

IPO FACT SHEET
FriendTimes Inc. (6820)
ISSUE STATISTICS

Offer Size:	HK\$452.1m – HK\$646.8m
Placement Tranche:	330m
Price:	HK\$1.52 – HK\$1.96
Board lot:	2,000
Entry fee:	HK\$3,959.51
Historical PE	8.94x – 11.53x
Net tangible asset per share:	HK\$0.49 – HK\$0.56
Market Cap (post-IPO):	HK\$3,344m – HK\$4,312m
Open:	24 Sep 2019
Close:	12.00 noon on 27 Sep 2019
Trading:	8 Oct 2019
Sponsor:	Guotai Junan Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	700,247	23.1%
2018	1,464,290	109.1%
Profit for the year / period		
2017	117,903	46.1%
2018	336,703	185.6%

BACKGROUND

- They are a leading integrated and well-established mobile game developer, publisher and operator with particular success in female-oriented games. Since their inception in 2010, they have been strategically focusing on mobile games targeting female players in the PRC to capture the significant growth potential in both the mobile game industry and the female-oriented game market.
- According to Frost & Sullivan, they ranked the third in the PRC female-oriented mobile game market as measured by revenue from female-oriented mobile games in 2018, which accounted for approximately 2.9% of the female-oriented mobile game market in the PRC in 2018, and the first in the ancient Chinese style female-oriented mobile game market in the PRC in terms of revenue from ancient Chinese style female oriented mobile games in 2018.
- They accounted for approximately 31.5% of the revenue of ancient Chinese style female-oriented mobile game market in the PRC in 2018. The revenue from ancient Chinese style female-oriented mobile game market accounted for only 9.1% of the revenue from female oriented mobile game market in the PRC in 2018. Leveraging on their success in the PRC market, they expanded into overseas market in 2011. They were awarded the “National Key Cultural Export Enterprise (國家文化出口重點企業)” in 2018.
- Their cumulative registered players increased from 30.5 million in 2016 to 99.5 million as at 31 July 2019, and their average monthly paying players increased from 186,600 in 2016 to 234,900 for the seven months ended 31 July 2019.

BUSINESS STRATEGIES

- Further expand and enrich their game portfolio to strengthen their market position.
- Deepen and expand their overseas markets.
- Engage in effective marketing and promotion activities to enhance their brand and game recognition.
- Expand their player base and build up gaming social platform.
- Enhance their capabilities of utilising and commercialising game IPs.

COMPETITIVE STRENGTHS

- A leading mobile game developer, publisher and operator with a focus on female-oriented games.
- Active expansion into overseas markets backed by their stable cooperation with mainstream distribution platforms in the overseas

markets and their game localisation capabilities.

- Highly integrated business model with game development, publishing and operation capabilities.
- Strong game development team and sophisticated data analysis and application capabilities.
- Dedicated and visionary management team with stable teams and highly engaging corporate culture.

KEY RISKS

- A small number of games have contributed a substantial majority of their revenue. Failure to maintain the continuous success of these games could materially and adversely affect their business and results of operations.
- If they fail to launch successful new games to retain existing players and attract new players, their business and growth may be materially and adversely affected.
- Any regulatory changes in the approval and registration process of new online games by the PRC government may adversely affect their business.
- They rely on a small portion of their total players for almost all of their revenue from games, and may not be able to monetise their players effectively.
- Substantially all of their revenue from games come from sales of their in-game virtual items. If this business model ceases to be commercially viable, their results of operations and business prospects could 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
Will be used to further expand and enhance their game portfolio and the research and development of their core proprietary technologies.	155.9	30.0%
Will be used to fund their advertising, marketing and promotion.	182.0	35.0%
Will be used to strengthen their IP portfolio and enrich related contents.	78.0	15.0%
Will be used to fund their strategic acquisition of both upstream and downstream game-related businesses.	52.0	10.0%
Will be used for working capital and general corporate purposes.	52.0	10.0%
Total:	519.9	100.0%

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