

**IPO FACT SHEET**
**Babtree Group (1761 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$1,702.2m – HK\$2,202.8m
<b>Placement Tranche:</b>	250.323m shares
<b>Price:</b>	HK\$6.80 – HK\$8.80
<b>Board lot:</b>	500
<b>Entry fee:</b>	HK\$4,444.34
<b>Historical PE</b>	N.A.
<b>Net tangible asset per share:</b>	HK\$2.20 – HK\$2.50
<b>Market Cap (post-IPO):</b>	HK\$11.35b – HK\$14.69b
<b>Open:</b>	15 Nov 2018
<b>Close:</b>	12.00 noon on 20 Nov 2018
<b>Trading:</b>	27 Nov 2018
<b>Sponsor:</b>	Morgan Stanley, Haitong International, CMS International

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	509,732	154.9%
2017	729,624	43.1%
Loss for the year/period		
2016	-934,539	226.3%
2017	-911,138	-2.5%

**BACKGROUND**

- The Group is the largest and most active maternity and child-, or M&C-, focused community platforms in China by MAU, according to the Frost & Sullivan Report, dedicated to connecting and serving young families.
- On its platforms, the Group offers a comprehensive suite of products and services that serve the four essential needs of China's young families: learning, sharing, recording and shopping.
- Its two primary platforms are
  - (i) Babtree Parenting, its flagship platform comprising the Babtree Parenting mobile app and babytree.com on PC and WAP, which is the main gateway of its user traffic.
  - (ii) WeTime, its mobile-only second platform focused on child development, designed with the dual purposes of an image-rich social recording medium and an online depository of early education content and tools with a marketplace approach.
- Across its platforms, the Group had on average 139.0 million total MAUs in 2017. Young families, defined as families between two years before the birth of a child and six years after, in China represented an addressable market of RMB11.0 trillion in 2017, according to the Frost & Sullivan Report.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Solidify industry leadership through product optimization and user life cycle extension.
- Continue to leverage business model and deepen monetization efforts.
- Continue to invest in R&D and strengthen data analytical and technological capabilities.
- Expand into related businesses and the global markets.

**COMPETITIVE STRENGTHS**

- The largest and most active M&C-focused community platforms in China, dedicated to connecting and serving young families.
- Strong social features shaping a warm and vibrant community.
- Comprehensive and high-quality content.
- Most trusted brand.

- Unique and valuable data insights.
- Proven monetization driven by scalable and expandable business model together with blue-chip partners.
- Visionary and experienced management team and strong shareholder support.

#### KEY RISKS

- If the Group is not able to maintain and enhance its brand, or if events occur that damage its reputation and brand, ability to expand its base of users and advertisers may be impaired, and its business and financial results may be harmed.
- Its business is highly competitive. If it is unable to compete effectively, business, financial conditions and results of operations may be materially and adversely affected.
- If it fails to retain existing users or attract new users, or if users decrease their level of engagement with it, business, results of operations and financial condition may be adversely affected.
- It derives a substantial portion of revenue from a limited number of key advertising customers during the Track Record Period, which may make cash flow and earnings volatile. Its long-term plan to reduce such volatility may not be successful.
- Its new monetization models may not be successful.

#### DIVIDEND POLICY

- No fixed dividend policy

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
To fund business expansion	555.4	30%
To be used in research and development activities	555.4	30%
To fund its future investments, acquisitions and strategic alliances	555.4	30%
For working capital and other general corporate purposes	185.1	10%
<b>Total:</b>	<b>1,851.4</b>	<b>100%</b>

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