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Hong Kong

IPO FACT SHEET

Homeland Interactive Technology Ltd. (3798)

ISSUE STATISTICS

Offer Size:	HK\$423.9m - HK\$580.9m
Placement Tranche:	314m Shares
Price:	HK\$1.35 - HK\$1.85
Board lot:	2,000
Entry fee:	HK\$3,737.29
Historical PE	6.9x – 9.4x
Net tangible asset per share:	HK\$0.53 - HK\$0.66
Market Cap (post-IPO):	HK\$1,695.6m- HK\$2,323.6m
Open:	18 June 2019
Close:	12.00 noon on 21 June 2019
Trading:	04 July 2019
Sponsor:	China Everbright Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	261,751	403.9%
2018	439,530	67.9%
Profit and total comprehensive income for the year		
2017	132,744	447.7%
2018	216,533	63.1%

BACKGROUND

- They are a leading localized mobile card and board game developer and operator in China with a special focus on localized Mahjong and poker games.
- Most of their games are the recreation of classic games with a long history in the real world, which provides us with a broad and active
 potential player base. They have developed different Mahjong and poker game variations featured with local regional game rules,
 scoring rules and slang terms, appealing to various traditions and preferences of players from different locations.
- According to the F&S Report, they ranked first among all online localized card and board game companies by number of localized variations in China in 2018. In addition, according to the F&S Report, they ranked No. 3 among online localized card and board game companies in China as measured by geographic coverage of localized variations and revenue, respectively, in 2018, and had a 5.1% market share in terms of revenue from all online localized card and board games companies in the same year.
- They adopt a unified platform strategy to aggregate their game products, which consist of their Mahjong game variations, poker game variations and other games under integrated game platforms.
- As a result, they have attracted a large player base with cumulative registered players of approximately 97.1 million as of December 31, 2018 and paying players, DAUs and ARPPU of approximately 3.2 million, 5.2 million and RMB11.4, respectively, for the year ended December 31, 2018.

BUSINESS STRATEGIES

- Further develop and optimize their game portfolio to boost player stickiness.
- Continue to strengthen research and development and technology infrastructure.
- Enhance marketing capacities and improve brand image.
- Strategically pursue partnership and acquisition opportunities and broaden domestic and overseas market reach.

COMPETITIVE STRENGTHS

- A leading localized mobile card and board game developer and operator in China.
- Unified platform strategy and integrated backend system enhancing player experience and monetization.

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- Strong offline game promotion capability.
- Broad portfolio of classic games with long lifespan and new features.
- Experienced and dedicated management team.

KEY RISKS

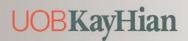
- Failure to obtain, renew or retain requisite licenses, permits or approvals or failure to comply with applicable laws and regulations may adversely affect their ability to conduct their business.
- Two game categories have generated substantially all of their revenue; any failure to maintain or enhance the performance of games in these game categories could materially and adversely affect their business and results of operations.
- If they fail to strengthen their existing game portfolio, launch high-quality new games or game variations and enhance player experience, their ability to continue to retain existing players and attract new players will be materially and adversely affected.
- They primarily distribute their mobile game products through their proprietary channel; any disruption of their proprietary channel could materially and adversely affect their business, financial condition and results of operation.
- They rely on a small portion of their registered players for a substantial portion of their revenue.
- Their rapid growth during the Track Record Period may not be indicative of their future growth, and their short operating history makes it difficult to evaluate their growth prospects and future financial results.
- They are subject to risks and uncertainties associated with the use of third party payment vendors.
- They utilize third-party distribution channels to distribute their games; if they are unable to maintain good relationships with these thirdparty distribution channels, their business and results of operations will be adversely affected.
- Their games and operations are subject to laws and regulations of the PRC; they cannot guarantee you that such laws and regulations
 would not be interpreted in ways that could affect their business

DIVIDEND POLICY

• A stable general annual dividend policy of declaring and paying dividends of no less than 30% of their profit attributable to owners of their Company on an annual basis.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Further expanding and developing their game portfolio.	107.7	24.5%
Introducing and enhancing game features or functions and for improving their technology infrastructure.	127.9	29.1%
Enhancing their marketing capabilities and improving their brand image.	79.2	18.0%
External growth by strategically pursuing partnership and acquisition opportunities.	47.0	10.6%
International expansion.	34.2	7.8%
Provide funding for their working capital and general corporate purposes.	44.0	10.0%
Total:	444.0	100.0%



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