



KINGSOFT ANNOUNCES 2015 ANNUAL RESULTS

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REVENUE REACHES A NEW RECORD HIGH KINGSOFT CLOUD ENJOYS OUTSTANDING PERFORMANCE

FINANCIAL HIGHLIGHTS

(RMB'000)	For the 3 Months Ended Dec 31 (Unaudited)		Change %	For the 12 Months Ended Dec 31 (Audited)		Change %
	2015	2014		2015	2014	
Revenue	1,777,726	1,071,821	66%	5,676,106	3,350,133	69%
- Online Games	414,952	346,133	20%	1,368,811	1,252,753	9%
- Cheetah Mobile	1,099,649	581,637	89%	3,561,739	1,674,060	113%
- Office software and others	263,125	144,051	83%	745,556	423,320	76%
Gross Profit	1,358,207	845,408	61%	4,356,707	2,760,478	58%
Operating Profit Excluding SBC	363,291	243,309	49%	898,061	709,879	27%
Basic EPS (RMB Yuan)¹	0.09	0.15	-40%	0.29	0.66	-56%

OPERATIONAL HIGHLIGHTS

For the 3 Months Ended	For the 3 Months Ended			
	31 December 2015	30 September 2015	30 June 2015	31 March 2015
Online Games				
Daily Average Peak Concurrent Users	542,384	562,354	607,571	672,779
Monthly Average Paying Accounts ("APA")	2,919,683	3,301,297	3,438,493	3,069,052
	In December 2015	In September 2015	In June 2015	In March 2015
Cheetah Mobile				
Mobile Monthly Active Users ("MAU") (Million)	635	567	494	444
% of Mobile MAU from Overseas Markets	79%	74%	71%	71%
Mobile Users Installations (Million)	2,341	1,942	1,596	1,341

(22 March 2016 – Hong Kong) **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; HKEx stock code: 03888), a leading Chinese software and Internet service company, has announced its audited 2015 annual results and its unaudited 2015 fourth quarter results ended 31 December 2015.

¹ The year-over-year decrease was primarily due to the one-off gain from disposal of Kuaipan Personal Version business and the shares of Sky Profit Limited in the year of 2014.

For the year of 2015, revenue increased 69% year-over-year to RMB5,676.1 million. Revenue from the online game, Cheetah Mobile, and office software and other businesses represented 24%, 63% and 13%, respectively, of the Company's total revenue. Gross profit increased 58% year-over-year to RMB4,356.7 million. Operating profit before share-based compensation costs increased 27% year-over-year to RMB898.1 million.

For the fourth quarter of 2015, revenue increased 18% quarter-over-quarter and 66% year-over-year to RMB1,777.7 million. Revenue from the online game, Cheetah Mobile, and office software and other businesses represented 23%, 62% and 15%, respectively, of the Company's total revenue. Gross profit increased 19% quarter-over-quarter and 61% year-over-year to RMB1,358.2 million. Operating profit before share-based compensation costs increased 91% quarter-over-quarter and 49% year-over-year to RMB363.3 million.

Mr. Jun LEI, Chairman of Kingsoft, commented, "The year 2015 marked a year of great achievements for the Company in implementing mobilization, globalization and 'All in Cloud' strategies. Our mobile MAU reached a new record high of 736.4 million in December 2015, and the mobile and overseas revenues accounted for 67% and 51% of Cheetah Mobile's total revenue in 2015 respectively. Cheetah Mobile achieved its strategic goals in 2015 through substantial overseas user expansion and mobile monetization improvement. The significant progress of Kingsoft Cloud in 2015 has also far exceeded our expectations. We have strengthened our leading position as a game cloud ecosystem service provider and made breakthroughs in both video cloud and government and corporate cloud service markets. All these achievements have positioned us well to explore the mobile Internet and cloud service businesses in the year ahead."

Dr. Hong Jiang ZHANG, Chief Executive Officer of Kingsoft, added, "The year 2015 was another year of consistent and strong growth. We achieved an annual revenue increase of more than 69% and the total revenue reached a new record high of RMB5,676.1 million. Excluding the impact of share-based compensation costs, the operating profit for 2015 increased 27% year-over-year to RMB898.1 million; operating profit margin, however, decreased by 5 percentage points year-over-year to 16%. This in effect reflected our business transformation from overdependence on the online game business with high operating margins to Cheetah Mobile and Kingsoft Cloud businesses with rapid growth and great market potential."

BUSINESS REVIEW

Online Game Business

For the year of 2015, revenue from the online game business increased 9% year-over-year to RMB1,368.8 million. For the fourth quarter of 2015, the revenue increased 25% quarter-over-quarter and 20% year-over-year to RMB415.0 million. The revenue growth is primarily attributable to the healthy growth of JX Online III, our flagship title that delivered its sixth year of outstanding performance with a compound annual growth rate of more than 55% in the past four years, which far outpaced that of the MMORPG (Massive Multiplayer Online Role Playing Games) market in China.

Driven by the continuous optimization and innovation of the game, JX online III is expected to continue generating significant revenue and profitability in the coming years. Two of the Group's mobile games, the 3D version of "Journey to the West: Conquering the Demons" and "Brave Cross," both ranked among the top ten popular games on Xiaomi and iOS game platforms after their launch in 2015. The Company has also prepared a strong pipeline of mobile games, which will be launched in 2016.

Cheetah Mobile

Revenue from Cheetah Mobile increased 113% year-over-year to RMB3,561.7 million for the year of 2015. In the fourth quarter of 2015, the revenue increased 13% quarter-over-quarter and 89% year-over-year to RMB1,099.6 million. The increase was mainly due to the revenue growth of the mobile advertising business, especially in overseas markets, reflecting the better monetization of its growing global mobile user base.

Mobile MAU from Cheetah Mobile reached 635 million in December 2015, with approximately 79% from overseas markets. In the fourth quarter of 2015, mobile revenue accounted for 72% of Cheetah Mobile's total revenue, up from 37% in the fourth quarter of 2014. Cheetah Mobile remained the third largest global publisher in Google Play's non-game category, with four of its mobile apps, namely Clean Master, CM Security, Photo Grid and CM Lockers, ranked among the "top 40 most downloaded non-game apps" on Google Play in December. Looking ahead, Cheetah Mobile remains firmly committed to strengthening its mobile and global businesses, and becoming one of the world's leading mobile advertising platforms. Cheetah Mobile also stays focused on building a profitable and sustainable growth model over the long-term.

Office Software and Others

For the year of 2015, the revenue from the office software and other businesses increased 76% year-over-year to RMB745.6 million. Revenue in the fourth quarter rose 29% quarter-over-quarter and 83% year-over-year to RMB263.1 million. The substantial growth is due to the exceptional progress of Kingsoft Cloud in its key market sectors and the improved monetization capabilities of WPS free user traffic.

In the year 2015, Kingsoft Cloud exhibited outstanding achievements in its focused businesses – game cloud, video cloud and government and corporate cloud. Kingsoft Cloud established the first national game industry ecological base in Hainan province in 2015. It hosted the Game Ecosystem Annual Conference 2015 in December, attracting more than 400 game industry leaders, highlighting its leading position in the game cloud market. The video cloud service business was officially launched in November 2015. Through its outstanding technical advantages, has been able to provide highly stable and cost-effective services to its clients, including GIF Deft and Today’s Headlines, the leading mobile video providers in China. During the year, Kingsoft Cloud entered into strategic partnerships with Peking University Healthcare and Kingdee, and won a contract against fierce competition to provide cloud services to the Beijing municipal government. The Company sees tremendous opportunities and explosive growth potential in the cloud services industry, and will continue to solidify its leading position in its focused market segments and further explore new market opportunities in 2016.

Kingsoft WPS also delivered an excellent performance in the past year. The traditional PC business maintained steady growth, with improved monetization capability on traffic from WPS Office Personal Edition. The global MAU of the WPS family reached 182 million in December 2015, with WPS Office’s mobile MAU nearly 77 million, an 18% increase year-over-year. To enhance its leading position as an office solution provider in China and to capture the rapidly-expanding enterprise markets, Kingsoft WPS implemented its “WPS + Cloud” strategy to provide comprehensive integrated cloud office services. In December, WPS iOS was selected as “Best of 2015” by Apple App Store, and WPS Android was awarded by Google Play as the “Best App of 2015.” Kingsoft WPS will further explore the traffic monetization from WPS Personal Edition, and start to seek monetization opportunities from traffic on its mobile products.

“The strategic investments and efforts we’ve made over the past years have clearly paid off and set a cornerstone for us to capture tremendous opportunities in the mobile Internet, global markets and cloud services. In 2016, we will continue to make proactive investments in our core businesses and key strategic focus areas to further strengthen our foundation, support sustainable growth and drive long-term shareholder value. At the same time, we will start to harvest a moderate improvement on our operating profit margin as a result of diligently executing our investment strategies over the few past years. We are confident that we will maintain strong growth momentum to achieve new highs in 2016.” concluded **Mr. Jun LEI**.

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About Kingsoft Corporation Limited (Stock Code: 3888)

Kingsoft is a leading Chinese software and Internet services company listed on the stock exchange of Hong Kong. It has four subsidiaries including WestHouse, Cheetah Mobile, WPS and Kingsoft Cloud. Following the implementation of its “mobile internet transformation” strategy, Kingsoft has completed the comprehensive transformation of its overall business and management models and formed a strategic platform with interactive entertainment, Internet security and office software as the pillars and cloud computing as the new growth driver and source. The Company has approximately 6,000 staff around the world. It has set up R&D centers and offices in Beijing, Zhuhai, Chengdu, Dalian, Guangzhou and Hong Kong and enjoys a large market share overseas in North America, Europe, Japan and Malaysia. In addition to PC desktop products, the Company has launched mobile products such as Clean Master and mobile WPS Office targeting the mobile Internet market. These products rank number one in their respective categories in the global market.

For more information, please visit www.kingsoft.com

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