

Giant Interactive Group Inc.  
Form 6-K  
February 26, 2008  
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## **Form 6-K**

# **UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington D.C. 20549**

**REPORT OF FOREIGN ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the month of February 2008**

**Commission File Number: 001-33759**

## **GIANT INTERACTIVE GROUP INC.**

**2/F No. 29 Building, 396 Guilin Road**

**Shanghai 200233**

**People's Republic of China**

**(Address of principal executive office)**

## Edgar Filing: Giant Interactive Group Inc. - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes  No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

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Giant Interactive Group Inc.

Form 6-K

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<u>Signature</u>	<b>Page</b>
Exhibit 99.1 2007 Fourth Quarter and Fiscal Year Results Presentation dated February 21, 2008	3 4

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Giant Interactive Group Inc.**

By: /s/ Eric He

Name: Eric He

Title: Chief Financial Officer

Date: FEBRUARY 26, 2008

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HK000NN7  
2007 Fourth Quarter and Fiscal  
Year Results Presentation  
February 21, 2008

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Safe Harbor Statement and Currency  
Convenience Translation

#### Safe Harbor Statement

Statements in this slide presentation contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements and among others, include our continued efforts to successfully develop and launch our new games and expand our distribution and marketing network.

These forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. The financial information contained in this slide presentation should be read in conjunction with the consolidated financial statements and notes thereto included in our prospectus filed with the Securities and Exchange Commission on November 1, 2007, and is available on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). For additional information on these and other important factors that could adversely affect our business, financial condition, results of operations and prospects, see "Risk Factors" beginning on page 12 of our prospectus. Our actual results of operations for the fourth quarter of 2007 are not necessarily indicative of our operating results for any future periods. Any projections in this slide presentation are based on limited information currently available to us, which is subject to change. Although such projections and the factors influencing them will likely change, we undertake no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this slide presentation. Such information speaks only as of the date of this slide presentation.

#### Currency Convenience Translation

This slide presentation contains translations of certain Renminbi (RMB) amounts into US dollars (US\$) at the rate of US\$1.00 to RMB7.2946, which was the noon buying rate as of December 31, 2007 in the City of New York for cable transfers in Renminbi per US dollar as certified for customs purposes by the Federal Reserve Bank of New York. We make no representation that the Renminbi or US dollar amounts referred to in this slide presentation could have been, or could be, converted into US dollars at such rate or at all.

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Giant Interactive Group  
A Leading Online Game Developer & Operator  
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4  
Giant: NYSE Listed  
Giant: NYSE Listed

NYSE IPO on November 1, 2007

Ticker: GA

Market Cap: US\$2.7B

Post IPO Shares/ADRs Outstanding: 241.27M

About Giant:

Headquarters: Shanghai, China

Employees: Approximately 3500, including  
2,500 liaison personnel

Investor Information at: [www.giantig.com](http://www.giantig.com)

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5  
A  
Leading

Developer  
and  
Operator  
of  
MMORPGs  
in  
China

A  
Leading  
Developer  
and  
Operator  
of  
MMORPGs  
in  
China

A leading online game developer and operator in China

151.8%

net  
revenues  
increase

over  
the  
fourth  
quarter

2006;

76.8%

net  
income  
margin

(1)

Uncompromising focus on game play

Strong product development and technology capabilities

Leverage deep understanding of the Chinese mass market  
and extensive marketing and distribution network

Strong

combination of experienced game development

talent and consumer market expertise

(1) For the quarter ended December 31, 2007

Experienced management team

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Operational Metrics &  
Business Updates  
Operational Metrics &

Business Updates

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7  
Rollout of New ZT Online Expansion Pack Neighboring Friends  
Commenced Closed Beta Testing of Giant Online

King of Kings III Undergoing Engineering Testing

1

1

3

3

4

4

Entered Open Beta Testing of ZT PTP

2

2

Recent

Business

Highlights

Recent

Business

Highlights

Acquired Exclusive Licensing Rights to Empire of Sports

5

5

6

6

Announced and Completed Share Repurchase Program



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8  
Average Revenue per User (ARPU)  
Active Paying Accounts (APA)

Peak Concurrent Users (PCU)

Average Concurrent Users (ACU)

395

481

512

51

515

450

271

163

0

100

200

300

400

500

600

700

1Q06

2Q06

3Q06

4Q06

1Q07

2Q07

3Q07

4Q07

320

558

755

874

1,073

888

983

120

0

200

400

600

800

1,000

1,200

1,400

1,600

1,800

1Q06

2Q06

3Q06

4Q06

1Q07

2Q07

3Q07	
4Q07	
Q407	
figures	
include	
ZT	
Online,	
ZT	
Online	
PTP	
and	
Giant	
Online	
Key	
Quarterly	
Operating	
Metrics	
Key	
Quarterly	
Operating	
Metrics	
305	
309	
295	
320	
220	
220	
117	
84	
0	
50	
100	
150	
200	
250	
300	
350	
400	
450	
500	
1Q06	
2Q06	
3Q06	
4Q06	
1Q07	
2Q07	
3Q07	
4Q2007	
787	
986	

1,248  
1,318  
1,405  
143  
602  
698  
0  
200  
400  
600  
800  
1,000  
1,200  
1,400  
1,600  
1,800  
1Q06  
2Q06  
3Q06  
4Q06  
1Q07  
2Q07  
3Q07  
4Q2007

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9

Expanded Marketing Penetration in Q4

Over 500 liaison offices

Over 2500 dedicated liaison personnel

Over 200 distributors

116,500 retail outlets

Penetration of all large cities and almost all provinces in China

Focus on penetrating medium / small cities with continued internet  
and on-site promotional events

Expanded advertising initiatives

Marketing and Distribution Network

Maximize

Player

Awareness

and

Game

Recognition

to

Improve

Penetration

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Key Financial Highlights  
Key Financial Highlights  
©



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11  
22.7  
59.6

54.1
9.2
20.1
41.7
48.6
1.6
0
10
20
30
40
50
60
70
1Q06
2Q06
3Q06
4Q06
1Q07
2Q07
3Q07
4Q2007
Profitable Growth and High Margins
Profitable Growth and High Margins
Net Revenue
Net Income
45.8
11.3
38.7
-0.1
34.7
32.6
15.1
5.8
-10
0
10
20
30
40
50
1Q06
2Q06
3Q06
4Q06
1Q07
2Q07
3Q07
4Q2007
Gross Profit Margin



Net Income Margin

92.4%

92.8%

85.3%

91.2%

89.6%

88.8%

85.7%

71.3%

1Q06

2Q06

3Q06

4Q06

1Q07

2Q07

3Q07

4Q2007

62.6%

74.9%

49.9%

78.2%

71.4%

71.6%

76.8%

-4.3%

1Q06

2Q06

3Q06

4Q06

1Q07

2Q07

3Q07

4Q2007

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12  
2007 Key Financial Highlights  
2007 Key Financial Highlights

US\$  
US\$  
RMB  
RMB  
330.3%  
0.72  
5.25  
-  
3.6%  
0.18  
1.33  
Diluted EPS  
343.3%  
148.0  
1,079.8  
-  
3.7%  
38.2  
278.9  
Income from Operations  
272.4%  
208.6  
1,521.4  
7.3%  
59.4  
433.6  
Online Game  
N.A.  
0.8  
6.1  
4.5%  
0.2  
1.3  
Overseas Licensing  
1,136.3  
273.7  
1,353.5  
174.1  
1,527.5  
For The Year Ended  
December 31, 2007  
333.8  
93.9  
372.8  
62.0  
434.8  
For The Three Month  
Period Ended  
December 31, 2007  
45.8

12.9  
51.1  
8.5  
59.6  
155.8  
37.5  
185.5  
23.9  
209.4  
364.5%  
15.0%  
Net Income  
128.6%  
33.9%  
Operating Expenses  
272.5%  
3.6%  
Gross Profit  
285.2%  
36.5%  
Cost of Services  
273.9%  
7.3%  
Total Net Revenue  
Change  
From  
Previous  
Year  
Change  
From  
Previous  
Quarter  
(In millions, except EPS data)

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13  
Solid Balance Sheet  
Solid Balance Sheet

1,040.2  
864.4  
175.8  
175.8  
1,040.2  
1,010.8  
1,000.1  
December 31,  
2007  
US\$  
7,587.7  
6,305.5  
1,282.2  
1,282.2  
7,587.7  
7,373.5  
7,295.5  
December 31,  
2007  
RMB  
249.9  
Shareholders  
Equity  
504.8  
Total Liability and Shareholders  
Equity  
254.9  
Total Liabilities  
238.9  
Current Liabilities  
504.8  
Total Assets  
466.7  
Current Assets  
451.4  
Cash  
December 31,  
2006  
RMB  
(In millions)

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Business Outlook

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Expand and Enhance Our Product Offerings  
Expand Our Player Base in China and Internationally



Strengthen Our Technology and Operational Platforms  
Continue to Attract and Retain Quality Development Talent  
Pursue Opportunities for Acquisitions, Strategic Joint Ventures  
and Opportunistic Investments

1

1

3

3

5

5

6

6

4

4

Growth Strategies

To Become the Largest Online Game Developer and Operator in Asia

Enhance Interactive Community Features to Attract New

Players and Increase Player Loyalty

2

2

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Appendices

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History and Key Milestones  
Commenced  
operation through  
Shanghai Zhengtu

Network  
Commercially  
launched the first  
MMO game, ZT  
Online  
Established Offshore  
Company, Giant  
Interactive Group Inc.  
Commenced engineering  
testing for the second  
MMO game, Giant Online  
Peak Concurrent  
User of ZT Online  
reached one million  
Acquired the  
intellectual property  
rights of King of  
Kings III  
Commercially  
launch Giant  
Online  
Secured  
Exclusive  
License  
to  
Operate  
Empire of Sports  
2004  
2004  
January  
January  
2006  
2006  
September  
September  
2006  
2006  
May  
May  
2007  
2007  
May  
May  
2007  
2007  
3Q  
3Q  
2007  
2007  
4Q

4Q  
2007  
2007  
1Q  
1Q  
2008  
2008  
NYSE IPO on November 1, 2007  
2008  
2008  
Commercially  
launch King of  
Kings III  
Commenced official  
closed beta testing  
for Giant Online on  
Dec. 29, 2007

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18  
Further enhanced  
interactivity based on

physical locations of  
players  
Encourages users to  
form local bonds, and  
face foreign friends or  
foes together  
Social networking  
features with new in-  
game virtual products  
and services  
Full 3D MMORPG with  
multiple sports  
Train your character in  
football, basketball,  
tennis, skiing, and track  
& field  
Compete with other  
players in tournaments  
or play together as a  
team and start a club  
Free-to-play 3D  
MMORPG with  
medieval magical  
theme  
Third edition in the  
popular King of Kings  
series  
Developed by Lager  
Networks in Taiwan  
Free-to-play 2.5D  
MMORPG with modern-  
era military theme  
Target to position as  
the most affordable  
free-to-play game in  
China  
Advanced server  
technology intended to  
enable up to 1 million  
concurrent players in a  
single shard  
ZT Online  
ZT Online  
Neighboring Friends  
Neighboring Friends  
(Expansion Pack)  
(Expansion Pack)  
Giant Online  
Giant Online  
Empire of Sports

Empire of Sports  
King of Kings III  
King of Kings III  
2008  
2008  
2008  
2008  
Focused Product Pipeline



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Giant Online  
Giant Online is one of the first modern-era military-themed MMO games developed in

China.

Giant Online is a free-to-play game, which enables players, and groups of players, to purchase a wide range of virtual products and services.

Giant  
Online

is

a

2.5  
dimensional

game,  
meaning  
that

all  
the  
characters,

items  
and

the background in the game are depicted three dimensionally, while the camera angle is fixed.

Giant Online players may assume one of 14 different roles, such as detectives and spies.

Players

can  
equip

their  
characters

with  
a

range  
of  
modern  
weaponry.

Apart  
from

waging war, characters can also engage in various forms of in-game social interaction, such as friendship and even romance.

Giant  
Online

is  
divided

into  
numerous  
regions.

Each  
player

must  
guide

his  
or her character to develop skills and cooperate with other players to fight against players from other regions.

Giant Online will feature multiple shards, and will also enable players to travel between different shards. It will enable up to 1,000,000 players to concurrently play in the same shard.

We commenced our official closed beta testing for Giant Online in

December

2007,

and

expect

to

commercially

launch

Giant

Online

in

the

first quarter of 2008.

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20  
Empire of Sports  
Empire of Sports is a 3D MMORPG with multiple sports.

Empire of  
Sports  
will  
allow  
players  
to  
customize  
their  
characters  
physical  
talents  
by  
undergoing different training regiments.

Players will  
be  
able  
to  
compete  
against  
or  
form  
teams  
with  
other  
players  
in  
a  
wide  
variety of  
sports,  
such  
as  
basketball,  
football,  
tennis,  
skiing,  
track  
&  
field,  
and  
bobsleigh.

We obtained the license for Empire of Sports from Switzerland-based Empire of Sports Ltd. Empire of Sports Ltd., a joint venture between Infront Sports and Media and F4.

Adding to the realism and authenticity  
Adding to the realism and authenticity  
of the games, real referees and sports  
of the games, real referees and sports  
experts were consulted during the  
experts were consulted during the

design  
design  
of  
of  
the  
the  
game  
game  
to  
to  
incorporate  
incorporate  
real-  
world  
sports regulations.  
sports regulations.  
We expect  
We expect  
to  
launch  
Empire  
of  
Sports  
in 2008.

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21  
King of Kings III  
King of Kings III

King of Kings III is a three-dimensional online role-playing experience set in a European-style magical world.

Players assume the roles of King of Kings III heroes as they explore across a virtual world of forests and medieval cities and castles.

King of Kings III is the third installment of the King of Kings series of MMO games, which was launched in Taiwan in 1999, and which we believe was the first MMO game series to be operated in greater China.

We acquired the intellectual property rights to King of Kings III from Lager Network in the third quarter of 2007.

Our product development team is presently in the process of working with Lager Network to further develop the game and tailor it to the Chinese market.

We currently expect to commercially launch the game in the second half of 2008.



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22  
Deepen Penetration into Medium  
to Smaller Cities

Deepen Penetration into Medium  
to Smaller Cities

Unique

Unique

and

and

Effective

Effective

Grassroots

Grassroots

Strategy

Strategy

Leads

Leads

to

to

Expansion

Expansion

of

of

Distribution

Distribution

Points

Points

480.6

502.1

523.8

542.8

562.1

577.1

37.7%

39.1%

40.5%

41.8%

43.0%

43.9%

0

100

200

300

400

500

600

700

2001

2002

2003

2004

2005

2006

30%

40%

50%

Urban population

% of total population

Increasing Urbanization Rate

Increasing Urbanization Rate

Medium/

Smaller Cities

Countryside Area

Metropolitan

Cities

(1)

Large Cities

(2)

Medium / smaller cities and countryside area accounted for

59.2% of national GDP in 2006

2001

2006

CAGR

of

12.0%

Robust Economic Growth in Medium / Small Cities

and Countryside Area

Source: China Statistics Yearbook 2007

1

Include Beijing, Shanghai and Guangzhou

2

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

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23  
Regulations  
Online

game  
operators  
in  
China  
are  
required  
to  
hold  
a  
variety  
of  
permits  
and  
licenses:  
ICP license  
Internet Culture Operating license  
Internet Publishing license  
Online Bulletin Board Service approval  
Regulation of Internet content  
Specifically prohibit obscenity, gambling, violence, crimes, undermining public moral or the cultural traditions of China, etc.  
Regulation of information security  
Subject to criminal punishment in China if engaged in:  
Improper entry into a computer or system of strategic importance  
Disseminate politically disruptive information  
Leak state secrets  
Spread false commercial information  
Infringe intellectual property rights

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Regulations (continued)  
Import regulation

Required registration with MOFCOM when importing/exporting online game software into/out of China

Ministry of Culture requires content review and approval of any imported online game

State Copyright Bureau requires registration of copyright agreements for imported software

Ministry of Information Industry requires registration of imported online games into China

Internet Cafe regulation

Require Internet Culture Operation license from MOC

Require registration with SAIC

Fatigue System adopted by all Chinese game operators to curb addictive behavior by minors

3

hours

or

less

of

continuous

play

by

minors

is

considered

healthy

3 to 5 hours of continuous play by minors is considered fatiguing

5 hours or more of continuous play by minors is considered unhealthy