

Hong Kong

IPO FACT SHEET

Maoyan Entertainment (1896 HK)

ISSUE STATISTICS

Offer Size:	HK\$1,959.2m - HK\$2,700.5m
Placement Tranche:	132.377m shares
Price:	HK\$14.80 - HK\$20.40
Board lot:	200
Entry fee:	HK\$ 4,121.11
Historical PE	N.A.
Net tangible asset per share:	HK\$2.22 - HK\$2.88
Market Cap (post-IPO):	HK\$16,668m - HK\$22,820m
Open:	23 Jan 2019
Close:	12.00 noon on 28 Jan 2019
Trading:	04 Feb 2019
Sponsor:	Morgan Stanley Asia Limited, Merrill Lynch Far East Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	1,377.5	130.9%
2017	2,548.0	85.0%
Profit / (Loss) for the year/period		
2016	(508.2)	-60.8%
2017	(76.1)	-85.0%

BACKGROUND

- They are a leading platform providing innovative Internet-empowered entertainment services in China, offering online entertainment ticketing services, entertainment content services, e-commerce services and advertising services and others.
- They were the largest online movie ticketing service provider in China with a market share of 61.3% by GMV of movie tickets sold in the nine months ended September 30, 2018, according to the iResearch Report.
- They were the first to provide Internet-based promotion and distribution services for movies in China and have since expanded such services to a broad range of entertainment content. In the nine months ended September 30, 2018, they provided entertainment content services for movies that contributed to over 90% of the gross box office in China.
- They were the largest online movie community in China by average MAU in the nine months ended September 30, 2018, according to the iResearch Report.

BUSINESS STRATEGIES AND FUTURE PLANS

- Continue to expand their user base and consumer mindshare.
- Strengthen their entertainment content services capabilities.
- Further develop their technological capabilities.
- Selectively pursue strategic alliances, investments and acquisitions.

COMPETITIVE STRENGTHS

- Leading platform of Internet-empowered entertainment services.
- Extensive user coverage and comprehensive user engagement.
- Highly valuable services empowering the entertainment value chain.
- Sophisticated content promotion and distribution capabilities.
- Robust technology infrastructure and operational excellence.
- Unique position to expand along value chain and across entertainment services.

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• Visionary and experienced management team with distinctive corporate culture.

KEY RISKS

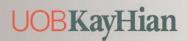
- They have a limited operating history in a dynamic market, which makes it difficult to evaluate their prospects.
- Their success depends, in significant part, on the general prosperity and development of China's entertainment industry.
- If they fail to retain or grow their user base, or if their user engagement ceases to grow or declines, their business, financial condition and
 results of operations may be materially and adversely affected.
- Their operations depend in part on their relationships with their strategic and business partners.
- They may not be able to respond effectively to changes in the entertainment market, which may materially and adversely affect their market share, user retention and results of operations.

DIVIDEND POLICY

• No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For funding the enhancement of their integrated platform capabilities to better serve users and business partners, by enriching content offerings and strengthening their services, expanding user reach, enhancing user engagement and reinforcing offline resources.	654.8	30%
For research and development as well as technology infrastructure to enhance their technological and data analytical capabilities and capacity.	654.8	30%
For funding the potential investments and acquisitions which They may seek from time to time to expand their business operations, including their proposed acquisition of a minority stake in Huanxi Media.	654.8	30%
For working capital and general corporate purposes.	191.2	10.0%
Total:	2,155.6	100.0%



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