



**GIANT**

# **Mirae Asset's China Internet & Media Corporate Day**

**January 27, 2010**



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# Company Overview

# Giant: NYSE Listed



**NYSE IPO:** November 1, 2007

**Ticker:** GA

**Market Cap:** **US\$1.7B**  
*January 21, 2010*

**Fully Diluted Shares:** **Approximately 234M**

## *About Giant:*

**Headquarters:** Shanghai, China

**Employees:** Approximately 3,100  
including 1,550 liaison  
personnel

**Investor Information:** [www.ga-me.com](http://www.ga-me.com)

**GA**  
**LISTED**  
**NYSE®**

# A Leading Developer and Operator of Online Games in China



## China's Leading Online Game Developer and Operator

- Flagship game ZT Online voted 2006's Most Popular Online Game in China<sup>1</sup>
- ZT Online achieved over 2.1 million Peak Concurrent Users (PCU) in second quarter 2008
- Giant Online achieved over 344,000 PCU in second quarter 2008

## "Free-to-Play" Model Creates Large and Sticky In-Game Community

- Multiple monetization opportunities
- Extended game lifecycle

## "Gamer First" Ideology Results in Compelling and Fun Gameplay

- Comprehensive "Encyclopedia" game features enhance user experiences for all types of gamers
- State of the art server technology maximizes in-game interactivity
- "Online Game 2.0" – Continuous game design & enhancements evolving from gamers' feedback

## One of the Fastest Growing and the Most Profitable Online Game Companies in China

- Revenue growth of over 108% on CAGR basis from FY2006 to FY2008
- Net margin of 70% for FY2008

<sup>1</sup> Source: IDC



# Product & Operational Highlights

# Our Flagship Game: ZT Online Overview



- **Commercial service began January 2006**



- **Free of charge to play**
- **Revenues derived from in-game purchases of virtual items and services**



- **Voted 2006's Most Popular Online Game in China in its first year of operation<sup>1</sup>**
- **Achieved PCU of over 2.1 million in the second quarter of 2008**



- **Multiple expansion packs since commercial launch**
- **Players remain engaged by continually updated content**

- **Proprietary technology allows over 40,000 gamers to play together in a single shard**

*1 Source: IDC*

# Our Second Game: Giant Online Overview



- **Open beta launch in March 2008**

- **Free of charge to play**
- **Revenues derived from in-game purchases of virtual items and services**

- **Reached PCU of over 237,000 during open beta launch**
- **Achieved PCU of over 344,000 in the second quarter of 2008**

- **Modern military theme MMORPG blended with hundreds of casual game elements**
- **14 innovative roles and hundreds of modern weapons**

- **Proprietary technology allows a million gamers to play together in a single shard**

# Giant's R&D and State of the Art Server Technology



**Extensive R&D Department currently with approximately 800 Members**

**Advanced and Reliable Server Technology and Operational Infrastructure**



**ZT Online**

- ▶ **Over 40,000 players can simultaneously interact in the same game shard**
- ▶ **Concurrent user capacity is larger than most other MMO games currently operating in China**



**Giant Online**

- ▶ **Advanced sever technology intended to enable a million concurrent players in a single shard**
- ▶ **Will have the largest concurrent user capacity in a single shard among all MMO games in China**

**Enhanced Playability**

**More Intense Interaction**

**Complex Social Network**

# A Growing Product Portfolio

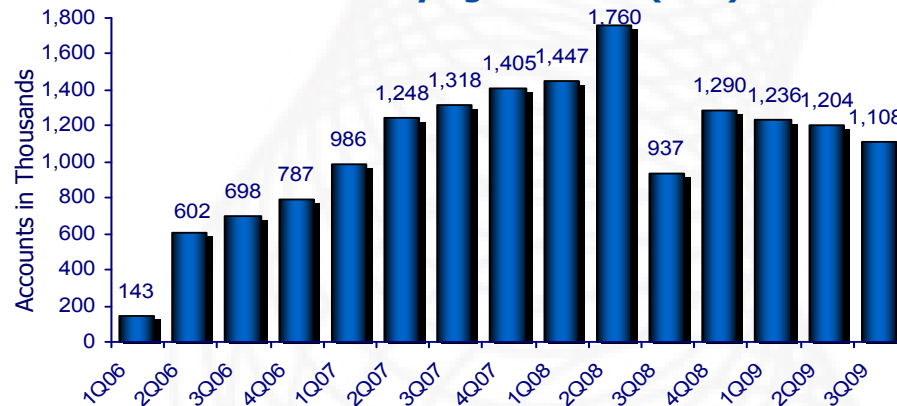


Games	Game History and Milestones	Initiatives
<b>Giant Online</b> 	<ul style="list-style-type: none"> <li>Open beta testing launched at end of 1Q08</li> <li>Released military rank, reputation system and equipment upgrades in 3Q09</li> </ul>	Further enhancement with additional features
<b>My Sweetie</b> 	<ul style="list-style-type: none"> <li>Part of our Win@Giant program from 1Q09</li> <li>2.5D free-to-play casual MMORPG involving virtual pets</li> </ul>	Currently under closed beta testing
<b>King of Kings III</b> 	<ul style="list-style-type: none"> <li>GA acquired rights to operate in China in 2007</li> <li>Limited closed beta testing in China in 1Q09</li> <li>Fine-tuning based on the feedback from limited closed beta testing and 2<sup>nd</sup> phase limited closed beta testing in 3Q09</li> </ul>	Limited closed beta testing with persistent accounts and monetization began in 4Q09
<b>XT Online</b> 	<ul style="list-style-type: none"> <li>Part of our Win@Giant program from 2Q09</li> <li>2.5D ancient Chinese martial arts MMORPG</li> <li>Limited beta testing launched in Oct09</li> </ul>	Limited closed beta testing with persistent accounts and monetization began in 4Q09
<b>The Golden Land</b> 	<ul style="list-style-type: none"> <li>Our first self-developed webgame, with a medieval strategy theme</li> <li>Two phases of limited beta testing completed in 3Q09</li> </ul>	Limited closed beta testing with persistent accounts and monetization began in 4Q09
<b>Dragon Soul</b> 	<ul style="list-style-type: none"> <li>3D ancient Chinese PK MMORPG</li> <li>Developed by our R&amp;D office in Chengdu, Sichuan</li> <li>Self-developed 3D engine</li> </ul>	Limited closed beta testing to begin in 1Q10
<b>Empire of Sports</b> 	<ul style="list-style-type: none"> <li>3D sports MMORPG</li> <li>GA acquired rights to operate in China in early 2008</li> <li>Commenced limited engineering testing in China in 2Q09</li> </ul>	Limited closed beta testing with persistent accounts began in 4Q09

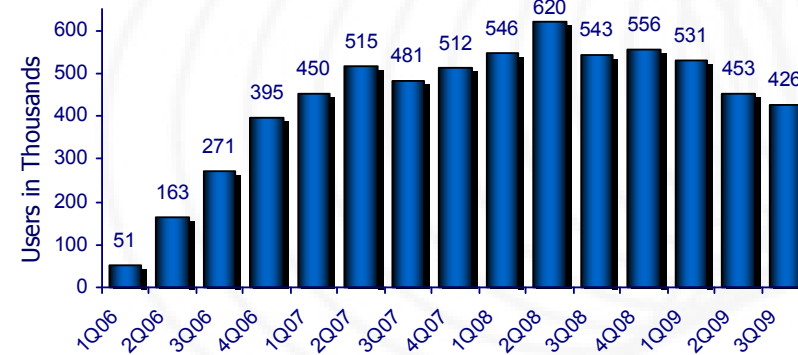
# Key Operating Metrics



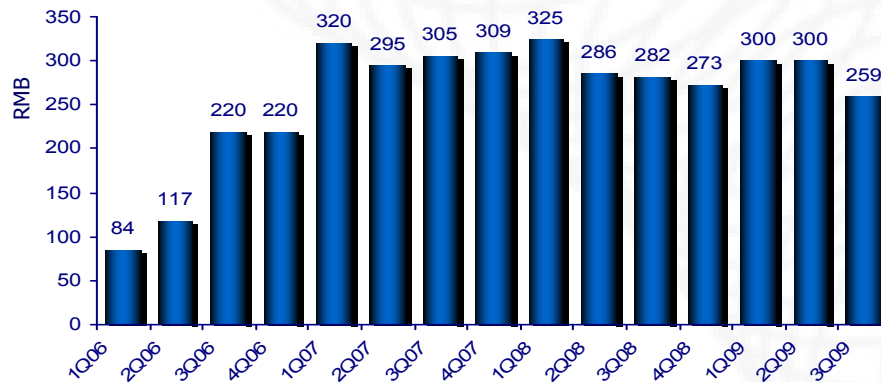
### Active Paying Accounts (APA)



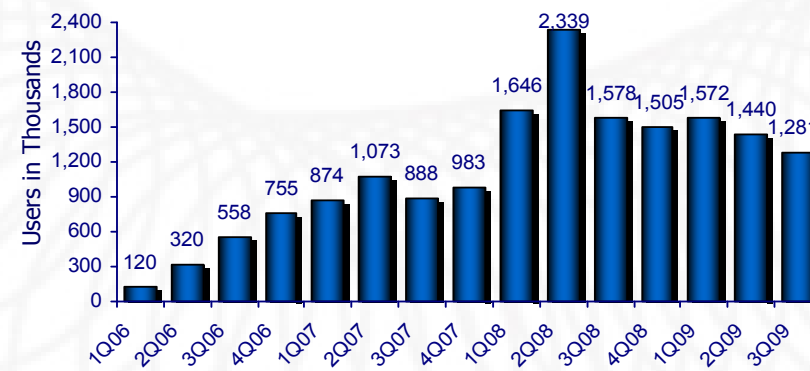
### Average Concurrent Users (ACU)



### Average Revenue per User (ARPU)



### Peak Concurrent Users (PCU)



- 3Q09 figures include ZT Online, ZT Online PTP, ZT Online Classic Edition, ZT Online Green Edition, Giant Online, and My Sweetie
- 3Q08 to 2Q09 figures include ZT Online, ZT Online PTP, ZT Online Classic Edition, and Giant Online
- 4Q07 to 2Q08 figures include ZT Online, ZT Online PTP and Giant Online
- Before 4Q07, all figures are ZT Online only

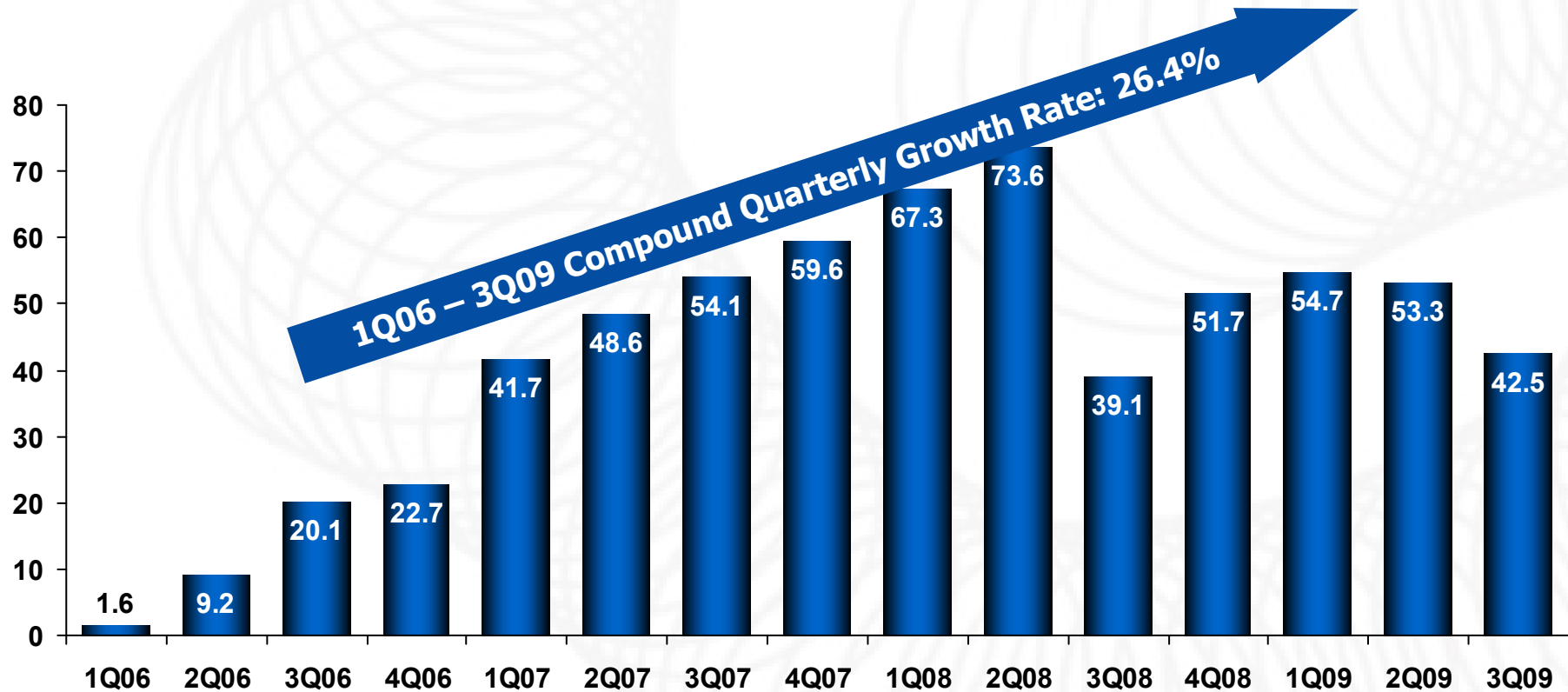


# Financial Highlights

# Solid Revenue Growth



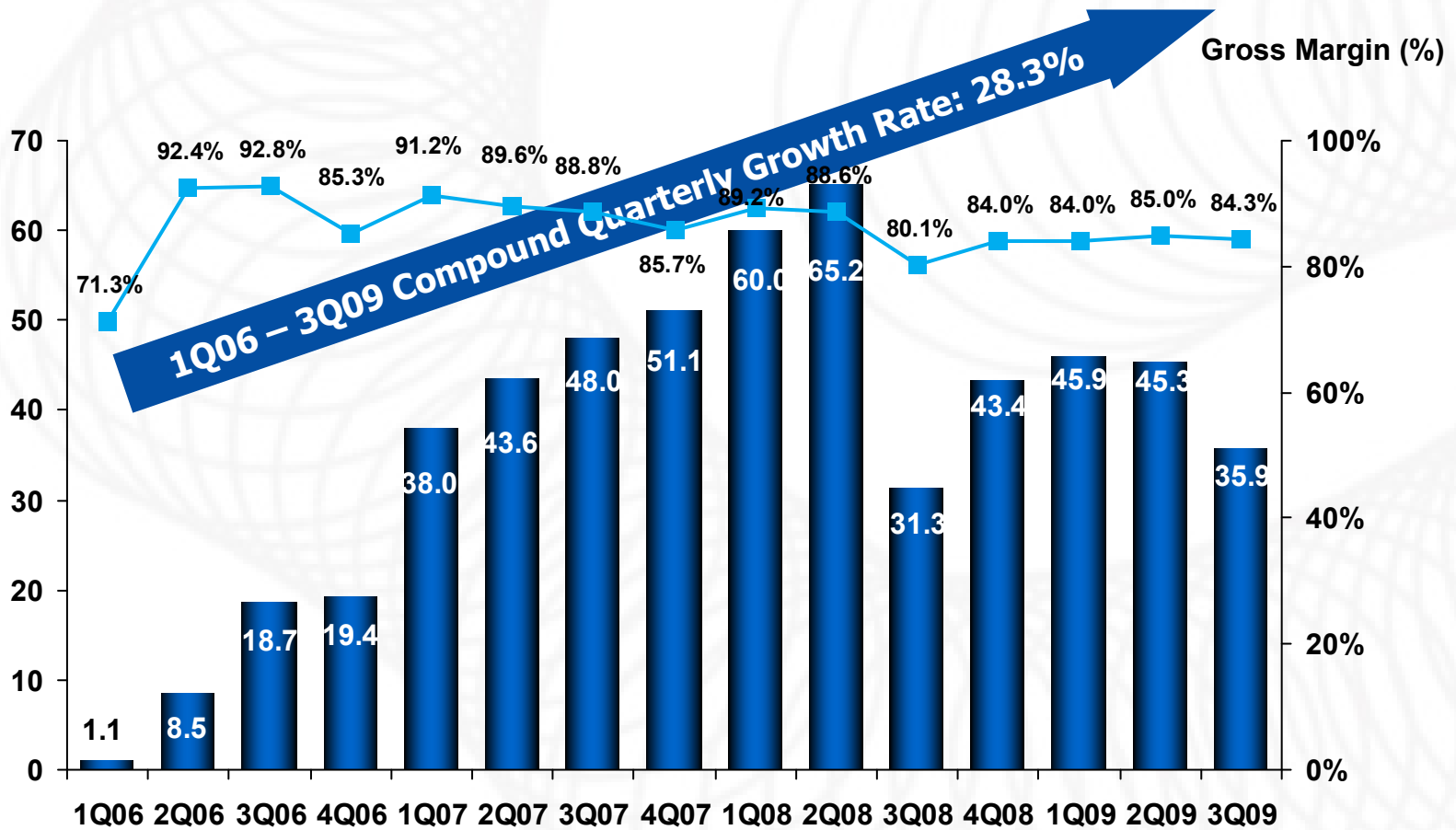
Total Net Revenues, USD millions



# Outstanding Profitability



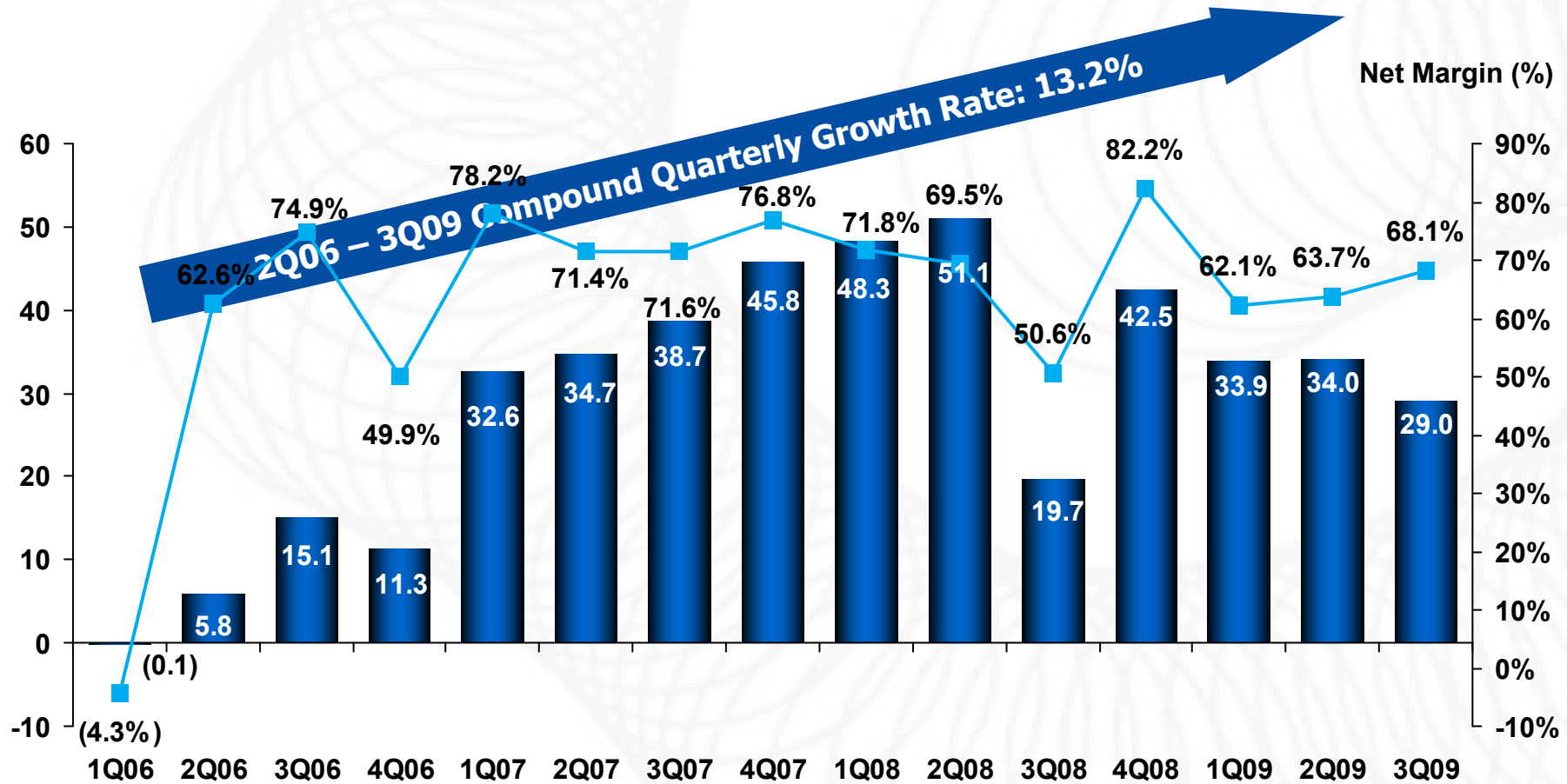
## Gross Profit, USD millions



# Efficient Operation



Net Income, USD millions





# Growth Strategy & Execution

**1**

**Player Segmentation Based on Game Features and Spending Preferences to Increase Player Loyalty and to Extend Game Lifecycles**

**2**





**Introduce Different Genres of Games and Expand Geographical Coverage to Grow Our Player Base**

**3**

**Pursue Opportunities for Acquisitions, Strategic Joint Ventures and Opportunistic Investments**

# Flagship Game Segmentation Strategy



Games	Game History and Milestones	Initiatives
<b>ZT Online</b> 	<ul style="list-style-type: none"> <li>• Launched in January 2006</li> <li>• Self-developed Free-to-Play 2D MMORPG</li> <li>• Multiple expansion packs introduced since launch</li> <li>• Monetization restructuring in 3Q08</li> <li>• Now also available in Vietnam and Russia</li> </ul>	<p>Further enhancement with additional features</p>
<b>ZT Online Classic</b> 	<ul style="list-style-type: none"> <li>• Open beta testing launched at end of 3Q08</li> <li>• Original ZT Online features but eliminated all promotional items</li> <li>• Designed to target former ZT Online players and enhance player loyalty</li> </ul>	<p>Further enhancement with additional features</p>
<b>ZT Online Green</b> 	<ul style="list-style-type: none"> <li>• Original ZT Online gameplay with enhanced in-game economy benefiting lower spending and non-paying players for further in-game diversity</li> <li>• New maps, skills, items, and other game features</li> </ul>	<p>Joint operation with Tencent began in Dec 09</p>
<b>ZT Online II</b> 	<ul style="list-style-type: none"> <li>• Sequel to ZT Online, brand new Free-To-Play 2D MMORPG</li> <li>• Revised economic system targeting gamers of different spending habits to attract more players</li> <li>• Basic game design completed with enhanced graphics, sound effects, # of professions, animation, etc.</li> </ul>	<p>Engineering testing to begin in 1H 2010</p>

# Expanding into New Genres of Online Gaming



- **Goal:** capture gamers with a broader array of preferences
- **Initiative:** Utilize innovation and creativity derived from Win@Giant Incubation Program to bring games in new genres to market

## Existing Genres of Giant Games

**Hardcore,  
combat-centric  
PK MMORPGs**

*ZT Online  
and  
Giant Online*

## Expanding into new genres with the help of Win@Giant

**Hardcore, combat-centric PK MMORPGs**

*ZT Online, Giant Online, King of Kings III, XT Online, ZT Online II, and Dragon Soul*

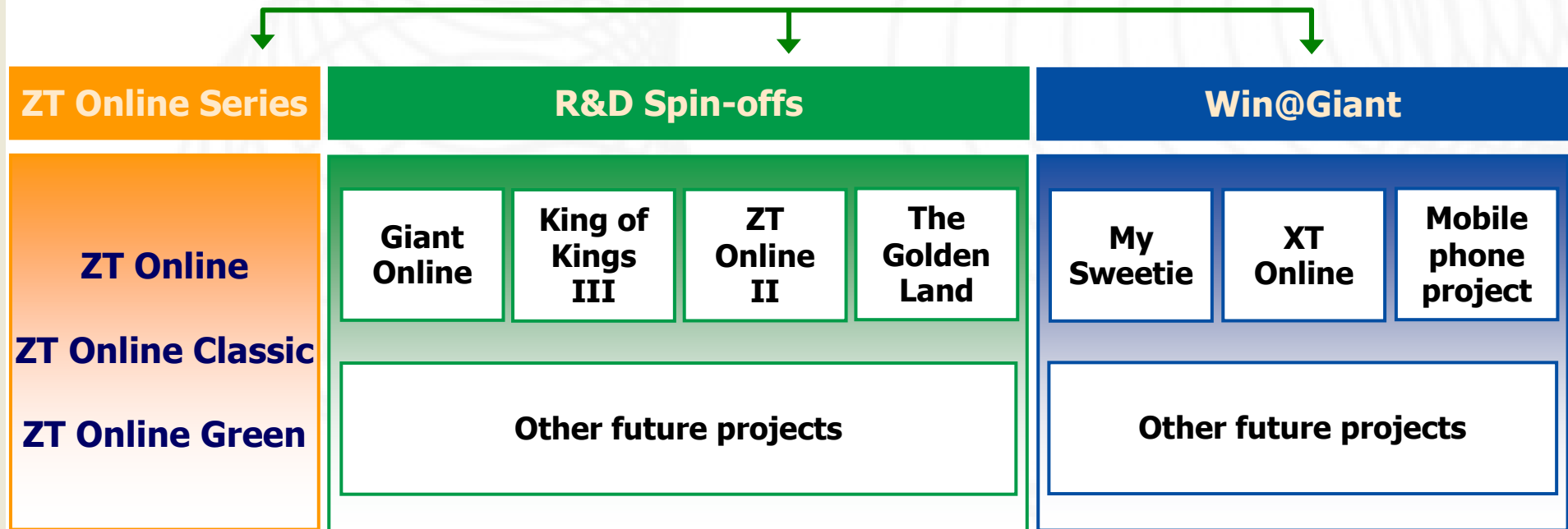
**Casual MMORPGs**

*My Sweetie and Empire of Sports*

**Web Games**

*The Golden Land*

# Restructured R&D and Win@GA

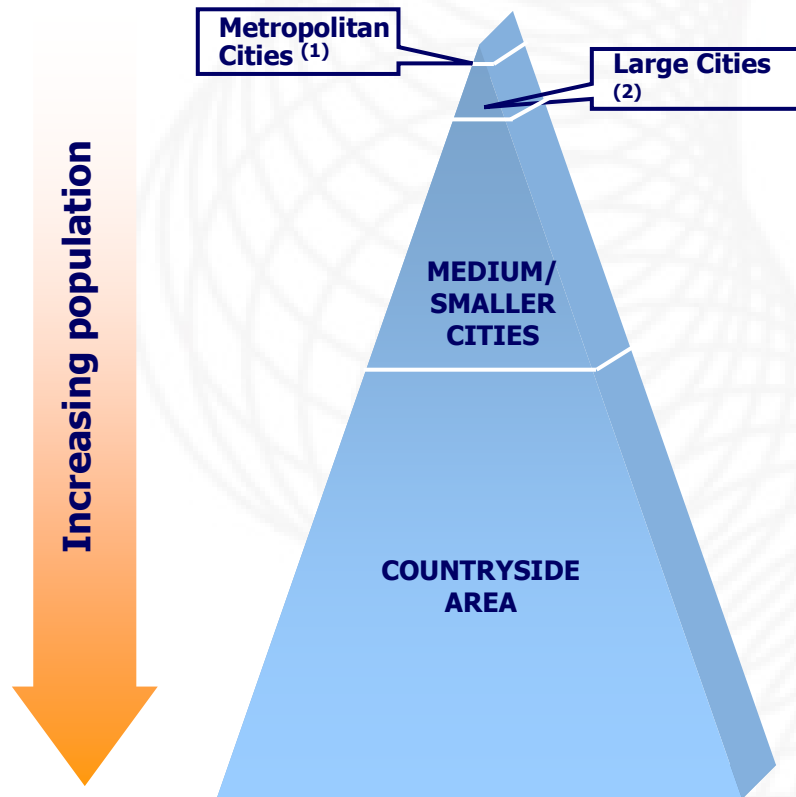


**Revitalize Creativity and Innovation for Continued in-house Game Development**

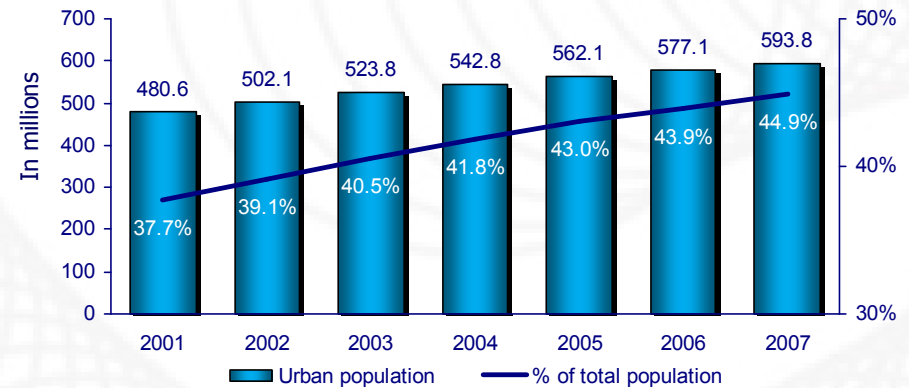
# Deepened Penetration in Medium/Smaller Cities and in Countryside



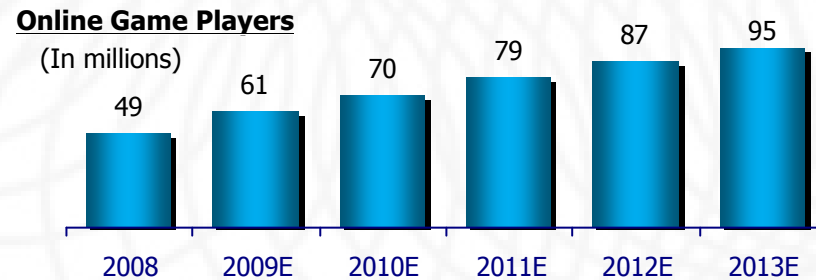
Unique and Effective Grassroots Strategy Leads to Expansion of Distribution Points



## Increasing Urbanization Rate



## Rapid Growth of Online Game Players



Source: China Statistics Yearbook 2008

1 Include Beijing, Shanghai and Guangzhou

2 Include Chongqing, Tianjin, Shenzhen, Qingdao, Xiamen, Ningbo, Dalian and capital cities of all provinces and autonomous regions

Source: IDC, 2009

# Strategic Investment – 51.com



- ▶ Leading Chinese online game developer and operator
- ▶ PCU of 1.3 million and ACU of 426 thousand
- ▶ RMB260 ARPU with 1.1 million APA
- ▶ Proven revenue model with high profitability

- ▶ Leading Chinese online social networking service provider with large community
- ▶ 120 million registered users
- ▶ 40 million monthly unique visitors
- ▶ 350 million average daily page views

**Long-term Strategic Goals**  
Broaden Player Base  
Expand Community Size  
Reinforce User Stickiness  
Extend Game Lifecycles



**To Develop and Operate the Largest Online Game Network in Asia by Providing the Most Compelling Games and Community Experiences**



**GIANT**

**NYSE: GA**  
**Thank you**

[www.ga-me.com](http://www.ga-me.com)

