

FINANCIAL REVIEW

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 HD **Animoca to list on local bourse**
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Hong Kong mobile game developer Animoca Brands is set to become the latest in what is tipped to be a long line of Asian technology companies to list on the local bourse in the year ahead.

Animoca employs 70 developers producing mobile games based on popular formulas – including shoot 'em up, role play, and time management games. Licensing agreements make these very basic games idiosyncratic by embedding popular characters such as Ben 10, Garfield and Astro Boy.

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The business operates on a "freemium" model, where users can download and play games for free but pay to progress to higher levels, or buy add-ons. Games are sold through the Apple and Google App stores. There are currently more than 100 **million** active users, with the audience increasing at about 4 **million** users per month. About 4 per cent of active users convert to paying customers, with an average spend of US9¢ per month. The **company** posted a loss of about \$US165,000 in the March quarter.

Money raised in the initial public offering will be spent on marketing. The cost of new customer **acquisition** reduces with scale, having dropped from US11¢ in 2012, to US5¢ in 2013 and US1¢ in 2014. Shares in the offer are priced at 20¢ each to raise up to \$5 **million**. A minimum of \$2.4 **million** must be secured for the deal to proceed. **Lead** broker is Taylor Collison.

If the maximum subscription is filled the **company** will have a market capitalisation of \$26 **million** at listing. Final bids are due by December 12 with the float slated for year-end. None of the existing shareholders, including Intel Capital, ADG and IDG-Accel, are selling down in the float.

"We have had a lot of interest in the IPO already from small cap focused fund managers in **Hong Kong** and wealthy sophisticated investors," Taylor Collison corporate adviser Simon Doherty said. Animoca's co-founders and major shareholders, David Kim and Yat Siu, are well known among **Hong Kong**-based technology investors, having sold their previous venture Outblaze to IBM for an undisclosed sum in 2009.

Like dozens of technology start-ups over the past year, Animoca is completing a backdoor ASX-listing via the shell of a failed resources **company**.

Black Fire Minerals non-executive director, Martin Green, orchestrated the reverse takeover of the Perth-based **gold** and **copper** explorer. Singapore-based mobile app developer MigMe kicked off the emerging trend in August in a backdoor listing via Latin **Gold**. This followed mobile marketplace operator 99Wuxian becoming the first **Chinese company** to list on the ASX in October last year.

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