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Mobile Game Is No Longer a Time Filler, Breeding Opportunities for Capitals

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Mobile Game Is No Longer a Time Filler, Breeding Opportunities for Capitals

Written By Yolanda Zhang, Analyst with Zero2IPO Research Center

China Mobile-Internet Industry Investment Forum 2011 came as an one-month survey on mobile Internet users was jointly conducted by Zero2IPO Research Center and 3G.cn. Due to time constraint, this survey simply focused on two fields of mobile Internet-mobile game and mobile e-commerce. During the survey, more than 10,000 questionnaires were collected, over 75% of which were valid. As the survey was mainly based on the platform of 3G.cn, whose users may have common properties to some extent, its results were somewhat deviated from actual situation, but posing no impact on their typicality.

As mobile game becomes a typical representative of applications of mobile Internet, which opportunities will be brought by the change of user behavior in such a changing world of mobile Internet?

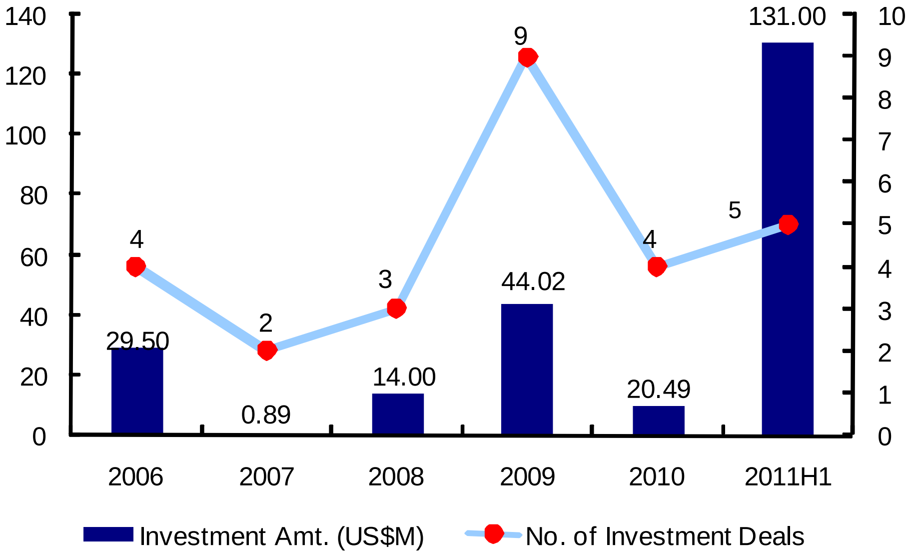
Playing time, game selection criteria and business mode are undergoing changes

Among mobile Internet users involved in this survey, those who frequently play mobile games accounted for nearly 60%, while merely less than 5% of them expressed they had never played mobile game. Most users still preferred offline games, taking up 74.46%. Top three approaches for mobile game users to get a mobile game are search engines, recommendations of application market and online advertisements, accounting for 58.14%, 40.79% and 31.35% respectively. From it we can learn that search engine is still the preferred advertising channel for such application products as mobile games, which is also one of the reasons why their marketing expenses in such channels as search engine have kept increasing in recent years.

Key Finding I: Users no longer play mobile game in fragmented time, usually for more than an hour.

Of all mobile game users in this survey, around 36% of them expressed to play mobile game for one or two hours, while mobile game users who played for more than one hour took up at least 60%, unlike the historical record that mobile game users played for less than half an hour represented a larger proportion. Of course, their playing time for mobile games also changed. As users mainly played at home, before sleep, on vehicle and when waiting, previously fragmented leisure time became concentrated. Thanks to the popularity of smart phone, users had significantly more time in playing mobile games at home,

Year-on-year Comparison of Investments in China's Mobile Game Market in 2006-2011H1



Source: Zero2IPO Research Center

which also provided a physical environment for the development of mobile online game.

Key Finding II: Playability, image style and game theme are top three criteria for users in selecting mobile game.

Among mobile game user taking part in this survey, users mainly selected mobile games on the basis of such indicators as playability, image style, game theme, difficulty, and voice and music, accounting for 67.73%, 55.86%, 40.64%, 27.70% and 15.83% in sequence. However, male and female mobile game users vary with the criteria in selecting mobile games. Specifically, playability, image style and game theme are top three considerations for male users in selecting mobile game, whereas image style, game theme and threshold difficulty are three major criteria for female users.

Key Finding III: Mobile game users maintain a positive attitude towards in-game advertising.

Of mobile game users participating in the survey, nearly 60% of them expressed they can accept in-game advertisement on condition that quality of mobile games is not affected, while nearly 30% of them believe in-game advertisement is totally unacceptable. As increasingly more users accept in-game advertisement, wireless advertising market ushered in a golden time of development. Of course, wireless advertising companies in possession of wireless advertising technologies, application resources and a wide range of cooperative partners will became targets of capitalists.

Platform-type companies, instead of mobile games, are more attractive to capitals

According to the latest data of Zero2IPO Research Center, H1'11 witnessed five investment deals disclosed in China's mobile game market, with an aggregate investment amount of US $131.00M. The significant increase in investment amount was principally attributed to a US $100.00M invested by Fund9 in OpenFeint. From the perspective of the investment preference in China's mobile game market in recent two

years, platform-type companies, such as social game platform Papaya Mobile, mobile game online store D.cn, mobile game middleware platform company Snowfish, were more attractive to capitals. This is mainly because firstly, social game platforms help increase user stickiness and make profits possible; Secondly, game platforms help rapidly update game products by gathering multiple game products, so as to avoid containment of giant Internet companies.

In this survey, however, we gratifyingly observed that Chinese mobile Internet users were more aware of mobile game products. Plus the popularity of smart cell phone terminals and touch screens as well as increasing acceptability of in-game advertisement, mobile games see a vast prospect for development and breed opportunities too attractive to pass up for capitals. ■

Hunan Qindao Entertainment Obtains RMB70M Investment from Fortune Venture Capital

Aug. 25, 2011, Securities Times

On Aug. 25, it was informed that, as the management company of Hunan Cultural Tourism Industry Venture Capital, Fortune Venture Capital has officially signed investment agreement with Hunan Qindao Culture Entertainment Communication Co., Ltd, with the total investment reaching RMB70M. It is also the first major domestic investment project of Hunan Cultural Tourism Industry Venture Capital.

It is reported that Qindao Entertainment, a flagship in entertainment industry of Hunan and one of the first entertainment karaoke clubs in Changsha, Hunan that was founded in 1993, has emerged as a leading nationwide entertainment brand. Chen Shiqing, Executive General Manager of the company, introduced that with the RMB70M strategic investment, the company will improve operating condition and expand the scale of business. The company plans to be listed on ChiNext within three years.

Sany Heavy Industry Gains H-share Issuance Approval

Aug. 25, 2011, People.com.cn

On the evening of August 23, Sany Heavy Industry Co., Ltd. announced that the CSRC has approved its application for releasing less than 1.541 billion H-shares in Hong Kong. According to the insiders, Sany Heavy Industry is expected to land on Hong Kong Main Board around September this year.

Based on 22 times of average P/E of Hong Kong Stocks Sany International this year, Sany Heavy is expected to raise US $2B (about HK $15.59B) by this round of financing. It might break the record created by Shanghai Pharmaceutical's IPO in this May that was with HK $15.28B involved, to become the largest IPO on HKEx.

Yaodian100 Obtains Tens of Millions Yuan from Intel Capital

Aug. 24, 2011, It. sohu.com

In August, Yaodian100.com received the injection of tens of millions yuan from Intel Capital, which is the second venture capital after the investment of Qiming Venture Partners, Baidu and Daphne. Zhang Dianhong, CEO of Yaodian100.com, said

Yaodian100.com will focus on turnkey business model, the injection will be used to improve logistics and other aspects, and the company will become bigger through refinancing by listings.

The capital injection is mainly used in three aspects, namely brand promotion, development of proprietary products and improvement of logistics and customer service.

According to Zhang Dianhong, at present Yaodian100.com has already more than one million registered members, 30,000 orders per day, and the sales volume has reached tens of millions yuan per month. It's easy to find that the development of Yaodian100 has something to do with the injection of previous venture capital. Different from other start-up companies, Yaodian100 has more stringent requirement for investors, in addition to the capital, the cooperation of business model with investors is often taken into account.

Infinity Group Invests RMB70.00M in Centec Networks

Aug. 24, 2011 PEdaily.cn, Christina Chao

IRecently, Infinity Group announced its USD Fund, Delta Venture Capital Fund and Suzhou Rongda Sci-tech Micro Loans Co., Ltd. under the flag of Suzhou Ventures Group have completed investment in Centec Networks (Suzhou) Co., Ltd.

It's reported that the three institutions injected

a total of RMB70.00M in Centec for new product R&D and marketing network construction.

tive core chips within a short period of time and won market recognition, making it one of the few companies worldwide holding the core technology of this sector. Its high growth potential in the future is highly valued by Infinity Group.

Asymchem Laboratories Obtains RMB90.00 from Tianyi Biomedicine Fund

Aug.24, 2011, Medical Economic News

It was reported by Infinity Group its subsidiary Tianjin Tianyi Biomedicine Equity Investment Fund has officially invested in Asymchem Laboratories (Tianjin) Co., Ltd.

This time, Asymchem raised altogether RMB250.00M, among which Tianyi Fund and a fund under Tianjin Venture Capital contributed RMB90.00M in total. The capital will go to the production scale expansion in a bid to make Asymchem Laboratories be well-positioned to undertake more orders placed by global pharmaceuticals.

Infinity Group aims to help large pharmaceutical companies shorten new medicines' R&D cycle for speeding up the debut of new products. Tianyi Fund, jointly established by Israeli private equity giant Infinity Group and local institutions like Tianjin Venture Capital, has been committed to the investments in biomedical sector.

China First Wine Option PE Fund Will be Created at Size of RMB1B

Aug. 23, 2011, Money.360.com

When China's A Share Market once again falls into the bear market, the first wine option PE fund in China is going to be unveiled, providing Chinese investors with another new choice.

It is learnt that the PE fund was registered in Beijing under the name of Dinghong Fund and has obtained necessary approvals from relevant