

IPO FACT SHEET
Wanka Online Inc. (1762 HK)
ISSUE STATISTICS

Offer Size:	HK\$245.2m – HK\$352.9m
Placement Tranche:	76,390,000 shares
Price:	HK\$3.21 – HK\$4.62
Board lot:	1,000
Entry fee:	HK\$ 4,666.55
Historical PE	N/A
Net tangible asset per share:	HK\$0.48-HK\$0.56
Market Cap (post-IPO):	HK\$4,087m - HK\$5,882m
Open:	11 Dec 2018
Close:	12.00 noon on 14 Dec 2018
Trading:	21 Dec 2018
Sponsor:	China International Capital Corporation Hong Kong Securities Limited, ICBC International Capital Limited and Macquarie Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	40,552	165.1%
2017	485,636	1097.6%
Loss/Profit for the years/period		
2016	-98,127	507.2%
2017	-145,094	47.9%

BACKGROUND

- They are a fast-growing technology company in the mobile Internet market.
- They provide Android-based content distribution services for marketers seeking mobile advertising, online-video distribution and game co-publishing services.
- They have built their content distribution services leveraging their proprietary DAPG platform. Their DAPG platform consists of a cluster of multiple interrelated technological platforms underpinned by their cutting-edge technologies such as data mining, data analytics and scenario analysis. It enables them to precisely and efficiently target Android-based smartphone users, and deliver personalized, real-time and scenario-based contents from their marketers through smartphone manufacturers' self-owned mobile apps and user interfaces.
- They have collaborated with a variety of Android-based distribution channels, including Android smartphone manufacturers and non-smartphone manufacturer distribution channel suppliers primarily consisting of third party mobile app marketplaces and mobile news and social media content platforms. In addition, they have also worked closely with mobile app developers to facilitate the app development process.
- Their customers are marketers from a multitude of industries, including brand owners, advertising agencies, mobile app and game developers, as well as video content providers.
- According to the F&S Report, China's post-sale third party advertising market for smartphone manufacturers is highly fragmented and competitive. The top five third party advertising service providers accounted for approximately 2.09% of the total post-sale third party advertising market for smartphone manufacturers in terms of revenue in 2017, and they ranked third with a 0.31% share of the overall market, according to the F&S Report.

BUSINESS STRATEGY AND FUTURE PLANS

- Strengthen their data analytics capabilities.
- Foster their ecosystem and expand their service offerings.
- Enhance their market presence by expanding their sales network.
- Promote Quick Apps to set technical standards for smartphone industry.
- Pursue selective strategic alliances and strategic investments.

COMPETITIVE STRENGTHS

- Pioneering technology and service provider in China's mobile Internet market.
- Proprietary platform propelled by robust data analytics technologies.
- Highly scalable business model with huge monetization potential.
- Visionary and experienced management team with in-depth industry expertise.

KEY RISKS

- They require an open source operating system, namely Android, to be run on smartphones in order for their data analysis and content delivery to be implemented. Any changes to the specifications of or a declining popularity to such operating system may have material and adverse impacts on their operation and financial condition.
- Their limited operating history makes it difficult to evaluate their business and growth prospects, and their historical results of operations and financial performance during the Track Record Period may not be indicative of their future prospects.
- They depend on their strategic partnerships with a limited number of smartphone manufacturers and cooperation with certain suppliers of content distribution channels who provide them with distribution channels and access to a massive user base. Any loss or deterioration of their relationship with such smartphone manufacturers or suppliers may result in the loss of user base and revenues.
- They generated a substantial majority of their revenues from mobile advertising services during the Track Record Period. A decline in their advertising revenue resulting from their failure to retain existing advertising customers or attract new ones, or their failure to attract sufficient spending from their customers, could harm their business and results of operations.
- They have a significant amount of intangible assets and goodwill for which they may have to provide for impairment losses, which could harm their results of operations.
- They are subject to risks associated with operating in a rapidly developing and evolving industry.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For strengthening their research and development capabilities in order to improve their competitiveness and expand into more verticals.	70.10	30.0%
For promoting the development standard of Quick Apps by providing ongoing technical support and guidance, improving the Quick App distribution platform and attracting global mobile app developers to engage in Quick App development.	70.10	30.0%
For expanding their service offerings by adopting a multi-screen strategy.	35.00	15.0%
For expanding their monetization channels and strengthening their sales and marketing capabilities by increasing the size of their sales force, penetrating new markets and engaging third party sales agencies.	35.00	15.0%
For working capital and general corporate uses.	23.40	10.0%
Total:	233.60	100.00%

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