

IPO FACT SHEET

iDreamSky Technology Holdings Limited (1119 HK)

ISSUE STATISTICS

Offer Size:	HK\$761.8m – HK\$990.4m
Placement Tranche:	126.972m
Price:	HK\$6.00 – HK\$7.80
Board lot:	400
Entry fee:	HK\$3,151.44
Historical PE	44.4x – 57.7x
Net tangible asset per share:	HK\$2.24 – HK\$2.43
Market Cap (post-IPO):	HK\$7,618.3m – HK\$9,903.8m
Open:	26 Nov 2018
Close:	12.00 noon on 29 Nov 2018
Trading:	6 Dec 2018
Sponsor:	Credit Suisse, CMS International, CICC

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	1,480,792	-5.5%
2017	1,763,548	19.1%
Profit for the year/period		
2016	5,121	-93.1%
2017	151,904	2,866.3%

BACKGROUND

- The Group is a digital entertainment platform with a leading position in game publishing market in China with 129.5 million average MAUs for the nine months ended September 30, 2018.
- According to Frost & Sullivan, in 2017, the Group ranked No.1 among all the independent mobile game publishers in China as measured by average MAUs.
- It is the largest independent mobile game publisher in China in terms of introducing and publishing overseas games as measured by revenue.
- It ranked No.5 in the mobile game market in China as measured by revenue.
- It has also expanded its service offerings to other digital entertainment areas, such as e-sports, comics and video. As of the date of IPO prospectus and in the foreseeable future, game revenue was and will continue to be the most significant component in total revenues.

BUSINESS STRATEGY AND FUTURE PLANS

- Enrich high quality content offered to users
- Further expand user base and enhance user engagement
- Achieve stronger monetization
- Pursue strategic alliances and investment opportunities
- Continue to invest in technology and strengthen research and development capabilities
- Enhance its global presence

COMPETITIVE STRENGTHS

- Large and highly engaged user network
- Global game sourcing and strong operating capabilities
- A synergetic business model empowered by complementary game publishing and development capabilities
- Diversified digital entertainment resources for content and service offerings
- Strong analytics and robust technology

- Experienced management team with profound industry insights and strong execution capability

KEY RISKS

- The Group may not be able to maintain and grow its user base and keep its users engaged through popular games.
- The Group works with game developers to provide games to its users. Its relationship with game developers might deteriorate.
- It may not be able to compete effectively against competitors.
- It may not be able to launch new popular games or extend the lifecycle of its existing top grossing games.
- It may recognize impairment charges on its intangible assets.
- It may fail to realize the anticipated benefits from its acquisition of the majority equity interests in Shanghai Huohun or may be required to record a significant impairment of goodwill in connection with this acquisition.
- If the PRC government finds its contractual arrangements to be in violation of PRC laws, the Group could be subject to severe penalties or be forced to relinquish its interests in its PRC subsidiaries.
- Its contractual arrangements may not be as effective in providing operational control over its PRC subsidiaries as direct ownership.

DIVIDEND POLICY

- No fixed dividend policy

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
To further expand its game portfolio and enrich its contents offerings	297.3	38.0%
To fund its strategic acquisition in upstream or game-related industries to intensify its collaboration with key market players, as well as to support the expansion of its international operations	187.8	24.0%
To strengthen its in-house research and development capabilities and to strengthen its technical knowhow to enhance its in-house game development capabilities	179.9	23.0%
For working capital and other general corporate purposes	70.4	9.0%
To expand its offline entertainment services	46.9	6.0%
Total:	782.4	100.0%

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