

# FriendTimes Inc. (6820 HK)

## A female-oriented game boutique with recovery in sight

As a leading female-oriented game boutique, we expect FT to see mild recovery in FY23E, backed by the launch of *A Story of Lala* (TOP 50 in iOS grossing rank). FY22 softness was well anticipated by the market, and we suggest to look into its FY23E rebound (forecasting topline/bottom line +1%/398% YoY). *A Story of Lala* is still at growing stage, and more titles will bring further upside, including ToF (to be launched in 4Q23E), <Code: WX> and <Code: PE> in FY24E. We forecast its topline/bottom line to grow at 15%/49% CAGR in FY23-25E, with TP at HK\$1.45.

- **A leading female-oriented mobile game boutique.** As a leading female-oriented game company in China, FT excelled itself with meticulous operation and active in-game interaction among players, backed by multiple flagship titles (e.g. *Tale of Empress* (浮生为卿歌, ranking within Top 60)). With game license stabilization and new titles to be launched, we forecast its topline/bottom line to grow at 15%/49% CAGR in FY23-25E.
- **Moderate recovery ahead with the launch of *A Story of Lala*.** Due to licenses suspension, epidemic and heavy S&M on *Promise of Lingyun*, FT delivered soft FY22 financials (topline/bottom line -6%/-87% YoY). Looking ahead, we think its trough time is over (stable grossing of existing games and profitability of *Promise of Lingyun*) and expect upcoming recovery with the launch of *A Story of Lala's: Rising Star* <杜拉拉升职记> in Jan 2023. As a RPG and stimulation game, *A Story of Lala* ranked TOP 50 on iOS grossing, with relatively high ARPU and paying ratio on female gamers. It is still at growing stage, and we expect it to surpass *Promise of Lingyun* in terms of grossing and margin (with lower R&D and S&M expenses).
- **More titles to come.** We expect 2H23E & FY24E momentum to continue, backed by *Twist of the Fate* (浮生忆玲珑) and game category expansion. ToF (licensed) finished the internal test in 2H22 with solid feedback, and will enter into external test in 2Q23E. After content enrichment, we expect ToF to be launched in 4Q23E, contributing meaningful profit in FY24E. Apart from female game, FT will test the water for martial arts game (e.g. Code: WX) and European royalty type (Code: PE) in FY24E in order to diversify category and expand overseas market.
- **Resume with BUY.** We expect its key titles to be launched and FY23E re-acceleration would help its rerating. Resume with BUY, with DCF-based TP at HK\$1.45 (22x/11x FY23/24E P/E).

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	1,616	1,524	1,539	1,816	2,018
YoY change (%)	-26%	-6%	1%	18%	11%
Adj. net income (RMB mn)	275	25	125	246	278
Adj. EPS (RMB)	0.13	0.01	0.06	0.11	0.13
YoY growth (%)	-45%	-91%	398%	97%	13%
Consensus EPS (RMB)	NA	NA	0.11	0.21	0.36
P/E (x)	7.3	80.4	16.2	8.2	7.3
P/S (x)	1.4	1.5	1.5	1.2	1.1
Yield (%)	12.5%	6.3%	3.0%	5.9%	6.7%
ROE (%)	17%	2%	7%	12%	12%
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

Target Price **HK\$1.45**  
 Up/Downside **+40.3%**  
 Current Price **HK\$1.04**

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### Stock Data

Mkt Cap (HK\$ mn)	2,486
Avg 3 mths t/o (HK\$ mn)	0.35
52w High/Low (HK\$)	1.35/ 0.90
Total Issued Shares (mn)	2,181
Source: Bloomberg	

### Shareholding Structure

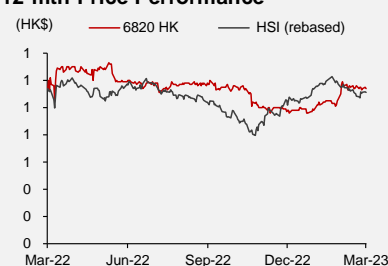
Eternal Heart Holding	43.0%
Warm Sunshine	8.7%
Ling Long Holding	8.6%
Source: Bloomberg	

### Share Performance

	Absolute	Relative
1-mth	4.5%	7.7%
3-mth	18.6%	-9.2%
6-mth	-2.5%	-2.2%

Source: Bloomberg

### 12-mth Price Performance



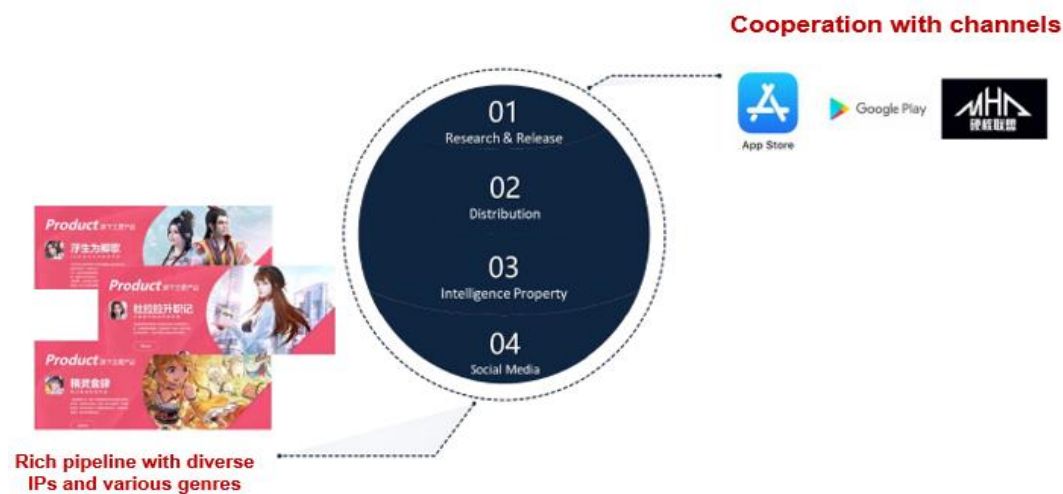
Source: Bloomberg

Auditor: KPMG

## Pioneer in a promising niche market

Incorporated in 2010, FriendTimes is a leading mobile game developer, publisher and operator with particular focus on female-oriented mobile games. FriendTimes' key title, *A Story of Lala's: Rising Star* (杜拉拉升职记), has been ranked Top 51 in iOS top-grossing rank since launched in Jan 2023, while other games such as *Fate of the Empress* (浮生为卿歌) and *Promise of Linyun* (凌云诺) ranked Top 58 and Top 74 respectively. We expect FT to further capture opportunities in female-oriented market backed by its first-mover advantage and deep understanding of female players' behavioral habits & meticulous operations.

**Figure 1: Business model of FriendTimes**



Source: Company data, CMBIGM

**Figure 2: Tale of Empress**

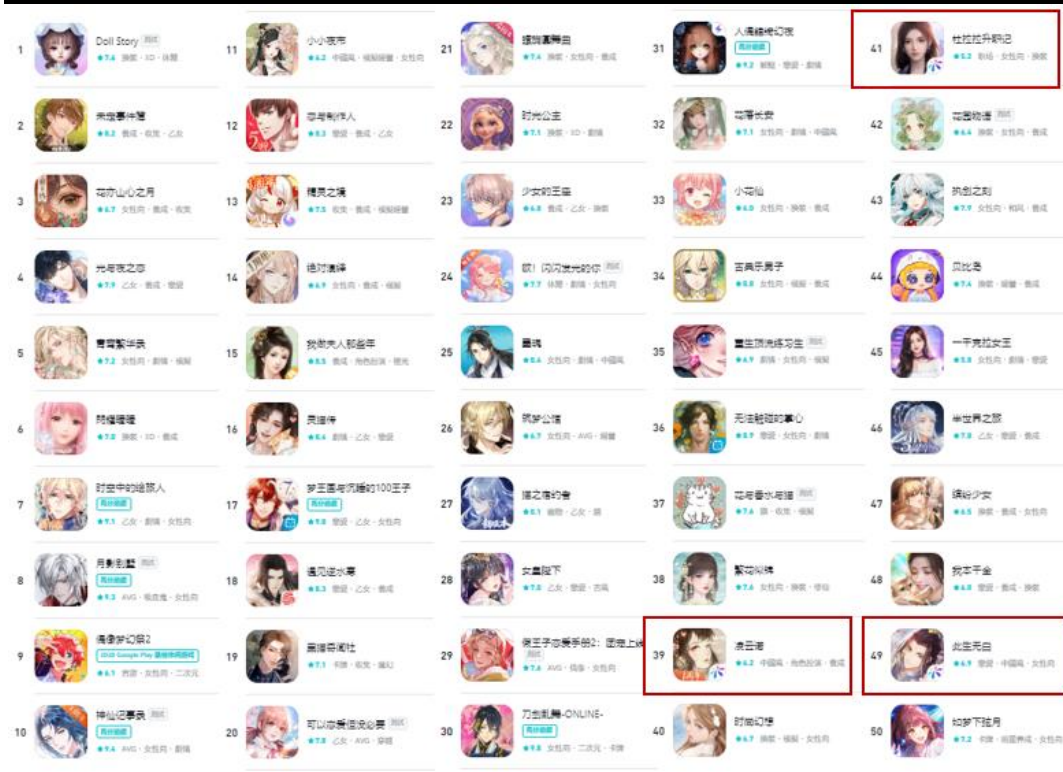


Source: Company data, CMBIGM estimates

**Figure 3: A Story of Lala's: Rising Star**



Source: Company data, CMBIGM estimates

**Figure 4: Top 50 female-oriented games in TapTap (three of them from FriendTimes)**

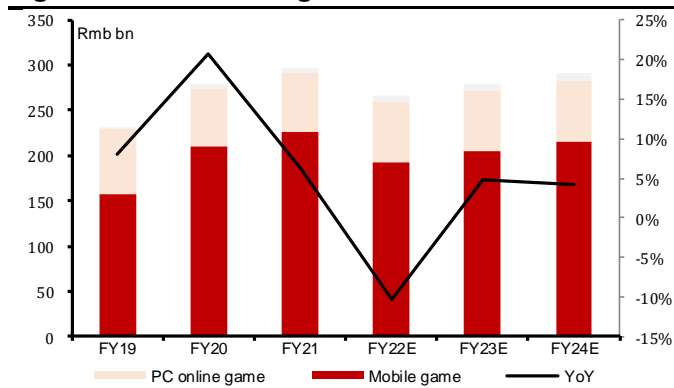
Source: TapTap, CMBIGM

## Benefiting from game structural recovery

FY22 was a challenging year for game sector (forecast industrial rev -10% YoY) due to weak macro, minor protection, and license suspension. We expect game sector to embrace a better outlook in FY23E (forecast industrial rev +7% YoY), given 1) normalized pace of game license approvals; 2) abundant high-quality pipeline; and 3) low base in FY22. We like online games for its steady competition landscape, healthy cash flow and resilience to macro, compared to ads, e-commerce and other pan-entertainment sub-sectors. We expect regulatory relaxation and rising grossing would help this sector to continuously rerate. FriendTimes, as a female-oriented game publisher pioneer, is well positioned to capture the industrial structural recovery.

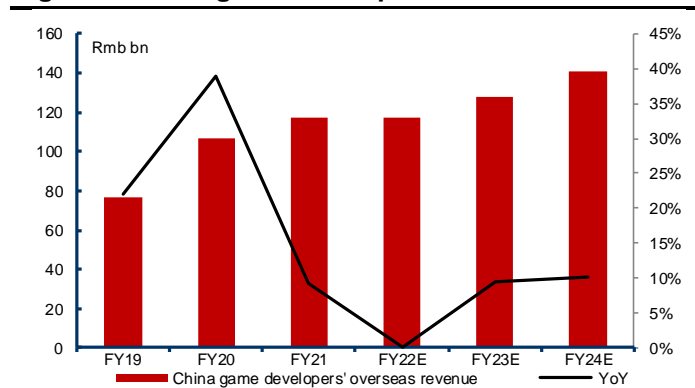
Female-oriented game market is niche but promising. According to URORA, female gamers account for ~40% of total online gamers in China. The market potential was further underpinned by Tencent's *Ling and Night* (光与夜之恋), which ranked No.4 among iOS top-grossing games as of 15 Mar 2023.

**Figure 5: China online game mkt size forecast**



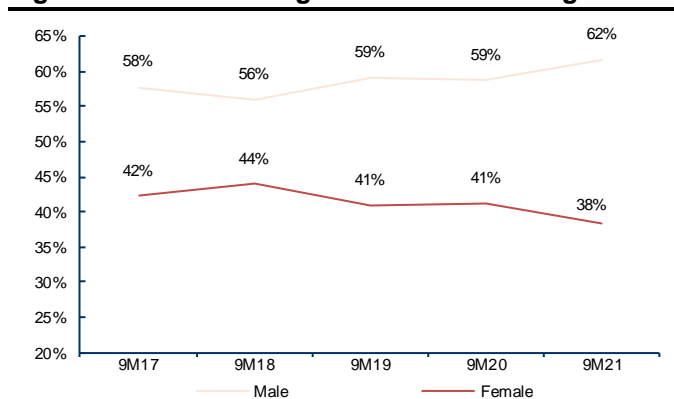
Source: GPC, CMBIGM estimates

**Figure 6: China game developers' overseas revenue**



Source: GPC, CMBIGM estimates

**Figure 7: Female/Male gamers as % of total gamers**



Source: URORA, CMBIGM

## Looking beyond muted FY22

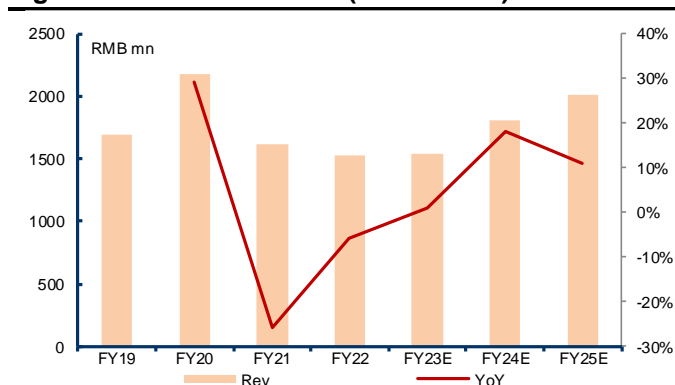
Due to muted legacy games and license suspension, FriendTimes' rev declined 5.7% YoY in FY22, with adj. NP -87% YoY on heavy marketing campaign for Promise of Lingyun in 1H22. However, GPM lifted to 68.5% in FY22 (vs. 67% in FY21), mainly attributable to lower distribution costs. FT announced special dividend of HK\$6 cents per share for FY22 (expected to be paid on 8 Jun 2023). We expect FriendTimes to see moderate recovery from 2023E onwards, given 1) profitability of *Promise of Lingyun*; 2) disciplined S&M expenses; 3) launch of *A Story of Lala's: Rising Star* in Jan 2023, and 4) loosening of regulation and low base in FY22.

Figure 8: FT's financials forecasts in FY23-25E

RMB mn, Dec-YE	FY21	FY22	FY23E	FY24E	FY25E	23-25E CAGR
<b>Revenue</b>	<b>1,616</b>	<b>1,524</b>	<b>1,539</b>	<b>1,816</b>	<b>2,018</b>	<b>15%</b>
Cost of sales	(527)	(480)	(493)	(581)	(646)	
<b>Gross profit</b>	<b>1,089</b>	<b>1,044</b>	<b>1,047</b>	<b>1,235</b>	<b>1,372</b>	<b>15%</b>
Sales and marketing expenses	(456)	(647)	(562)	(572)	(626)	
Research and development expenses	(365)	(357)	(314)	(363)	(404)	
General and administrative expenses	(67)	(70)	(65)	(71)	(75)	
Other income	39	48	25	29	29	
<b>Operating (loss)/profit</b>	<b>241</b>	<b>17</b>	<b>131</b>	<b>258</b>	<b>297</b>	<b>50%</b>
Finance costs	(0)	(0)	(0)	(0)	(0)	
Share of loss of an associate through profit or loss	(3)	(1)	(2)	(2)	(2)	
<b>Profit before taxation</b>	<b>234</b>	<b>24</b>	<b>132</b>	<b>261</b>	<b>299</b>	<b>51%</b>
Income tax expense	42	1	(7)	(16)	(21)	
<b>Profit for the year</b>	<b>275</b>	<b>25</b>	<b>125</b>	<b>246</b>	<b>278</b>	<b>49%</b>
Non-controlling interests	-	-	-	-	-	
<b>Net profit attributable to equity shareholders</b>	<b>275</b>	<b>25</b>	<b>125</b>	<b>246</b>	<b>278</b>	<b>49%</b>
<b>Margin Analysis</b>						
Gross margin	67%	68%	68%	68%	68%	
Operating margin	15%	1%	9%	14%	15%	
Net margin	17%	2%	8%	14%	14%	
<b>Growth Analysis</b>						
Revenue	-26%	-6%	1%	18%	11%	
Gross profit	-26%	-4%	0%	18%	11%	
Operating profit	-56%	-93%	663%	96%	15%	
Net profit	-45%	-91%	398%	97%	13%	

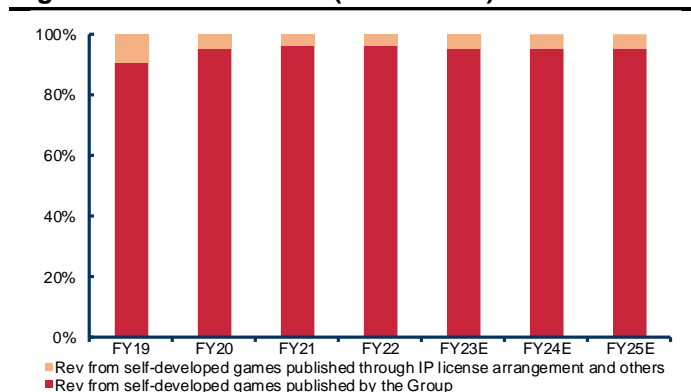
Source: Company data, CMBIGM estimates

Figure 9: FT rev estimates (2019-2025E)



Source: Company data, CMBIGM estimates

Figure 10: Rev mix trend (2019-2025E)



Source: Company data, CMBIGM estimates

## Mutiple titles to refuel revenue from FY23E onwards

We expect FriendTimes to resume growth from FY23E, forecasting rev +1% YoY in FY23E, driven by key launches (e.g. *A Story of Lala's: Rising Star* and *Twist of the Fate* (浮生忆玲珑)) which are expected to offset soft legacy games. As a RPG and stimulation game, *A Story of Lala* ranked TOP 50 on iOS grossing after its launch in Jan 2023, with relatively high ARPU and paying ratio on female gamers. It is still at growing stage, and we expect it to surpass *Promise of Lingyun* in terms of grossing and margin (with lower R&D and S&M expenses).

As a sequel, *Twist of the Fate's* grossing is expected to be on par with *Fate of the Empress'* (RMB100+mn peak monthly grossing). Detective is a core element in *Twist of the Fate*. In the game, players will be students who graduated from Linglong Academy and come to the capital to fulfill the agreement with seniors. They will meet friends and confidants, solve a mysterious case, clarify the chaos in the world, and bring peace to the world. Unlike other ancient-style games, with various gameplays include puzzle, collection and role play, *Twist of the Fate* provides a sweet and detective open world to fulfill users' diverse demands. *Twist of the Fate* (licensed) finished the internal test in 2H22 with solid feedback, and will enter into external test in 2Q23E. After content enrichment, we expect *Twist of the Fate* to be launched in 4Q23E, contributing meaningful profit in FY24E.

FY24E would be another fruitful year, backed by the full-year contribution of *Twist of the Fate*, and two potential launches including *Code: PE* and *Code: WX*, boosting 18% YoY rev growth in FY24E.

*Code: PE* is a female-oriented role-playing game set in a fictional European royal world, demonstrating FT's ambition for overseas expansion. *Code: WX* is a role-playing strategy game set in a fictional Chinese-style wuxia world, featuring the classic martial arts as its core. It targets more on male-oriented players with high ROI.

**Figure 11: FriendTimes key game pipeline in 2023 & 2024**

Title	Chinese title	License	Genre	Launch date (est.)	Details
<b>Twist of the Fate</b>	浮生忆玲珑	Y	PRG	4Q23	A new generation of female-oriented traditional Chinese-style mobile game, is inherited from the <i>Fate of the Empress</i> (浮生為卿歌), which creates a new theme adopts next-generation engine effects, artistic production techniques and innovative gameplay features, aiming to bring players a free, realistic and multifaceted gameplay experience.
Code: WX	代号: 武侠	N	MMO	2024	A role-playing strategy game set in a fictional Chinese-style wuxia world, featuring the classic martial arts as its core. The game illustrates an unrestrained and pleasant world of wuxia, creating stereoscopic and realistic martial artists, and a multi-dimensional wuxia epic.
Code: PE	代号: PE	N	Strategy	2024	A female-oriented role-playing game set in a fictional European royal world. The game portrays the Western royal family with immersive audio-visual experiences and a multi-dimensional storytelling approach, creating a dynasty of legendary queen. Players will enter the royal world, experience the struggle for power, enjoy emotional interactions, and cast a generation of queen legends.

Source: Company data, CMBIGM

**Figure 12: Key game reserve in 2023-2024E**

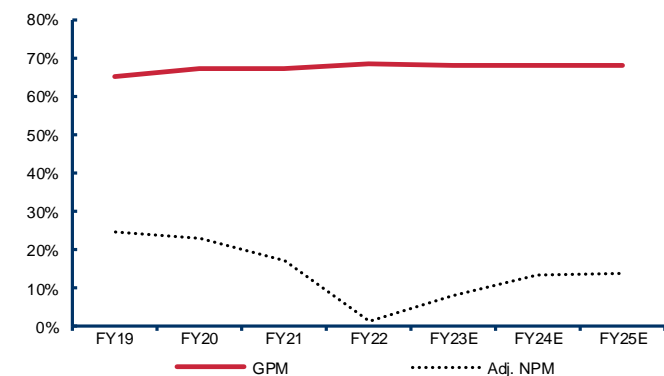


Source: Company data

## Margin to gradually recover

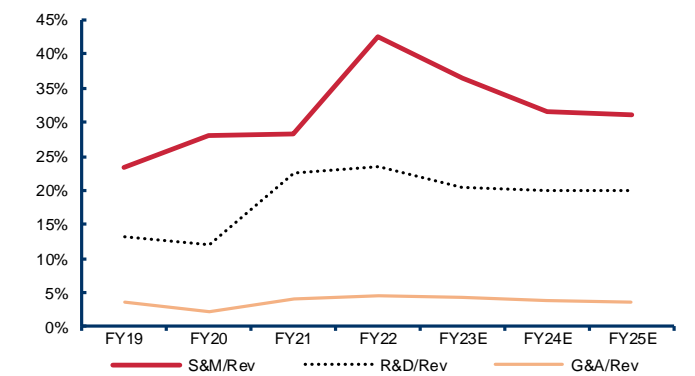
FY22 saw margin pressure from heavy promotion of *Promise of Lingyun* amid muted growth. Going forward, mgmt. stated its S&M strategy would be more disciplined and ROI-driven. For instance, *A Story of Lala's: Rising Star* was launched in Jan 2023, with higher monthly grossing but lower S&M than *Lingyun* (backed by better targeting). We expect its adj. NPM to recover to 8%/14% in FY23/24E from 2% in FY22, backed by profitability of *Promise of Lingyun*, upcoming breakeven on *A Story of Lala's: Rising Star* and disciplined S&M of *Twist of the Fate*. R&D expenses and S&M expenses ratio would be relatively stable ahead. As such, we forecast FriendTimes to deliver 15%/49% topline/bottom line CAGR during FY23-25E.

**Figure 13: Margin trend**



Source: Company data, CMBIGM estimates

**Figure 14: Opex ratio**



Source: Company data, CMBIGM estimates

## Resume with BUY; TP at HK\$1.45

We resumed coverage with BUY rating, and set our DCF-based TP at HK\$1.45 (implying 22x/11x FY23/24E P/E) to reflect better regulatory environment and FT's fundamentals improvement. Our DCF-based FY23E P/E for FT is not demanding, as it is in line with industry average. FT underperformed China online game sector with low FY24E P/E for relatively high reliance on flagship titles and low liquidity. We expect its multiple to gradually rerate, considering its solid performance of *A Story of Lala's: Rising Star* and three titles to come. Key catalysts: 1) strong game seasonality in summer holiday; and 2) *Twist of the Fate* to be launched in 4Q23E.

Figure 15: CMBIGM estimates vs consensus

RMB mn, Dec-YE	CMBIGM			Consensus			Diff (%)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Revenue	1,539	1,816	2,018	1,812	2,423	2,932	-15.0%	-25.0%	-31.2%
Gross profit	1,047	1,235	1,372	1,238	1,657	2,023	-15.5%	-25.5%	-32.2%
Operating profit	131	258	297	254	476	792	-48.1%	-45.8%	-62.5%
Adj. net profit	125	246	278	238	453	776	-47.5%	-45.8%	-64.2%
Adj. EPS (RMB)	0.06	0.11	0.13	0.11	0.21	0.36	-47.9%	-46.4%	-64.6%
Gross margin	68.0%	68.0%	68.0%	68.4%	68.4%	69.0%	-0.3ppts	-0.4ppts	-1.0ppts
Operating margin	8.5%	14.2%	14.7%	14.0%	19.6%	27.0%	-5.4ppts	-5.4ppts	-12.3ppts
Adj. net margin	8.1%	13.5%	13.8%	13.1%	18.7%	26.5%	-5.0ppts	-5.2ppts	-12.7ppts

Source: CMBIGM estimates, Bloomberg

Figure 16: DCF valuation

DCF Valuation (RMB mn)								
	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	132	261	299	321	337	350	364	375
Tax	(7)	(16)	(21)	(22)	(27)	(32)	(36)	(37)
D&A	39	36	33	32	30	29	28	27
Change in working capital	(5)	8	6	6	6	6	7	7
CAPEX	(38)	(38)	(38)	(42)	(44)	(45)	(46)	(48)
FCF	120	251	279	293	302	309	316	323
FCF Growth		108%	11%	5%	3%	2%	2%	2%
PV	120	218	211	193	173	154	137	1,086
Terminal Value								2,553

Assumptions	
WACC	14.9%
Tax rate	10.0%
Risk free rate	3.53%
Cost of debt	6.0%
Beta	1.30
Market risk return	11.4%
Cost of equity	14.9%
Long term growth	2.0%

Equity Value	
PV	2,293
minus: Net debt(RMB mn)	(521)
minus: Minority interest(RMB mn)	0
Equity Value(RMB mn)	2,814
FX	0.89
Stock price (HK\$)	1.45

		WACC				
Terminal growth rate	~	13%	14%	15%	16%	17%
	0.5%	1.56	1.47	1.39	1.32	1.25
	1.0%	1.59	1.49	1.41	1.33	1.27
	1.5%	1.62	1.51	1.43	1.35	1.28
	2.0%	1.65	1.54	1.45	1.36	1.29
	2.5%	1.68	1.57	1.47	1.38	1.31
	3.0%	1.72	1.60	1.50	1.40	1.32
	3.5%	1.76	1.63	1.52	1.42	1.34

Source: CMBIGM estimates, Bloomberg

Figure 17: Comps table

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			FY23-25 EPS CAGR
							FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
FriendTimes	6820 HK	283	HKD	1.0	BUY	1.45	16.2	8.2	7.3	1.5	1.2	1.1	49%
<b>Domestic Game</b>													
Tencent	700 HK	440,104	HKD	361	BUY	455	21.1	18.0	15.4	4.9	4.3	3.9	17%
NetEase	NTES US	58,455	USD	89	BUY	116	17.2	15.4	13.8	3.8	3.5	3.2	9%
XD Inc	2400 HK	1,643	HKD	27	NA	NA	NA	33.4	18.7	2.6	2.1	1.8	245%
Kingsoft	3888 HK	6,308	HKD	36	NA	NA	61.6	38.4	28.7	4.8	4.0	3.4	54%
IGG	799 HK	690	HKD	5	NA	NA	NA	18.5	54.3	1.1	1.0	1.1	0%
CMGE	302 HK	880	HKD	3	BUY	4	10.5	7.9	6.6	1.2	0.9	0.8	24%
Archosaur Games	9990 HK	606	HKD	6	NA	NA	NA	19.7	12.5	3.0	2.3	2.9	-84%
Perfect World	002624 CH	5,386	CNY	19	BUY	49	21.9	18.5	19.3	4.0	3.6	3.3	6%
Sanqi Interactive	002555 CH	8,914	CNY	28	BUY	30	20.6	17.8	15.8	3.7	3.2	2.8	14%
Giant Network	002558 CH	4,335	CNY	15	NA	NA	31.1	24.0	19.2	14.3	9.6	7.4	27%
G-bits	603444 CH	5,657	CNY	542	NA	NA	24.0	20.6	18.0	6.6	5.8	5.2	16%
Kingnet Network	002517 CH	4,172	CNY	13	NA	NA	27.3	21.2	17.3	7.4	5.8	4.9	26%
<b>Average</b>							<b>21.7</b>	<b>18.2</b>	<b>16.9</b>	<b>3.9</b>	<b>3.3</b>	<b>3.0</b>	<b>18%</b>
<b>International Game</b>													
Activision Blizzard	ATVI US	66,734	USD	85	NA	NA	22.0	20.2	18.7	7.2	6.9	6.5	7%
Electronic Arts	EA US	34,465	USD	126	NA	NA	20.5	19.1	17.2	4.8	4.6	4.2	10%
Take-Two	TTWO US	20,307	USD	120	NA	NA	35.3	22.9	15.6	3.9	3.3	2.6	45%
ROBLOX	RBLX US	28,117	USD	46	NA	NA	NA	NA	NA	9.2	8.1	7.2	NA
Nintendo	7974 JT	53,057	JPY	5,470	NA	NA	18.0	20.1	21.1	4.4	4.6	4.8	-7%
Bandai Namco	7832 JT	14,475	JPY	2,910	NA	NA	20.2	19.1	17.3	2.0	1.9	1.8	7%
Square Enix	9684 JT	5,738	JPY	6,270	NA	NA	16.8	16.0	16.3	2.2	2.0	2.1	2%
Z Holdings	4689 JT	21,500	JPY	377	NA	NA	14.7	29.2	23.7	1.7	1.5	1.4	-22%
CyberAgent	4751 JT	4,174	JPY	1,103	NA	NA	31.2	19.3	14.2	0.8	0.7	0.7	40%
Sony	6758 JT	112,131	JPY	11,905	NA	NA	17.1	16.2	14.7	1.3	1.2	1.2	8%
Capcom	9697 JT	9,355	JPY	4,700	NA	NA	34.2	30.9	27.6	10.1	9.1	8.3	11%
Oriental Land	4661 JT	65,600	JPY	4,830	NA	NA	NA	87.7	65.7	18.3	15.3	12.8	35%
Nexon	3659 JT	20,513	JPY	3,165	NA	NA	25.4	22.0	20.3	6.6	6.0	5.6	13%
<b>Average</b>							<b>23.2</b>	<b>20.4</b>	<b>18.8</b>	<b>4.0</b>	<b>3.7</b>	<b>3.5</b>	<b>10%</b>
<b>Average</b>							<b>22.6</b>	<b>19.8</b>	<b>17.8</b>	<b>4.0</b>	<b>3.5</b>	<b>3.2</b>	<b>15%</b>

Source: Bloomberg, CMBIGM

## Financial Summary

### Income statement

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Revenue</b>	1,616	1,524	1,539	1,816	2,018
Games	1,616	1,524	1,539	1,815	2,017
Others	0	1	1	1	1
<b>COGS</b>	(527)	(480)	(493)	(581)	(646)
<b>Gross profit</b>	1,089	1,044	1,047	1,235	1,372
S&M	(456)	(647)	(562)	(572)	(626)
R&D	(365)	(357)	(314)	(363)	(404)
G&A	(67)	(70)	(65)	(71)	(75)
Other income	39	48	25	29	29
<b>Operating profit</b>	241	17	131	258	297
Finance costs	(0)	(0)	(0)	(0)	(0)
Other gains, net	(7)	7	0	4	2
<b>Pre-tax Income</b>	234	24	132	261	299
Income Tax	42	1	(7)	(16)	(21)
MI	-	-	-	-	-
<b>Net profit</b>	275	25	125	246	278
<b>Adj. net profit</b>	275	25	125	246	278

### Cash flow summary

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Pre-tax Income</b>	234	24	132	261	299
D&A	23	42	39	36	33
Change in WC	(2)	106	(5)	8	6
Others	8	(17)	(14)	(28)	(33)
<b>Operating CF</b>	263	155	151	277	305
Capex	(57)	(38)	(38)	(38)	(38)
Others	(329)	(43)	10	14	14
<b>Investing CF</b>	(386)	(81)	(28)	(25)	(25)
Equity raised	0	0	0	0	0
Change of debts	0	0	0	0	0
Others	(217)	(225)	(0)	(0)	(0)
<b>Financing CF</b>	(217)	(225)	(0)	(0)	(0)
<b>Net change in cash</b>	(340)	(348)	122	252	281
Cash (beg of yr)	1,093	752	404	526	779
FX	(1)	0	0	0	0
<b>Cash (end of yr)</b>	752	404	526	779	1,059

### Balance sheet

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Non-current assets</b>	565	556	564	567	572
Fixed asset	279	266	276	279	284
Right-of-use assets	9	9	5	4	3
Intangible assets	3	4	6	7	8
Others	275	277	277	277	277
<b>Current assets</b>	1,241	1,057	1,085	1,365	1,665
Cash	752	404	526	779	1,059
Trade receivables	183	104	139	163	182
Other current assets	307	549	420	422	424
<b>Current liabilities</b>	151	106	181	214	237
Bank loans	-	-	-	-	-
Trade and other payables	117	80	117	138	153
Lease liabilities	1	1	1	1	1
Other current liabilities	33	25	63	74	83
<b>Non-current liabilities</b>	9	10	19	24	26
Contract liabilities	9	10	14	16	18
Lease liabilities	-	0	5	8	8
Others	-	-	-	-	-
<b>Total Equity</b>	1,646	1,497	1,796	2,042	2,320

### Key ratios

YE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Sales mix (%)</b>					
Games	100.0	99.9	100.0	100.0	100.0
Others	0.0	0.1	0.0	0.0	0.0
<b>Total</b>	100.0	100.0	100.0	100.0	100.0
<b>Growth rate (%)</b>					
Revenue	(25.9)	(5.7)	1.0	18.0	11.1
Gross profit	(25.8)	(4.2)	0.2	18.0	11.1
EBIT	(55.7)	(92.8)	662.9	96.0	15.3
Net profit	(45.3)	(90.9)	397.6	96.5	13.2
<b>P&amp;L ratios (%)</b>					
Gross Margin	67.4	68.5	68.0	68.0	68.0
Pre-tax margin	14.5	1.6	8.5	14.4	14.8
Adj. net margin	17.0	1.6	8.1	13.5	13.8
Effective tax rate	(17.8)	(2.8)	5.0	6.0	7.0
<b>Returns (%)</b>					
ROE	16.7	1.7	7.0	12.0	12.0
ROA	15.2	1.6	7.6	12.7	12.4
Adj. EPS (RMB)	0.13	0.01	0.06	0.11	0.13
DPS (RMB)	0.12	0.06	0.03	0.06	0.06
BVPS (RMB)	0.75	0.69	0.82	0.94	1.06

Source: Company data, CMBIGM estimates

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