

IPO FACT SHEET
NEWBORN TOWN INC. (9911)
ISSUE STATISTICS

Offer Size:	HK\$190.4m – HK\$244.8m
Placement Tranche:	136m
Price:	HK\$1.40 – HK\$1.80
Board lot:	2,000
Entry fee:	HK\$3,636.28
Historical PE	21.06x – 27.09x
Net tangible assets per share:	HK\$0.55 – HK\$0.60
Market Cap (post-IPO):	HK\$1,400m – HK\$1,800m
Open:	17 Dec 2019
Close:	12.00 noon on 20 Dec 2019
Trading:	31 Dec 2019
Sponsor:	CMBC International Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	181,842	32.8%
2018	276,686	52.1%
Profit for the year/period		
2017	31,981	-22.5%
2018	59,737	86.7%

BACKGROUND

- The Group is a fast-growing mobile app developer and mobile advertising platform services provider based on AI technologies.
- They generate revenue mainly from the traffic monetisation of their self-developed mobile apps and the provision of mobile advertising services to advertisers as an ad agency through their proprietary advertising platform.
- In May 2013, they launched their first mobile app Solo Launcher, which serves as a user interface for Android device users and was designed to provide a simpler and faster user experience with their devices.
- Solo Launcher achieved a certain degree of popularity in different parts of the world and remained one of their core products for attracting mobile device users as of the Latest Practicable Date.
- By 31 December 2018, it had achieved daily ranking No. 1 by downloads at least once in the “personalisation apps” category of Google Play in 89 countries and regions such as France, Israel, Singapore and Brazil according to the iResearch Report.
- Based on the popularity of Solo Launcher, they developed more mobile device utilities apps such as screen locker, antivirus and battery management apps. In 2017 they started to launch mobile apps in other categories such as media & entertainment, fitness and games, thereby forming an app matrix later named “Solo X”.
- By 30 June 2019, they had attracted more than 796.8 million global users in terms of device ID to their apps cumulatively.
- During the Track Record Period, all their apps were offered for free download in online app stores such as Google Play and App Store.
- They generate revenue from their apps mainly by way of selling in-app ad spaces to advertisers, thereby monetising the online traffic generated by their apps.

BUSINESS STRATEGIES

- Continue to upgrade Solo Aware and strengthen their data and technology advantages.
- Continue to enrich and expand Solo X product matrix and expand their user base.
- Reinforce their programmatic Solo Math advertising platform.
- Expand their localised service and distribution network.
- Attract, retain and cultivate excellent employees
- Explore strategic investments and acquisitions opportunities.

COMPETITIVE STRENGTHS

- A synergetic business model empowered by complementary proprietary app traffic monetisation and mobile advertising platform.
- Diversified product offerings and fast growing global user base.
- A leading programmatic advertising platform covering the value chain of the mobile advertising industry.
- Robust big data and advanced AI capabilities based on practical scenarios.
- Fast growing and high-quality global advertiser base and a sizable network of publishers.
- Visionary, experienced and stable management team.

KEY RISKS

- They operate in the rapidly evolving mobile internet industry with fierce competition and may not be able to compete successfully against their existing and future competitors.
- They started to launch their proprietary apps only in 2013 and their mobile advertising platform only in 2014 and their limited operating history makes it difficult to forecast their business performance and prospects.
- They may fail to continue to improve the monetisation efficiency of their Solo Math platform to attract and retain advertisers and publishers that use such platform for mobile advertising transactions.
- As most of their representative mobile apps in operation have a relatively short expected lifecycle of 12 to 18 months, they need to continuously develop and launch new popular apps to generate traffic for monetisation and may not be successful in doing so.
- While they are based in China, they generate revenue from various overseas markets, which subjects them to challenges such as prioritising different regional markets, finding suitable local business partners, complying with local laws and regulations and dealing with foreign exchange fluctuation.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Develop, expand and upgrade their Solo X product matrix.	68.0	41.1%
Upgrade their Solo Math programmatic advertising platform.	57.2	34.6%
Enhance the big data and AI capabilities of their Solo Aware AI engine.	28.2	17.0%
Enhance their local service capabilities and build their global information distribution network.	6.4	3.9%
For working capital and other general corporate purposes.	5.6	3.4%
Total:	165.4	100.0%

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