19,073	18,001	18,593	17,850	19,095	21,716	13.7%	20.6%
WVAS	7,866	7,224	6,132	6,894	6,140	6,781	6,982	4,156	3,615	5,176	6,457	4,619	-28.5%	11.1%
Mobile Games	4,331	4,106	3,620	2,923	2,341	2,763	2,530	2,402	1,862	1,510	2,310	3,446	49.2%	43.5%
Net Games	4,338	5,702	4,261	6,853	10,266	12,092	9,561	11,443	13,116	11,164	10,328	13,651	32.2%	19.3%
Gross Margin (%)	41%	41%	36%	42%	43%	43%	38%	42%	39%	41%	43%	50%		
WVAS	37%	36%	30%	37%	32%	32%	30%	28%	23%	32%	36%	33%		
Mobile Games	35%	37%	36%	38%	42.1%	45%	48%	58%	50%	40%	49%	70%		
Net Games	67%	55%	48%	52%	53.6%	53%	44%	48%	46%	47%	48%	54%		
Revenue Mix (%)														
WVAS	53%	49%	52%	47%	44%	42%	46%	34%	33%	37%	41%	32%		
Mobile Games	31%	26%	26%	19%	13%	12%	11%	10%	8%	9%	11%	11%		
Net Games	16%	25%	23%	34%	44%	46%	43%	56%	59%	54%	48%	57%		



Income Statement



in US\$ '000s	3-mths 1Q '11	3-mths 2Q '11	3-mths 3Q '11	3-mths 4Q '11	3-mths 1Q '12	3-mths 2Q '12	3-mths 3Q '12	3-mths 4Q '12	3-mths 1Q '13	3-mths 2Q '13	3-mths 3Q '13	3-mths 4Q '13
Revenues	40,127	41,618	38,978	39,285	43,841	49,997	49,911	42,631	47,937	43,581	44,084	43,838
Cost of revenues	22,753	23,600	24,024	21,553	23,713	26,822	29,377	23,218	27,522	24,149	23,483	21,246
Sales tax	839	986	941	1,062	1,381	1,539	1,461	1,412	1,822	1,582	1,506	876
Gross profit	16,535	17,032	14,013	16,670	18,747	21,636	19,073	18,001	18,593	17,850	19,095	21,716
Gross margin (%)	41%	41%	36%	42%	43%	43%	38%	42%	39%	41%	43%	50%
Operating expenses												
Product development	3,606	3,952	3,960	3,899	4,080	4,424	4,554	5,325	6,136	6,455	6,991	6,819
Sales and marketing	4,831	5,351	5,074	5,636	5,712	7,147	5,802	5,926	4,568	4,644	10,942	6,520
General & administrative	2,939	2,961	2,943	2,738	2,862	2,715	2,872	3,179	2,426	2,166	2,029	2,356
Goodwill impairment/intangibles	-	-	20,259	-	-	-	-	-	-	-	-	-
Total operating expenses	11,376	12,264	32,236	12,273	12,654	14,286	13,228	14,430	13,130	13,265	19,962	15,695
Govt subsidy	-	-	-	-	-	159	-	143	153	652	-	1,371
Operating profit / (loss)	5,159	4,768	(18,223)	4,397	6,093	7,509	5,845	3,714	5,616	5,237	(867)	10,310
Operating margin (%)	12.9%	11.5%	-46.8%	11.2%	13.9%	15.0%	11.7%	8.7%	11.7%	12.0%	-2.0%	23.5%
Income (loss) before tax exp	611	5,275	(16,855)	6,452	7,895	9,051	7,116	5,170	7,019	6,703	(2,658)	10,310
Income tax expense	1,067	885	402	784	1,037	1,159	896	400	214	191	23	284
Net income (loss)	(456)	4,390	(17,257)	5,668	6,858	7,892	6,220	4,770	6,805	6,512	(2,681)	10,026
Diluted earnings/(loss) per ADS	\$ (0.01)	\$ 0.11	\$ (0.41)	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.14	\$ 0.11	\$ 0.16	\$ 0.15	\$ (0.06)	\$ 0.22
ADS diluted (mn)	37.58	42.54	41.18	41.57	41.91	43.87	43.82	42.43	41.85	42.96	43.50	46.85
Net margin (%)	-1.1%	10.5%	-44.3%	14.4%	15.6%	15.8%	12.5%	11.2%	14.2%	14.9%	-6.1%	22.9%

- Cash and cash equivalents, held-to-maturity securities and restricted cash as of December 31st 2013 = US\$ 216.61 mn or US\$ 4.78 per ADS
- For our full financial statements, please see our filings with the SEC



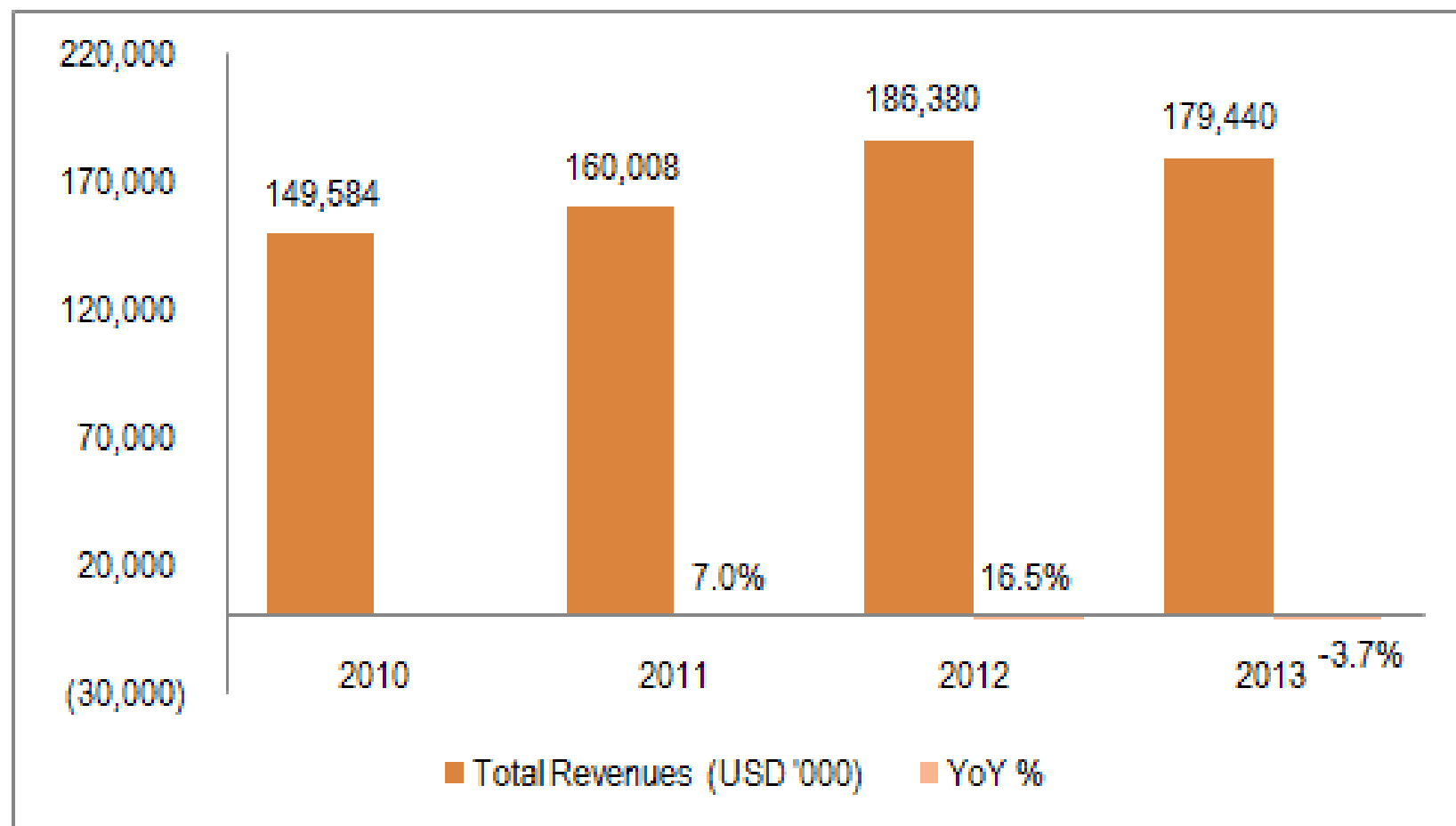
Non-GAAP Net Income



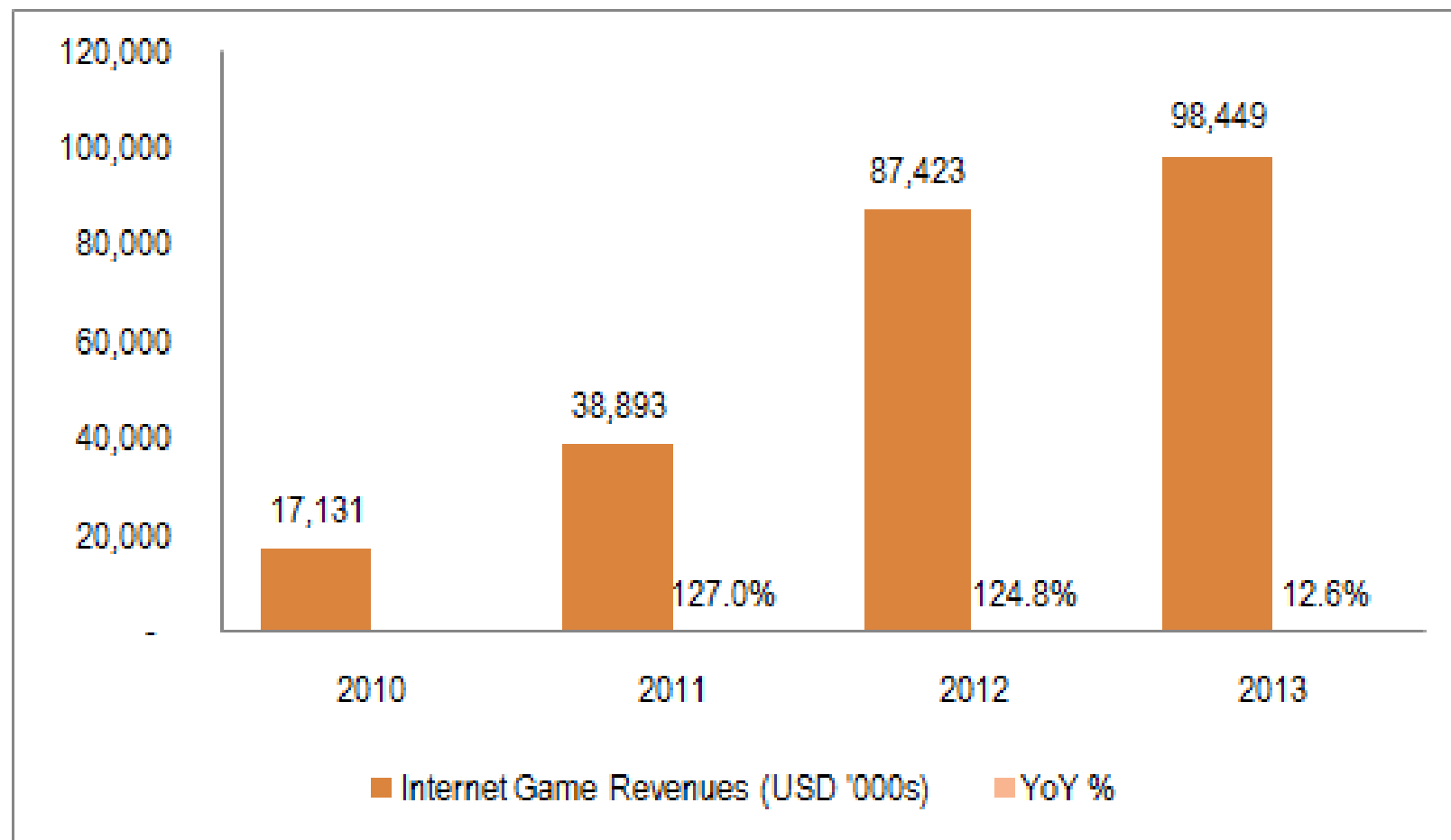
in US\$ '000s	3-mths 1Q '11	3-mths 2Q '11	3-mths 3Q '11	3-mths 4Q '11	3-mths 1Q '12	3-mths 2Q '12	3-mths 3Q '12	3-mths 4Q '12	3-mths 1Q '13	3-mths 2Q '13	3-mths 3Q '13	3-mths 4Q '13
GAAP Net income / (loss)	(456)	4,390	(17,257)	5,668	6,858	7,892	6,220	4,770	6,805	6,512	(2,681)	10,026
Share-based comp	1,191	1,117	1,097	1,174	1,150	1,150	1,143	1,022	556	444	284	290
Financial exp on conv notes	230	82	88	88	63	-	-	-	-	-	-	-
Amortisation of Intangibles	619	590	532	537	585	1,059	2,010	1,798	1,386	717	185	187
Impairments of goodwill/intangibles	-	-	20,259	-	-	-	-	-	-	-	3,562	-
Change of contingent payable	-	-	-	-	-	-	-	-	-	-	-	-
Investment impairments loss	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of contingent payable	3,730	-	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment	1,567	-	-	-	-	-	-	-	-	-	-	-
Imputed interest in LT payables	-	-	-	-	-	-	50	150	150	150	150	150
Non-GAAP Net Income	6,881	6,179	4,719	7,467	8,656	10,101	9,423	7,740	8,897	7,823	1,500	10,653
Non-GAAP Income per ADS	\$ 0.17	\$ 0.14	\$ 0.11	\$ 0.18	\$ 0.21	\$ 0.23	\$ 0.21	\$ 0.18	\$ 0.21	\$ 0.18	\$ 0.03	\$ 0.23
ADS mn	40.9	43.1	42.1	42.2	41.9	43.9	44.0	42.4	41.9	43.0	43.5	46.9



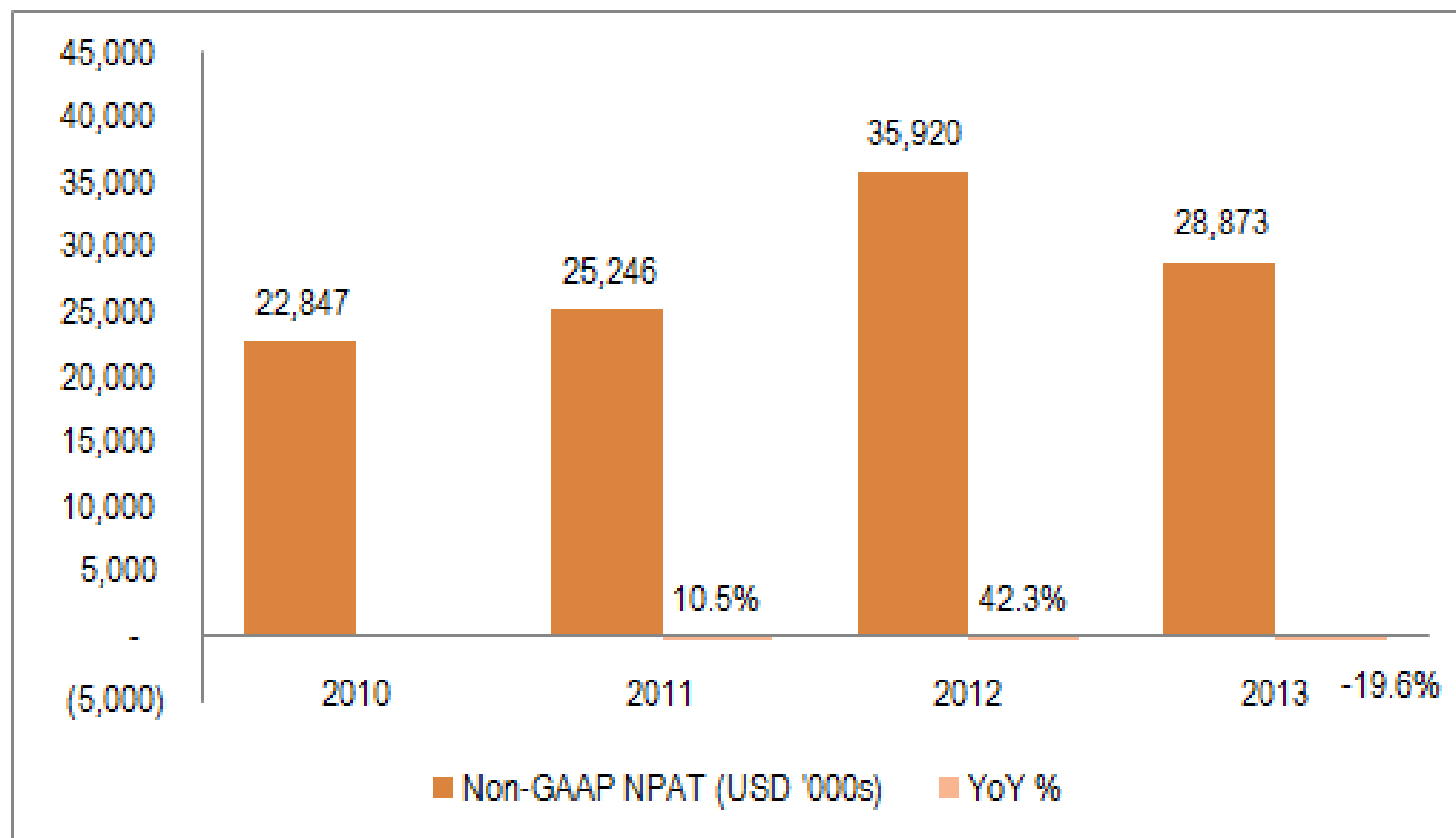
2013 FY Revenues



2013 FY Internet Game Revenues



2013 FY Non-GAAP NPAT



Thanks

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