

IPO FACT SHEET
360 Ludashi Technology Limited (3601)
ISSUE STATISTICS

Offer Size:	HK\$138m – HK\$180m
Placement Tranche:	60m
Price:	HK\$2.30 – HK\$3.00
Board lot:	1,000
Entry fee:	HK\$3,030.23
Historical PE	7.11x – 9.28x
Net tangible asset per share:	HK\$1.37 – HK\$1.53
Market Cap (post-IPO):	HK\$598m – HK\$780m
Open:	26 Sep 2019
Close:	12.00 noon on 2 Oct 2019
Trading:	10 Oct 2019
Sponsor:	Guosen Securities (HK) Capital Co., Ltd.

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	122,561	75.6%
2018	320,266	161.3%
Profit for total comprehensive income for the year / period		
2017	56,182	77.2%
2018	75,984	35.2%

BACKGROUND

- They develop a series of PC and mobile devices utility software and offer them to users free-of-charge in exchange for online traffic that they monetize by online advertising and online game business and further expand by electronic devices sales.
- Their utility software, Ludashi (魯大師), which means Master Lu, is a well-known brand and software in China and elsewhere in the world with a specialty in PC/smartphone hardware and system benchmarking and monitoring. They have accumulated a large user base pool through providing free download and installation of Ludashi Software.
- According to Frost & Sullivan, for the year ended 31 December 2018, they were the largest PC and smartphone hardware and system benchmarking and monitoring solution provider in China in terms of user base, occupying 98.8% and 58.9% of the market share based on the MAUs for PCs and mobile devices, respectively.
- The MAUs for their products, comprising that of their utility software of 120.4 million and that of game library of 4.9 million, amounted to approximately 125.3 million in April 2019. Among the MAUs of their products, there were 103.8 million MAUs in the PRC. Another 21.5 million MAUs were generated from products geared towards overseas markets.
- They generated revenues from online traffic monetization and electronic devices sales.

BUSINESS STRATEGIES

- Further improve their product quality by strengthening their research and development capacities, maintain and expand their user base, exploit the overseas markets, and build up their brand image as a trustable hardware expert.
- Enhance their online advertising services and game products so as to monetize their online traffic effectively.
- Enhance their electronic devices sales business by taking advantage of their brand awareness.
- Continue to retain a talented and professional workforce, and build strategic alliances and pursue investments and acquisitions.

COMPETITIVE STRENGTHS

- They are the largest hardware and system benchmarking and monitoring solutions provider for PCs and mobile devices in the PRC market with increasing active users.
- They have established a well-recognized brand image as a hardware expert and have strengthened their capabilities by developing

additional functions of Ludashi Software and extended utility software with more meticulous functions.

- They provide online advertising services and online game business to monetize their large and growing user base and generate steadily increasing revenue.
- They have leading big-data analytics capabilities and strong research and development capabilities that guarantee their further expansion in different fields.
- Their visionary and experienced management team with in-depth industry knowledge together with their strong shareholder base ensures the successful development of their business.

KEY RISKS

- If they fail to continue to innovate and provide attractive products and services to attract and retain users, they may lose customers for their revenue generating services.
- If they fail to protect their proprietary data and user data, their reputation and business could be negatively affected.
- Adverse changes on online advertising service may subject them to decrease in revenues.
- They generate a substantial portion of their revenue from 360 Group and Shanghai Songheng which may cause significant fluctuations in their revenue.
- Their business depends on a strong brand and reputation, and they may not be able to maintain and enhance their brand or reputation or may suffer negative publicity.
- Their limited operating history makes it difficult to evaluate their future prospects and results of operations.
- They face risks related to liabilities resulting from the use of their products by their customers.
- Manufacturer safety recalls could create risks to their business.
- They have limited control over the operations of their offline business entity customers.
- Actions taken by their offline business entity customers may materially and adversely affect their business, prospects and reputation.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To be used to enhance their research and development capability, including employ more professional experts, expand their research and development team and acquire technical intellectual property rights.	30.8	30.0%
To be used to advertise and promote Ludashi Software and related software and products on the third parties' electronic platforms, and continue to carry out their existing marketing plans.	20.5	20.0%
To be used to enhance their own certified pre-owned and factory smartphones e-commerce platform (www.xiaoluyouxuan.com) and offline sales channel, Xiao Lu Hao Huo.	20.5	20.0%
To be used to make additional strategic investments and acquisitions in cash alone or in combination with equity.	20.5	20.0%
For their working capital and general corporate purposes.	10.3	10.0%
Total:	102.6	100.0%

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