



Linekong Interactive Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8267.HK

2015 Third Quarterly Results Presentation

2015.11.11



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2015 Q3 Review



Review of Development in Q3 2015

Exquisite games

- Commenced the Open Beta Testing for ***The Legend of Zhenhuan*** on September 16, 2015 and launched the game on all platforms on October 10, 2015, the game ranked No.1 in the Top Paid List in App Store within 24 hours and ranked among the top 20 in the Top Grossing List in App Store within one week after its launch.
- Successfully commercialized ***One Hundred Thousand Bad Jokes***, which ranked among the top 10 on 3 lists in the App Store in a week after its launch.
- Successfully transformed the existing mobile game ***Sword of Heros*** to console version and launched it on four major gaming platforms.
- Commenced the Open Beta Testing for ***Warrior Crash*** in October and will officially launch in November 2015.
- Develop top-quality IP-based midcore and hardcore games: ***The Wars of Shushan***, ***The Legend of Miyue*** and ***B.E.E.***
- ***“Three Swords of Linekong” (Excalibur, Sword of Heaven, Blade of God)*** have been put into steady operation for over 18 to 30 months.

Pan-entertainment

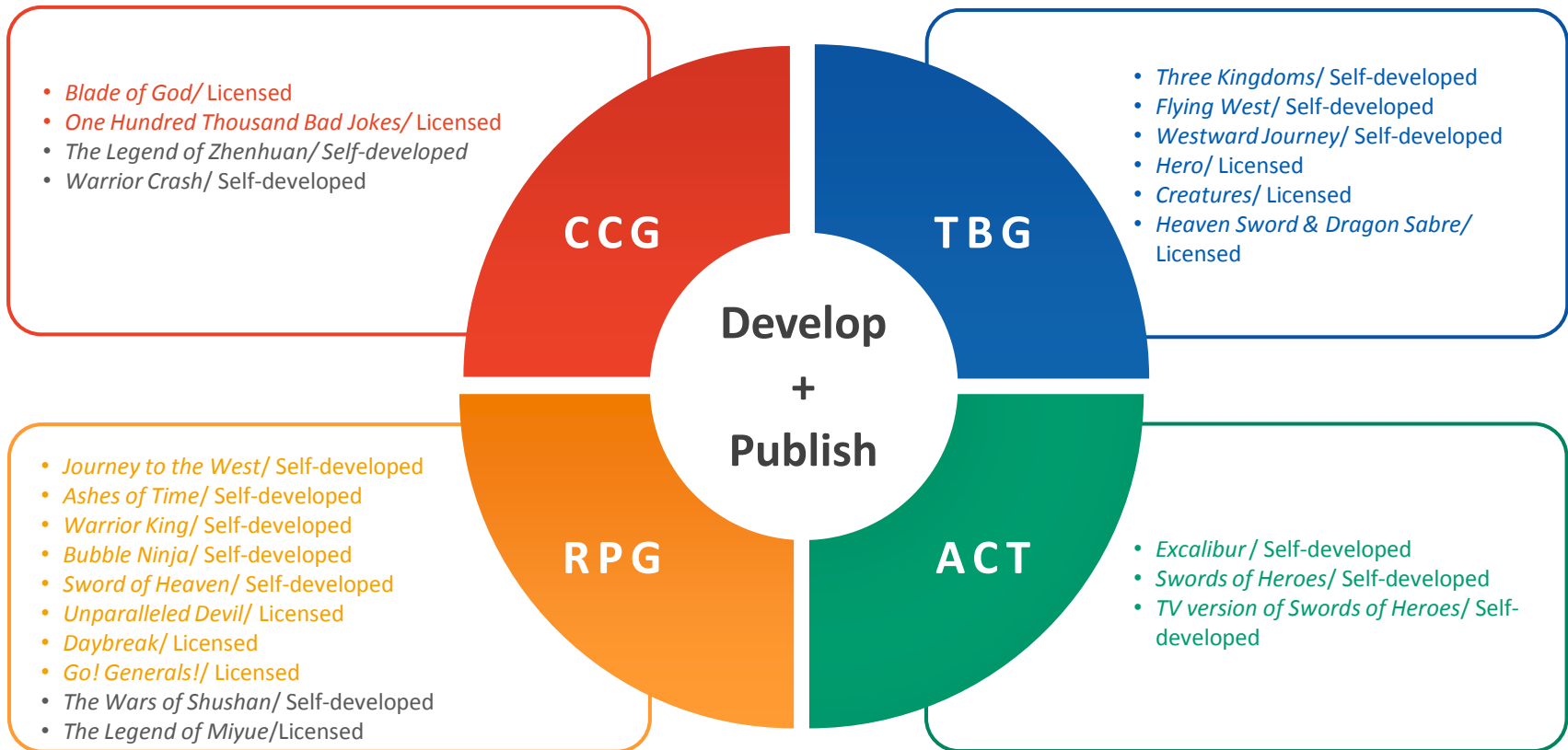
- Accumulate resourceful top-quality IP and build IP through cooperation: ***The Legend of Zhenhuan***, ***One Hundred Thousand Bad Jokes***, ***The Wars of Shushan***, ***The legend of Miyue*** and ***B.E.E.***
- Invested in Beijing Chunqiu Yongle Culture & Communication Co., Ltd. (***“Yongle”***), SMI Holdings Group Ltd. (***“SMI”***), TaoShouYou and Beijing MicroFunPlus Technology Co., Ltd. (***“MicroFunPlus”***), etc.
- Strategically invested in Fuze Entertainment Co., Ltd. (***“Fuze”***) to build a new e-commerce and online entertainment platform.
- Establish Linekong Media.
- Officially change the Company’s name into “Linekong Interactive Group Co., Ltd.”, which marks the business expansion from online gaming to interactive entertainment.

Internationalization

- Established a subsidiary in the US following the formation of Korea subsidiary last year, Linekong US have 4 products in pipeline including ***Moster strike***, ***Raids of Glory*** and ***Fashion*** and has negotiated with several enterprises of internationally-renowned IPs.
- Successfully published the ***Blade of God*** and ***Sword of Heros*** in South Korea.
- As of 30 September 2015, Linekong has established overseas subsidiaries in Seoul, Hong Kong, San Francisco, covering 48 countries and regions including Southeast Asia, Europe, US, and Russia.

Exquisite games

As at 30 September 2015, the Group has commercialized 19 games: 11 self-developed games and 8 licensed games, covering main types of midcore and hardcore games.



● In testing stage, but not been commercialized

Exquisite games - The Legend of Zhenhuan

- Commenced the Open Beta Testing for *The Legend of Zhenhuan* on 16 September 2015 and launched on all platforms on 10 October 2015.
- *The Legend of Zhenhuan*, which is a 3D-MMO card game adapted from the same-name novel with the same voiceover as the original TV serial, vividly presents the exciting story of Zhenhuan with enjoyable game play experiences.



App Store

First Day

Ranked No.1 in the Top Paid List

First Week

Top 20 in the Top Grossing List

Exquisite games - One Hundred Thousand Bad Jokes

- Successfully commercialized and launched on all platforms on 18 March 2015, achieving remarkable results with DAU over 1 mn on the day of commercialization.
- The success of *One Hundred Thousand Bad Jokes*, which is the first animation-themed game for Linekong, highlights Linekong's deep understanding and control ability of products in new fields.



App Store

One of **top 10** on 3 lists



Mobile game of *One Hundred Thousand Bad Jokes*

Followers on Wechat over **700** thousand

First Week

Top Grossing for iPhone **No.9**

Top Free for iPhone **No.8**

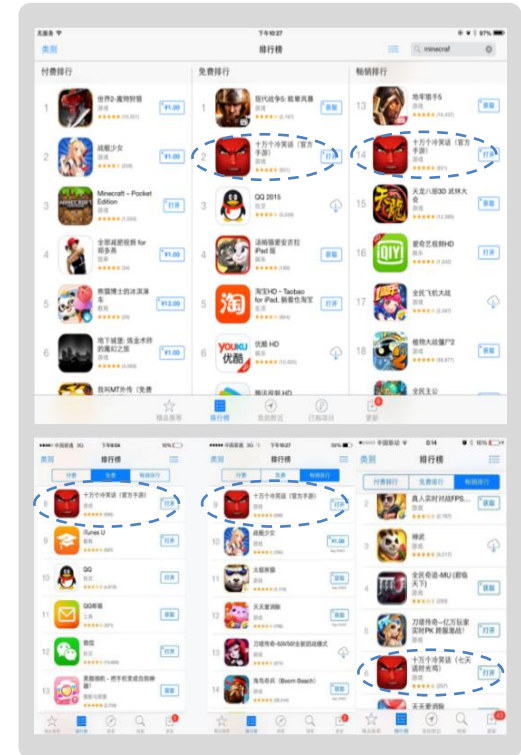
Top Free for iPad **No.2**

First Month

Top Grossing for iPhone **No.6**

DAU

Over **1 mn** on the day of commercialization



Exquisite games – Warrior Crash

- *Warrior Crash* is a ball bouncing mobile game themed by the background of the Three Kingdoms of ancient China but of Japanese cartoon style.
- Will commence the Open Beta Testing in October 2015 and be launched on all platforms in November 2015.



The pioneer of Linekong's innovative games
which target the opportunities of high "ARPPU"

Exquisite games - Advantage of Long-life-cycle Products

“Three Swords of Linekong”(Excalibur , Sword of Heaven, Blade of God) have been put into steady operation for over 18 to 30 months, highlighting the advantage of long-life-cycle product.



- Commercialized in March 2013 and operated for over **30 months**
- The Peak Monthly Gross Billings reached RMB33 mn
- As at 30 September 2015, it was published in more than 20 countries and regions



- Commercialized in December 2013 and operated for over **21 months**
- The Peak Monthly Gross Billings reached RMB31 mn.



- Commercialized in March 2014 and operated over **18 months**
- The Peak Monthly Gross Billings reached RMB41 mn.

*(1) 2013 ranking by Game Industry Annual Conference (GIAC). (2) 2014 ranking by Game Industry Annual Conference (GIAC). (3) Ranking by Global Mobile Game Conference 2013.

Business Operation – 2015 Q3 Highlights

For the 9 months ended 30 September 2015

Financial Review

- **Revenue:** approx. **RMB 417 mn**, decreased by 22.7% y-o-y.
- **Adjusted net profit:** approx. **RMB 43.3 mn**, down by 68.8% y-o-y.
- The decrease in revenue and net profit was mainly due to the postponed launches of some games for pursuing higher quality.
- **Cash and cash equivalents:** **RMB 841.3 mn**

Key Operating Overview

196.8mn

Registered Game Users

3.6mn

Monthly Active User (MAU)

189.5

Monthly Average Revenue per Paying Player
("ARPPU")

656,500

Daily Active User (DAU)

Pan-entertainment

Interaction between films and games and those between comics and games have become “new normal” and megatrends in the industry.



The Legend of Miyue
3D MMORPG
Linekong + Zhenhuan team

- The licensed version will commence Open Beta Testing in December 2015
- The self-developed version will test in 2016



The Wars of Shushan
3D MMORPG
Linekong + Mr. Wu

- Open Beta Testing in Q1 2016
- Launch Series product *Big Words of Shushan* in 2016



B.E.E
3D MMORPG
Linekong + U17

- Developed by the team of *Excalibur*
- Open Beta Testing in 2016

Pan-entertainment – Investment Layout

Investments in line with the strategy of “Exquisite games”, “Pan-entertainment” and “Market internationalization”, for all the elements of the business.

Fuze Entertainment

Yongle, Beijing

MicroFunPlus, Beijing

Three-in-one home
interactive
entertainment
ecosystem

Yongle 228.com

Mobile game
development

Guizhou Zhiqu

SMI Holdings

Tianqu , Beijing

TaoShouYou
online trading platform

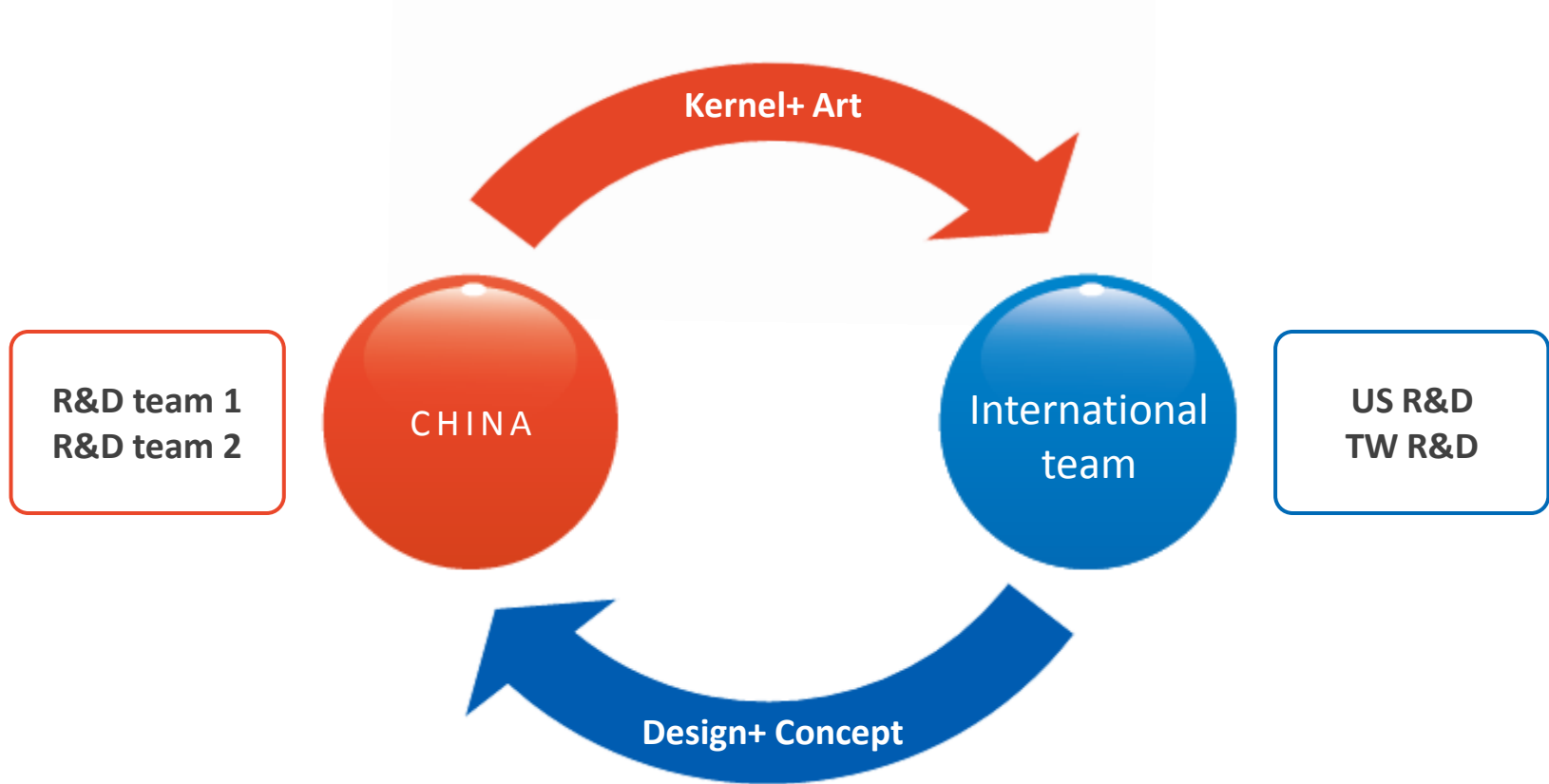
Movies and
TV dramas

Game development

More strategic investments in the future.....

Internationalization

The Group will deeply promote the internationalization process and develop exquisite games with international standard by leveraging domestically self-developed mature-staged kernel system and the design and production by the international team

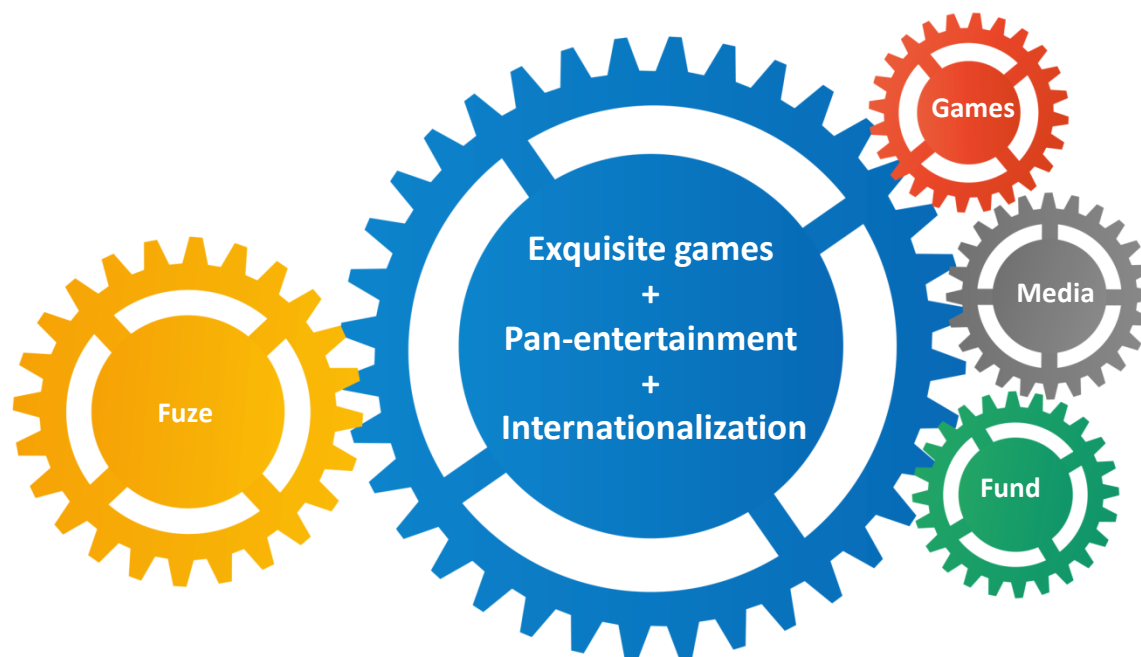


Prospect in 2015 Q4



Strategies

- Linekong Interactive is becoming an “entertainment content provider”, covering games, movies, TV dramas, comics and other relevant fields.
- Linekong will continue to focus on the development of exquisite games.



Products Pipeline in 2H 2015 and 2016

R&D Team I (Focus on Greater China and Asian Markets)



3D CCG

The Legend of Zhenhuan



3D MMOARPG

Sword of Heaven II



2D CCG

Warrior Crash



3D ACT

Excalibur II



3D MMOARPG

The Wars of Shushan



3D CCG

The Legend of MiYue
/Self-developed



3D MMOACT

B.E.E



2D CCG + X

Modern Bad Jokes
(tentatively)



3D MMOARPG

The White Haired Witch



3D CCG

Big Words of Shushan



2D CCG

Warrior Crash

R&D Team II (Focused on International markets)

Linekong US

Monster
Strike

Shooting and Hitting

Fashion

Social



RTS

IP
Games

Publishing Center

黎明之光
DAYBREAK

3D MMOARPG

Daybreak
(mobile Version)



3D MMOARPG

The Legend of MiYue/
Licence

哪吒
快跑

Rushing Nezha

甄嬛斗
地主

Fight the Landlord
with Zhenhuan



2D CCG

Warrior Crash



3D MMOARPG



Thunder Armada

Linekong Korea

Elaborate games: Self-developed + Licensed

A rich product line in 2H 2015 and 2016

No less than **6** mid to hardcore games

4 games to be launched by Linekong U.S.

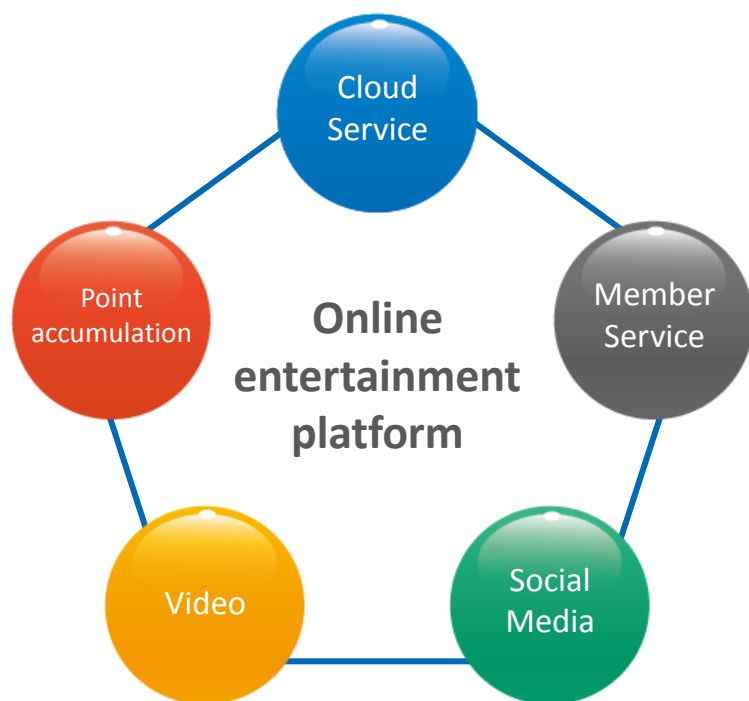
Publish the **continuation** of Linekong's **2** classic mobile games –
Excalibur and Sword of Heaven

Publish **mobile version** of *Daybreak* . Both PC and Web version of the
game are successfully published by Linekong

Series products and auxiliary products of *One Hundred Thousand
Bad Jokes, The Legend of Zhenhuan, The Legend of MiYue, etc.*

Fuze Entertainment Group (a JV company)

- Introduce the world's best console games and build a new e-commerce and online entertainment platform based on TV
- Fuze focuses on platform-based console games, while Linekong specialize in content-based mobile games, through this complementary effect, the entertainment and game will have a perfect marriage



FUZE



Fuze 1
(战斧)
(TV platform)

The world's best
console games

Fuze will launch its self-developed
product for home video game
console during the year

Fuze Entertainment Group (a JV company)

- Fuze has entered into a strategic partnership with well-known game producers and famous game companies
- Fuze will introduce about 100 games in the first stage

FUZE

Strategic
Cooperation



Introduce the famous game company KOEI TECMO's games



Invested in Red Ash,
a game of well known game producer 稻船敬二

Financial Review



Financial Highlights

For the nine months ended 30 September			
RMB ('000)	2015	2014	Change
Revenue	416,869	539,079	-22.7%
Gross Profit	161,523	268,308	-39.8%
Adjusted EBITDA	47,532	150,940	-68.5%
Adjusted Profit Attributable to Equity Holders of the Company	43,337	139,034	-68.9%

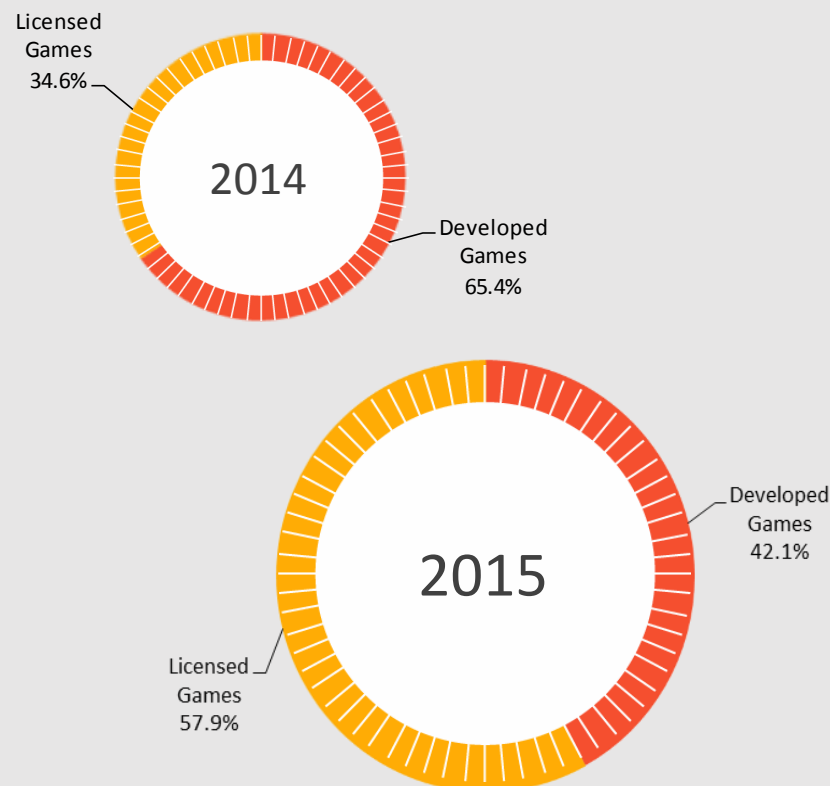
For the nine months ended 30 September			
	2015	2014	Percentage points
Gross Profit Margin	38.7%	49.8%	-11.1%
Adjusted Net Profit Margin	10.4%	25.8%	-15.4%
Operating Margin	-3.9%	6.9%	-10.8%

Revenue Breakdown by Developed & Licensed Games

For the <u>nine months</u> ended 30 September		
RMB ('000)	2015	2014
Developed Games	175,576	352,317
Licensed Games	241,293	186,762
Total	416,869	539,079

- As of 30 September 2015, the Group had commercialised 19 online games, including 11 self-developed games and 8 licensed games.

For the nine months ended 30 September

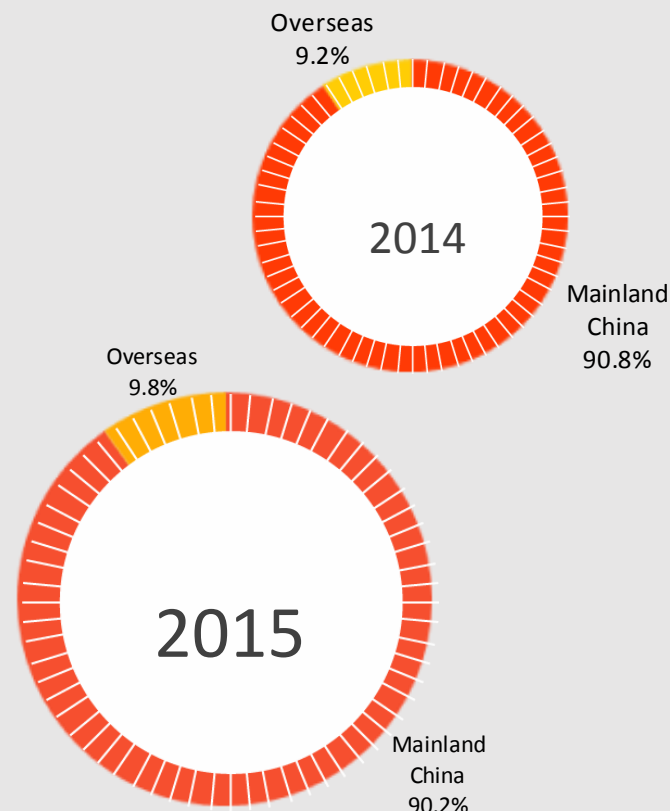


Revenue Breakdown by Regions

For the <u>nine months</u> ended 30 September		
RMB ('000)	2015	2014
Mainland China	376,016	489,484
Overseas	40,853	49,595
Total	416,869	539,079

- Steady performance in overseas markets.
- Established subsidiaries in Hong Kong, Seoul and the US, covering the markets of Hong Kong, Macau, Taiwan, South Korea and US.
- Published *Blade of God* and *Sword of Heaven* in Korea.

For the nine months ended 30 September



Q & A





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