

**KINGSOFT CORPORATION LTD:  
THREE WORDS DESCRIBE THIS COMPANY'S FUTURE –  
NO! NO! NO!**

As far as **TARGET** () is concerned, Kingsoft Corporation Ltd () (Code: 3888, Main Board, The Stock Exchange of Hongkong Ltd) has very little chance of becoming the '*Microsoft Corporation*' of the People's Republic of China (PRC), but it could run out of money – again! – in the not-to-distant future.

The share price of this computer software developer, today, is about \$HK5.60, up about 56 percent from the Offer Price of \$HK3.60 per Share when the Company went public on the Main Board of The Stock Exchange of Hongkong Ltd on Tuesday, October 9, 2007.

The current share price should never be considered a gauge of the success or otherwise of a publicly listed company, but one cannot deny that Kingsoft Corporation Ltd is a popular favourite with a number of investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

At least, that is the situation for the time being.

Kingsoft Corporation Ltd describes its activities at Pages 155 and 156 of the Global Offering Prospectus, dated September 24, 2007.

The Company makes the claim of being the '*leading software developer ... in China*', but, on that basis, one has to ask: '*Then, where are the profits?*'

The following is copied, verbatim, from the Prospectus when the Company pitched its **Initial Public Offering (IPO)**:

*'We are a leading software developer, distributor and service provider in China ... We leverage our comprehensive software development platform to offer a wide range of innovative entertainment and applications software. We believe we have one of the largest in-house entertainment and applications software research and development teams dedicated to entertainment and applications software in China, with 997 research and development personnel as of August 31, 2007. We have self-developed the majority of our entertainment software and substantially all of our applications software products.'*

*'Our entertainment software portfolio currently includes various MMORPGs, which allow thousands of users to interact online through personalised role-playing characters. We have a proven track record in the development of popular entertainment software for the China market. We launched one of the first domestically produced personal computer games in China in 1996 and our first online game in 2003. We currently offer three in house developed MMORPGs and two licensed MMORPGs. Our in-house research and development team is currently developing six additional MMORPGs, as well as a casual game. Our research and development team focuses on developing online games featuring cultural themes which appeal to the PRC market and new virtual items and value-added services that users can purchase to enhance their game experience. Our MMORPGs (including the MMORPGs which we license from third parties and MMORPGs we developed and license overseas) had an aggregate of 491,757 daily average peak concurrent users and approximately 1.1 million monthly average paid users for the three months ended June 30, 2007.'*

*'Our applications software products, which have been developed in-house, include Kingsoft*

*Internet Security ( ), Kingsoft PowerWord ( ) and WPS Office ( ). Kingsoft Internet Security is a secure content management product and is one of the leading brands of domestically produced security software in China. Kingsoft PowerWord is the most widely used dictionary software product in China. WPS Office provides word processing, spreadsheet and presentation functions and is the leading domestically developed office applications software product in China. Its predecessor, WPS 1.0, launched in 1989, was one of the first Chinese-language word processing software products to be available in China. For the three months ended June 30, 2007, our daily average number of paying users for subscription for online services of our Kingsoft Internet Security ( ) was approximately 5.3 million users.'*

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