

# IPO FACT SHEET

## CMGE Technology Group Limited (302)

### ISSUE STATISTICS

<b>Offer Size:</b>	HK\$1,009.59m – HK\$1,304.63m
<b>Placement Tranche:</b>	461m
<b>Price:</b>	HK\$2.19 – HK\$2.83
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$5.717.03
<b>Historical PE</b>	14.13x – 18.26x
<b>Net tangible asset per share:</b>	HK\$0.79 – HK\$0.92
<b>Market Cap (post-IPO):</b>	HK\$4,951.6m – HK\$6,398.6m
<b>Open:</b>	18 Oct 2019
<b>Close:</b>	12.00 noon on 24 Oct 2019
<b>Trading:</b>	31 Oct 2019
<b>Sponsor:</b>	China International Capital Corporation Hong Kong Securities Limited and BNP Paribas Securities (Asia) Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	1,012,791	1.2%
2018	1,596,204	57.6%
Profit for the year/period		
2017	307,464	53.3%
2018	315,973	2.8%

### BACKGROUND

- The Group is a leading IP-based game operator and publisher, focusing primarily on IPs relating to well-known cultural products and art works, such as icons or characters from popular animations, novels, and motion pictures, which have a significant fan base, market acceptance and commercial value.
- According to Analysys, amongst all Chinese independent mobile game publishers, they ranked first in terms of cumulative revenue generated from publishing IP-based games from January 1, 2015 to June 30, 2019; ranked first in terms of the total number of published IP-based games from January 1, 2015 to June 30, 2019; and had the largest IP reserve that can be used to develop into IP-based games as of June 30, 2019.
- They supply players around the world with mobile games based on the IPs that they license and own.
- They develop mobile games based upon these IPs by cooperating with third-party game developers and through their own in-house development team and then publish these games on their extensive publishing network.
- They also actively invest in IP owners and game developers to strengthen their mobile game ecosystem.
- They plan to further enhance their operation of IP brands globally by developing pan-entertainment products based on their IPs that grow in popularity and eventually develop their own dedicated fan base and subculture.

### BUSINESS STRATEGIES

- Further their cooperation with other market participants.
- Explore international business opportunities and continue to enhance the scale of their global business.
- Diversify their income sources by developing pan-entertainment products based on their proprietary IPs.
- Enhance their monetization and operational capabilities.

# COMPETITIVE STRENGTHS

- Largest Chinese independent mobile game publisher of IP-based games with a popular and high-quality game portfolio.
- Pioneer and leader among IP-based game operators with the largest IP reserve amongst all Chinese independent mobile game publishers.
- Large and multifaceted publishing network.
- State-of-the-art game development capabilities and industry-leading game development talents.
- Visionary and experienced management team.

# KEY RISKS

- They may not be successful in licensing games and IPs.
- They may not be successful in developing games in-house.
- Their new games may not be commercially successful and they may not be able to attract new players.
- They may fail to maintain and grow their player base or keep their players engaged through popular games.
- The laws and regulations regulating mobile games in China continue to evolve and change, which may make it hard for us to obtain or maintain all applicable permits and approvals.
- If they are required to write down goodwill and other intangible assets, their financial condition and results may be materially and adversely affected.

# DIVIDEND POLICY

- No fixed dividend policy.

# USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Expanding and enhancing their IP-based game publishing and development business.	518.6	50%
Conducting merger and acquisition activities of participants in the mobile game ecosystem.	415.0	40.0%
Working capital and general corporate purposes.	103.7	10.0%
<b>Total:</b>	<b>1,037.3</b>	<b>100.0%</b>

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