



FOR IMMEDIATE RELEASE:

CHINA'S ONLINE GAME MARKET TO REACH \$3.8 BILLION IN 2009

58 million Chinese Gamers Shield the Industry from Global Economic Downturn

SAN JOSE, Calif. – May 5, 2009 – Niko Partners, the leading market intelligence firm on China's video game industry, today announced results from its latest report, citing \$2.75 billion revenue in online games in 2008, new online game market segments, continued strength in illegal sales of game consoles, and 23 million PCs in China's 170,000 Internet cafés. The firm predicts that the online game market will enjoy a healthy CAGR of 26.4% over the next five years with revenue to reach \$8.9 billion in 2013.

"Average spending per Chinese gamer is rising to the point where a 26% increase in gamers resulted in 61% more revenue for online games in 2008," said Lisa Cosmas Hanson, managing partner of Niko Partners. "Niko's conclusion is that China's online market has plenty of room for growth in the next five years, and much of that growth will come from beyond the major metropolises where the number of Internet cafés, home PC penetration and Internet usage are all on the rise."

Other key insights from the report include:

- Massively Multiplayer Online Games (MMOGs) accounted for 77% of 2008 online games revenue, with advanced casual and casual games making up the balance of 23%.
- Webgames and games on social networking sites expanded the casual game segment, offering more games to new and casual gamers as well as to hardcore gamers who play MMORPGs.
- Sales of next-generation game consoles continue to climb, though entirely via illegal imports as there has been a ban on consoles since 2000.
- By 2012 the number of online gamers should reach 119 million, a 17.7% CAGR.

The *2009 Annual Review & Five-Year Forecast Report on China's Video Game Industry* by Niko Partners is a thorough review and forecast of the 2008-2013 PC online, PC offline, casual games, social networking

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games, console, handheld games and hardware market. Based on 70,000 points of data collected by Niko Partners in 10 Chinese cities in March 2009, the study provides the largest and most comprehensive information published on gamers, Internet cafés, regulations, online game operators, games, hardware, distribution, retail, outsourced development, and important trends in supply and demand.

ABOUT NIKO PARTNERS

Niko Partners is the leading research firm focused on providing specialized market intelligence on China's video game industry. Founded in 2003, the firm conducts syndicated and custom research studies on Chinese gamers, online games, offline games, consoles, handhelds, regulatory issues, piracy, development, online operators, distribution, and retail. Niko Partners also offers consulting services including focus groups, partnership selection, market opportunity analysis, custom surveys in cities throughout China and customized data analysis. The goal of the research and strategic advisory services is to help understand the market, strategically enter or expand market share, and continue to profitably grow within China. The company is based in Silicon Valley and Shanghai, and its clients include worldwide leaders in game software, hardware, and services, as well as hedge funds, media companies, trade associations, and management consulting firms, all of whom have a vested interest in a thorough understanding of China's video game industry.

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