

## CMGE announces 2019 full-year results

- **On March 26, CMGE Technology Group Limited (hereinafter referred to as CMGE) released its financial report of 2019. The report shows that the revenue in 2019 reached 3.036 billion yuan, a year-on-year increase of 90.2%, and the adjusted net profit reached 611 million yuan, a year-on-year increase of 82.1%. According to Analysys (易观智库), CMGE had the second largest IP reserve among all Chinese mobile game publishers after Tencent Game as at 31 December 2019, the Group launched the largest number of IP-based mobile games in 2019.**
  
- **Financial Position**

As of December 31, 2019, the revenue from the continuous operation of CMGE reached 3.036 billion yuan, a year-on-year increase of 90.2%, and the adjusted net profit reached 611 million yuan, a year-on-year increase of 82.1%.
  
- **Structure of Revenue**
  - **Business type: Both the three major business segments and the user base have achieved significant growth**
    - As of December 31, 2019, the incomes from Game publishing, self-developed game business and IP licensing business reached 2,553 million yuan, 421 million yuan and 61.9 million yuan, up 82.3%, 136.8% and 247.8% year-on-year respectively.
    - From January 1, 2016 to December 31, 2019, the number of registered game users totaled 310 million, including 86 million new ones, a growth of 28.4% year-on-year. The average number of monthly paying users has reached 1.2 million and the average conversion rate of paying users was 7.5%, both higher than the industry average. The average monthly consumption of paying users is 210.8 yuan.
  - **By type: The income from IP-oriented games accounted for over 53.20%, a year-on-year increase of 155.9%**
    - Based on game types, the income from proprietary and licensed IP-based products reached 1,561 million yuan, and that from the distribution of IP-based games reached 54.22 million yuan. The total of such incomes was 1.615 billion yuan, a year-on-year increase of about 155.9% with a proportion of 53.20% featuring IP-oriented games.
    - The income from non-IP-oriented games totaled 1.421 billion yuan, a growth of 47.28% year-on-year, accounting for 46.80% of the total revenue.
    - In 2019, the investment in independent mobile game R&D reached 161 million yuan, a year-on-year increase of 169.31%.
  
- **Totally 33 game products were launched during 2019, some of which showed impressive revenue performance**

From January 1, 2016 to December 31, 2019, CMGE has launched 107 games, including 33 new games in 2019. As of December 31, 2019, a total of 80 games could be downloaded via app stores and distribution platforms, of which 11 boasted a life cycle of over three years.

- The game *The World of Legend – Thunder Empire* has achieved a monthly highest turnover of over 200 million yuan, with average monthly active users of about 1.3 million, making itself a popular Legend-brand mobile game in 2019.
  - The game *War Song- The Creation* has achieved a monthly highest turnover of over 56 million yuan, with average monthly active users of about 2 million, making itself a popular Legend-brand web game.
  - The game *Dragon Ball-Awakening* ranked the first in the App Store free game list on the first day of its launch and became the “Recommended Game of the Week” in Apple App Store in the first week of its launch.
  - The PC game *Richman 10* was launched on Steam on October 24, 2019 and became the best domestic game with the highest sales volume on Steam in both October and November.
  - By the end of 2019, CMGE has held 31 licensed IPs and 68 proprietary IPs.
  - In 2019, 23 games were pre-approved and 5 games were pre-approved in the first quarter in 2020.
- **CMGE has teamed up with China’s top social media platforms, in a bid to continue its investment in IP resources and excellent game developers**
    - CMGE has cooperated with Tencent regarding exclusive licensing agreements and jointly distributed the game *The National Gunlord-The Frontier*
    - CMGE has cooperated with ByteDance regarding exclusive licensing agreements and jointly distributed games including *One Piece: The Voyage* and *SNK All Stars Fight*.
    - CMGE has signed an agreement with China Prosperity Capital, Shenzhen Angel FOF and Shenzhen Shengxin United Enterprise Management Corporation and jointly invested 300 million yuan in the establishment of a partnership. Aiming to make Angel Investment in strategic emerging industries, future industries and other key development industries supported and encouraged by Shenzhen Municipal People's Government.
    - As of December 31, 2019, CMGE has made direct investment in 14 game developers.
    - In December 2019, CMGE established National Legend Industry Alliance Council with about 50 Chinese market participants including Zhejiang Century Huatong Group and 37 Interactive Entertainment and built National Legend Industry Park in Yichun, Jiangxi Province. Xiao Jian, Chairman of CMGE was appointed as the Vice Chairman of the first committee of the alliance and was

responsible for the business cooperation regarding IP licensing, game R&D, and publication number application for legend-based games.

- **In 2020, CMGE will accelerate its development in overseas market and embrace the 25th anniversary of *The Legend of Sword and Fairy***
  - It is expected that CMGE will launch 38 new games including *Xuan Yuan Sword – the Origin*, *Condor Heroes Trio*, *Dynasty Warriors: Unleashed*, *Zombie Frontier*, *Soul Land*, *Journey to Immortality*, *Incredible Truth Chasers*.
  - In terms of self-developed games, it is expected that 9 new games, including *The World of Legend – Thunder Empire 2*, *Reborn of Eudemon* and *The Legend of Sword and Fairy VII*.
  - As far as overseas market is concerned, it is expected that a number of games, including *Age of Myth Genesis*, *Dynasty Warriors: Unleashed* and *SNK All Stars Fight*, will be launched and the revenue from the overseas market will embrace a significant increase.
  - The IP licensing business is expected to benefit from a series of large-scale theme activities for the 25th anniversary of *The Legend of Sword and Fairy*, indicating a handsome revenue growth in 2020.
  - In 2020, CMGE will continue its investment in IP resources, excellent game developers and star producers, so as to provide strong support for its IP-based game ecosystem.