

Yeahka (9923 HK)

Kevin Tam

+852 2135 0236

kevin.tam@oriental-patron.com.hk

Initial Coverage

BUY

Close price: HK\$17.34

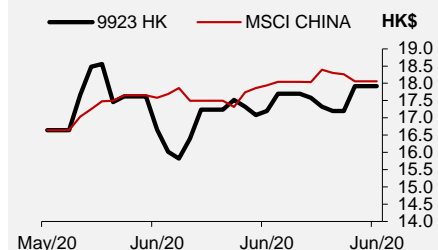
Target Price: HK\$26.10 (+50%)

Key Data

HKEx code	9923
12 Months High (HK\$)	19.40
12 Month Low (HK\$)	14.92
3M Avg Dail Vol. (mn)	N.A.
Issue Share (mn)	414.80
Market Cap (HK\$m)	7,192.68
Fiscal Year	12/2019
Major shareholder (s)	Chairman Mr. Liul (39.95%)

Source: Company data, Bloomberg, OP Research
 Closing price are as of 04/05/2020

Price Chart



	1mth	3mth	6mth
Absolute %	4.21	N.A.	N.A.
Rel. MSCI CHINA %	-4.32	N.A.	N.A.

Company Profile

Yeahka Limited provides payment and business services to merchants and consumers. The Company offers one-stop payment services, app-based payment services, and other merchant technology services..

From payment to Fintech

- **Serving small is beautiful, addressing “small amount high frequency” payment needs of micro merchants**
- **Vision to become SaaS provider for micro merchants**
- **Profitability driven 35% 3 years bottom line CAGR**
- **Initiate BUY with SOTP target price at HK\$26.1**

Serving small is beautiful. Being a 3rd party payment platform, Yeahka is well positioned to benefit from the booming “hawkers’ economy” (地攤經濟) after the COVID-19 outbreak, as its “small amount high frequency” app based payment nature fits well into micro merchant transaction. App based is the highest growth payment sub-segment and Yeahka is well positioned to capture more market share through more value added service provisions. We project RMB1,800 bn/ 2,110 bn/ 2,320 bn GPV for FY20E/21E/22E.

Vision to become SaaS provider for micro merchants. Yeahka’s booming payment customer base is feeding to the growth of higher valued technology merchant services. We forecast technology services to achieve 3 years CAGR at 72% and by FY22E they will contribute to 39% of group gross profit. Target marketing is the main component of technology solution in the meantime while SaaS and FinTech are catching up. Technology services achieve 60% plus gross margin and rising revenue share of merchant technology will raise group gross margin to 32.3% by FY22E. VAS registered 600% growth in FY19 and is still at early stage of development with only 8% conversion rate among transaction merchants.

35% 3 years bottom line CAGR, driven by rising technology services. We forecast 35% 3 years CAGR in adj net profit to RMB720 mn by FY22E, on the back of 25% CAGR in revenue. Our 42%/35%/28% FY20E to 22E adj net profit growth is profitability driven, as rising share of merchant technology solutions to raise gross margin to 32.3% by FY22E.

Buy on climbing up the industry value chain. We assign 9.5x FY20E PER for payment business, and 11x FY21E revenue for merchant technology services. Our SOTP target price at HK\$26.1 represents 15.3x/17.7x FY20E/21E PER and 10.6x/12.9x FY20E/21E EV/EBITDA.

Exhibit 1: Forecast and Valuation

Year to Dec (RMB mn)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	993	2,258	3,019	3,793	4,426
Growth (%)	226	127.4	33.7	25.6	16.7
Adj net profit (CNYmn)	30	291	415	562	720
Growth (%)	N.A.	857.7	42.4	35.4	28.1
Diluted EPS (HK\$)	0.760	6.040	1.709	1.476	1.891
EPS growth (%)	(146.3)	694.4	(71.7)	(13.6)	28.1
Change to previous EPS (%)			0.0	0.0	
Consensus EPS (HK\$)			1.995	1.450	
ROE (%)	26.5	(12.5)	68.9	27.5	26.8
P/E (x)	22.8	2.9	10.1	11.7	9.2
P/B (x)	(0.9)	(1.3)	2.4	2.8	2.2
Yield (%)	0.0	0.0	0.0	0.0	0.0
DPS (HK\$)	0.000	0.000	0.000	0.000	0.000

Source: Bloomberg, OP Research

Serving small is beautiful

Being an independent 3rd party payment platform, Yeahka is well positioned to benefit from the booming “hawkers’ economy” (地攤經濟) after the COVID-19 outbreak. A large majority of the Company’s payment service revenue comes from app based solution, which “small amount high frequency” nature fits well into micro merchant transaction. In view of rising unemployment, provincial governments are now taking more pragmatic and flexible stance towards “hawkers’ economy”. Here are the reference news links:

[【地攤經濟浪潮】北京觀察：從封禁到站台 中南海為何大轉彎](#)

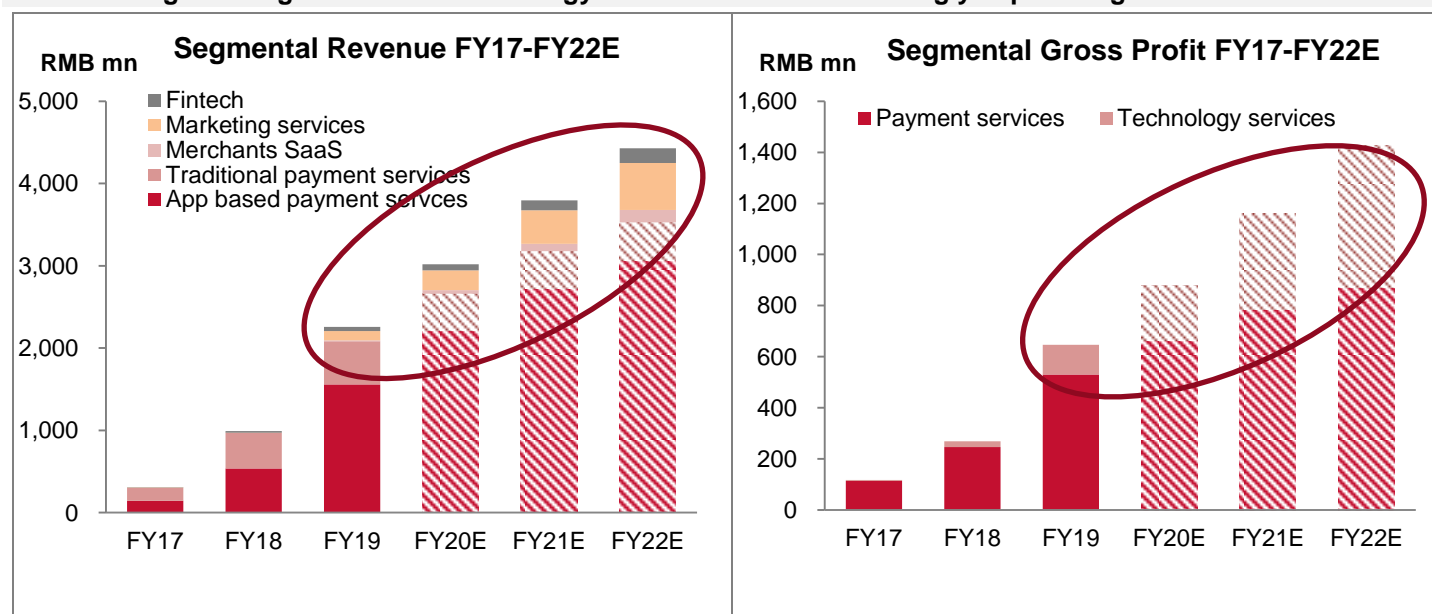
[上海的地攤獨具特色，開著豪車來擺攤](#)

[廣州最大地攤攤主談真實收入，地攤經濟火爆](#)

More importantly, Yeahka management eyes to cross sell merchant technology solutions to its booming customer base, thereby raising profitability and creating more recurring income stream. We forecast technology services to achieve 3 years revenue CAGR at 72% to FY22E and account for 56% of gross profit growth during the period.

Yeahka focuses on the higher growth sub-segment of payment services and is well positioned to capture more market share through more value added service provision. App based payment is still niche with only 17% share in China’s third party payment transaction, according to Oliver Wyman. Yet it is expected to grow at a higher 28% CAGR. In particular, Yeahka is the 2nd player with 14% market share in the faster growing OR code payment sub segment.

Exhibit 1: Higher margin merchant technology solutions will be increasingly important growth driver



Source: Company, OP Research

Vision to become SaaS provider for micro merchants

Running on merchant's mobile app and post payment interface of consumer's e-wallet, Yeahka's advertisement placement platform bridges content publishers and advertisers to facilitate exchange of advertisement spaces. Compared with other digital marketing, Yeahka's platform is more targeted oriented, as it keeps track of customers buying record. We expect marketing service to register 120%/70%/40% segmental growth from FY20E to 22E, and contributing to 64% of incremental in value add services during the period:

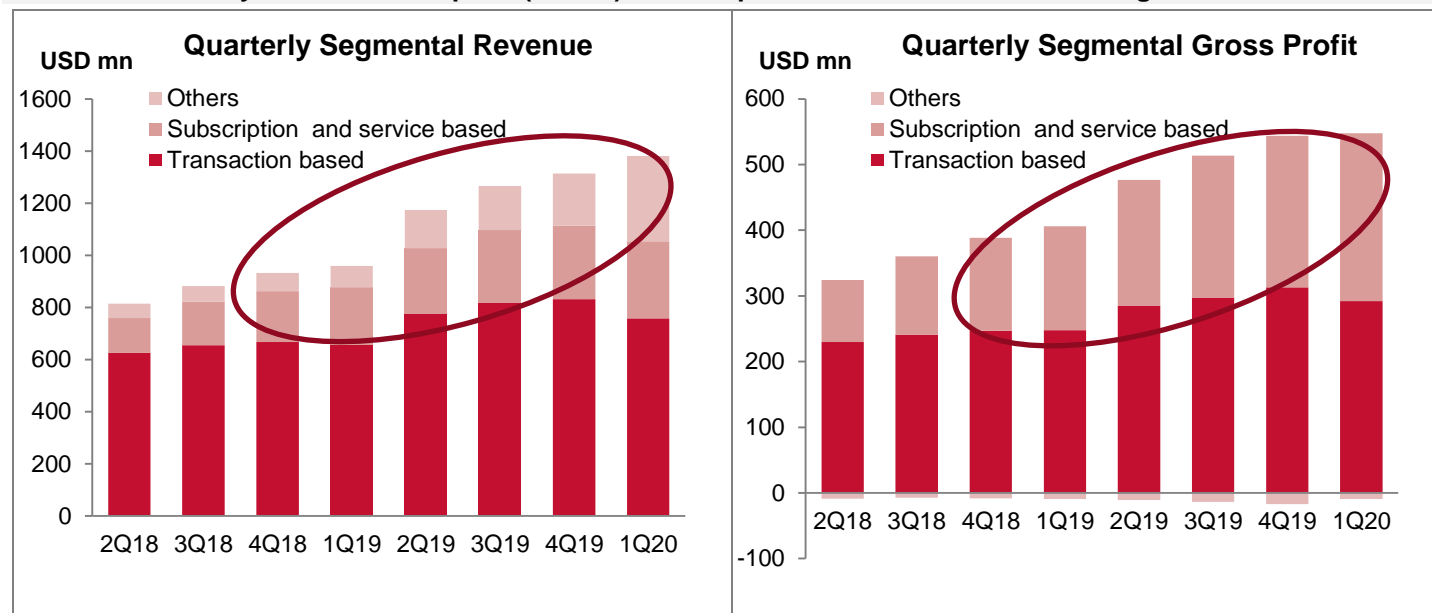
- i. **Tailor made precision marketing:** Leveraging on big data of consumer's transaction, Yeahka has better understanding of consumer's spending habit and preferences, thereby enabling more precision marketing for advertising and place advertisement at space and time which are more likely to be converted,
- ii. **Customer loyalty e-tools:** Yeahka help merchants build loyalty e-tools through membership registration and transaction records to offer customer service management such as spending credit and rewards program.

Addressing for the imminent needs of merchants, marketing service accounts for 62% of technology service revenue. Merchants SaaS and Fintech are still at early stage and currently account for less than 40% of technology service revenue. Yet SaaS revenue is ramping up with 700% growth in FY19. We believe Yeahka will develop more tailored made SaaS applications to cater for micro-merchants, such as customer relation management, inventory management, and restaurant management etc. However, we are more conservative on the near term growth of Fintech, as macro-economic headwind makes the Company more prudent in approving loan facilitation and entrusted loans.

Booming payment customer base brings cross sell opportunities

Compared with other SaaS providers, Yeahka has the merit of low customer acquisition cost, as its growing payment service customer base is feeding the customer acquisition for higher valued merchant services. Yeahka deployed merchant technology recently and the conversion rate had already reached 8%. We believe Yeahka's could follow the growth trajectory of US based Square (SQ US), which is evolving from a payment service company towards a Fintech company. Square deployed subscription and service based businesses in mid 10's and by 1Q20, that segment accounted for 47% of gross profit. More importantly, both Square and Yeahka view grass root merchants and citizens as main customer segment, which has been under served by traditional banking services. The payment plus FinTech solutions offer a good opportunity for both companies to fill such gap.

Exhibit 2: Quarterly financials of Square (SQ US): Subscription and service revenue taking off



Source: Company, OP Research

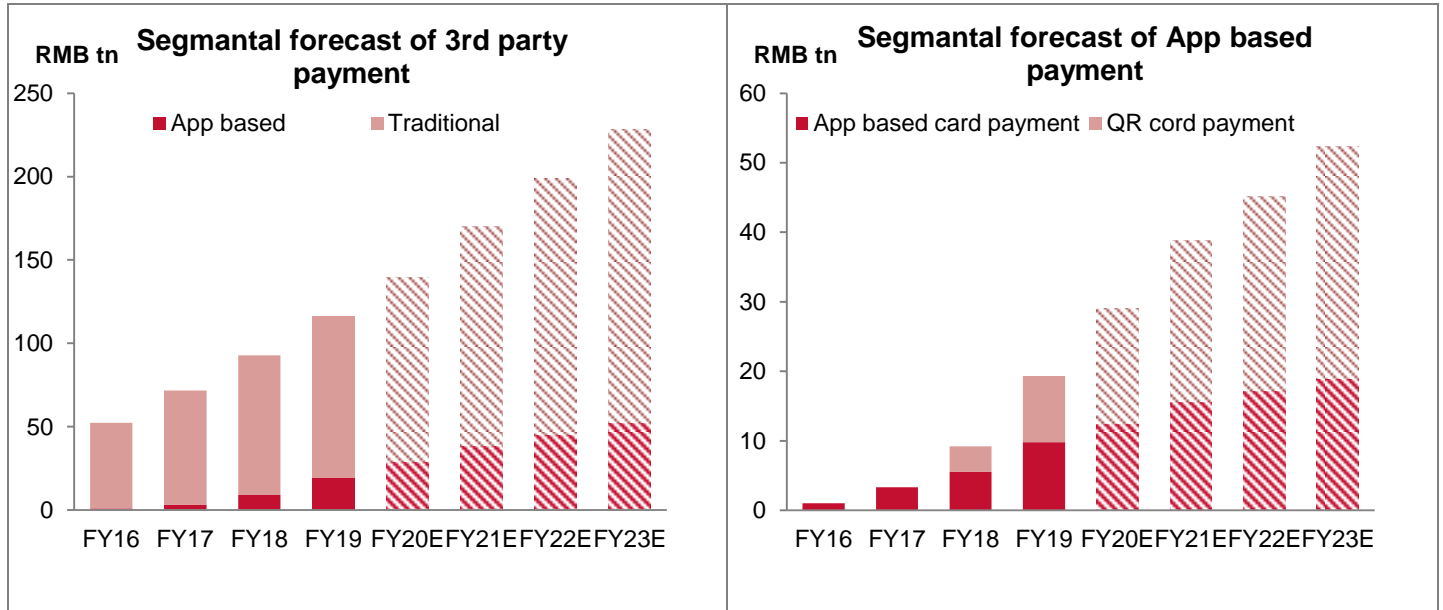
Climbing up the industry value chain, profitability expansion on way

Given that Yeahka's technology service achieves 60% plus gross margin compared with 25% for payment service, we expect rising revenue share of merchant technology solutions to raise group gross margin to 32.3% by FY22E, up from 28.7% in FY19. By FY22E, we project that technology services will contribute to 39% of group gross profit.

Market share of app based payment is diverse and we believe value added services provision of leading players could foster more industry consolidation. Given that management is counting on technology solutions as profit driver, Yeahka manages to afford aggressive distribution discount for payment services, in order to enlarge the feeding customer base for SaaS and related technology services. We expect the Company to further increase revenue sharing ratio with distributors, in order to grab more market share.

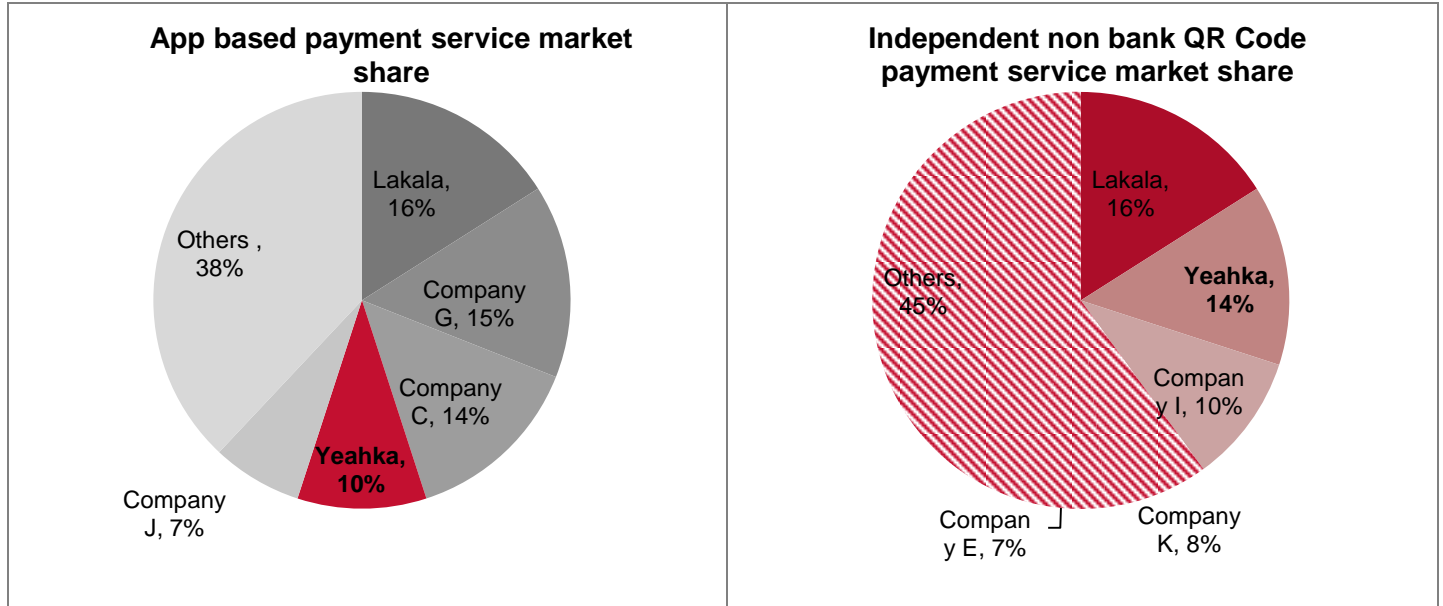
The domestic payment GPV (gross processing volume) had rebounded m-o-m from the trough in year beginning, and the y-o-y GPV growth had resumed slightly positive in May. We project RMB1,800 bn/ 2,110 bn/ 2,320 bn GPV for FY20E/21E/22E, as lifted by market share expansion and mostly driven by app based payment. App based payment service has higher revenue sharing rate than traditional payment service (0.17% vs 0.09%).

Exhibit 3: Market forecast of 3rd party payment market in China: App based, particular QR code payment, to lead growth



Source: Oliver Wyman Report, PBOC, China Unionpay, Payment & Clearing Association of China

Exhibit 4: Yeahka is the 2nd third party payment provider in QR Code payment

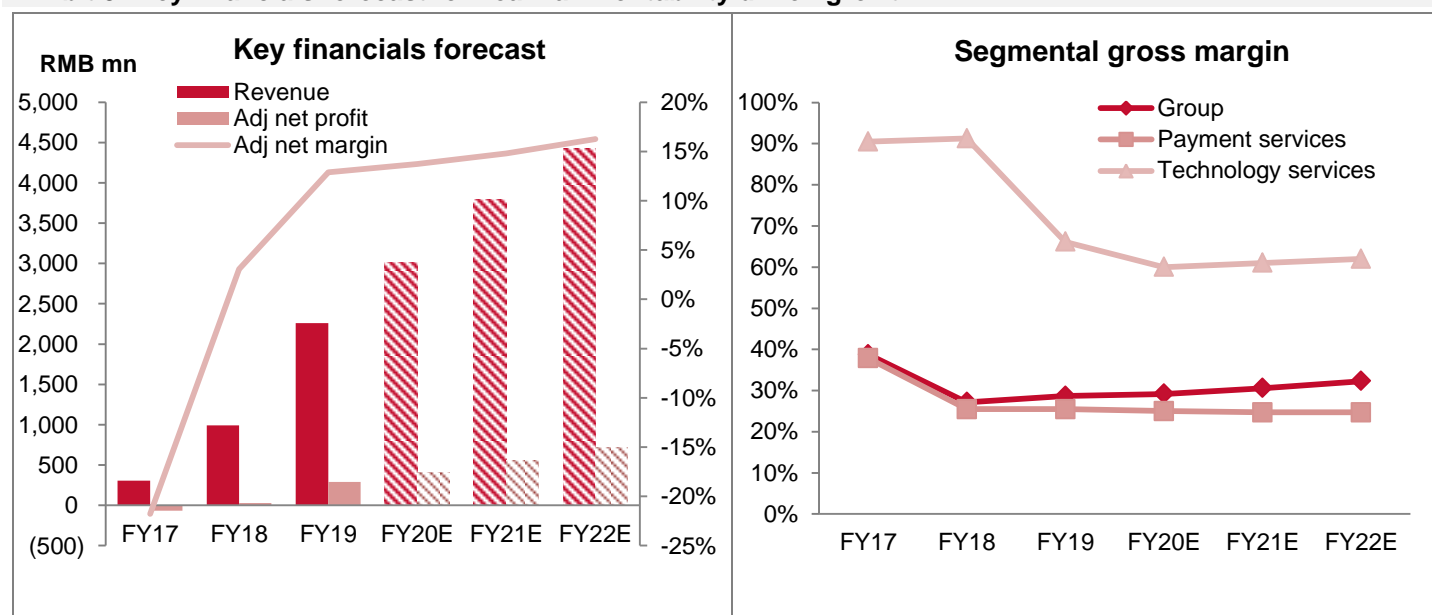


Source: Oliver Wyman Report

Initiate BUY on VAS prospect and 35% earnings CAGR

We forecast 35% 3 years CAGR in adj net profit (excluding fair value changes in convertible preferred shares) to RMB720 mn by FY22E, on the back of 25% CAGR in revenue to RMB4,426 mn. Our 42%/35%/28% FY20E to 22E adj net profit growth is very much profitability driven, amid rising share of value added technology services revenue. We project technology services to account for 39%/25% of FY22E gross profit/ revenue (FY19: 18%/9%), thereby raising FY22E blended gross margin to 32.3% from 28.7% in FY19.

Exhibit 5: Key financials forecast for Yeahka: Profitability driven growth



Source: Company, OP Research

Trading at 10.1x/11.7x FY20E/21E PER and 6.2x/7.7x EV/EBITDA, the valuations of Yeahka are undemanding with respect to its: (i) rising market share among app based payment for micro merchants, and (ii) promising prospect to develop higher valued technology services. We adopt sum of the part valuation in order to capture value of its fast growing technology solution business. We assign 9.5x FY20E PER for payment business, and 11x FY21E revenue for merchant technology services. Our SOTP target price at HK\$26.1 also represents 15.3x/17.7x FY20E/21E PER and 10.6x/12.9x FY20E/21E EV/EBITDA. Our targeted multiples are still at a discount to our SaaS universe and there should be room for further re-rating upon success execution of SaaS strategy.

Exhibit 6: SOTP Valuation

	Methodology	Multiple	Value (HK\$ mn)	Per share (HK\$)
Payment services	FY20E PER	9.5	3,443	8.3
Merchant technology services	FY21E sales	11	7,366	17.8
			10,809	26.1

Source: OP Research

Investment risks

Severe recession in China

Our base case is that Yeahka can still prosper in recession scenario on the back of its micro merchants focus and booming value added services. This may not be the case in hard recession. In particular, its Fintech business will be most hard hit on surging default.

Regulatory risk

Third party payment is subject to the licensing of PBOC. The business will be severely affected if PBOC tightened the licensing requirement.

Intensifying competition

The market share of non-bank third party payment is still diverse. Though Yeahka is a leading player with rising market share, competitors may still lower payment processing fee and launch value added services to compete with.

Development of value added services

The future growth of Yeahka hinges on the development of technology value added services. Nonetheless value added services are still in early stage of development and the Company needs to convert more merchant customers into subscription model.

Company background

History

- 2011** • Established principal operating entity, Shenzhen Yeahka
- 2012** • Tencent became one of the equity holders of Shenzhen Yeahka. Began to design and offer payment service products for micro and small merchants
- 2013** • Established principal operating subsidiary, Leshua Technology, through which commercially launched payment services for micro and small merchants
- 2014** • Leshua Technology became a payment acquisition member institution of UnionPay
 - Leshua Technology obtained national bank card acquiring license and mobile phone payment license from the PBOC to conduct nationwide mobile phone payment and bank card payment acquiring business
- 2015** • Commenced to provide payment services through integrated payment solution platform which supports payment channels such as UnionPay, Tenpay and Alipay
 - Launched Smart Shopkeeper and began to provide technology-enabled services to merchants
- 2016** • Shenzhen Feiquan was established and began to provide fintech services
- 2017** • Launched aggregate payment platform, and were among the first licensed third-party payment service providers to launch integrated QR code payment
- 2018** • Among the first service providers to have simultaneously accessed both the NetsUnion's and UnionPay's network for QR code payment
- 2019** • Expanded distribution channels through alliances with a number of partners and acquired Tuozhanbao Finance, to further accelerate customer expansion and increase service offerings
- 2020** • Successfully listed on the HKEx

Business model

Yeahka is a leading payment-based technology platform in China providing payment and business services to merchants and consumers. The Company acquires customers via provision of payment services and in turn offers technology-enabled business services to them. The Company's value proposition is a cohesive ecosystem that enables seamless, convenient and reliable payment transactions between merchants and consumers, complemented with a rich variety of value-added services. Yeahka's platform provides merchants with one-stop access to a wide variety of payment methods and channels, allowing consumers to pay with their preferred channels. The Company obtained national bank card acquiring license and mobile phone payment license from PBOC in 2014. According to Oliver Wyman, Yeahka is second largest non-bank independent QR Code payment service provider in China, with a 14% segmental market share.

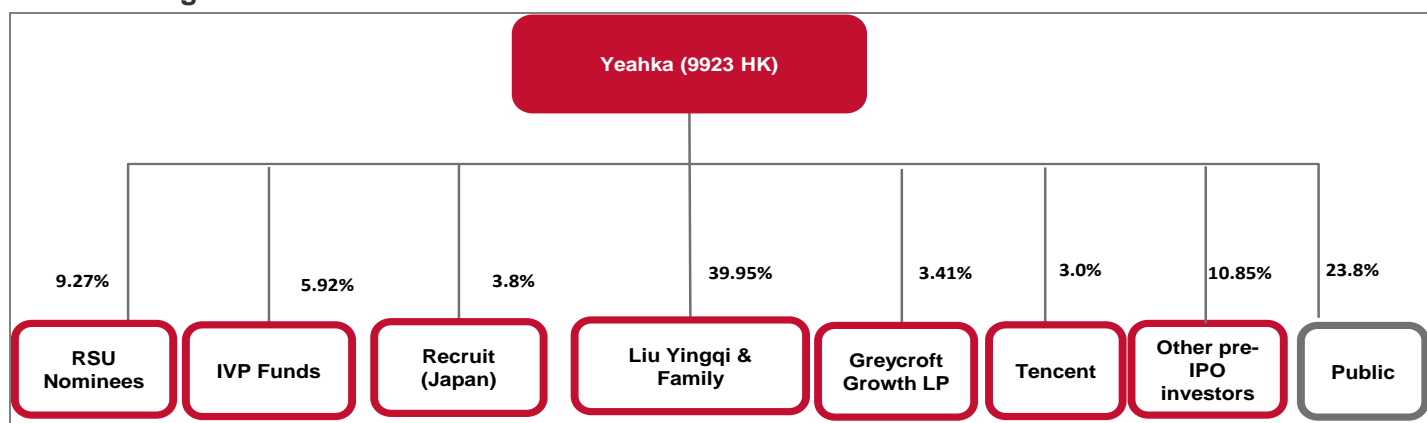
Financial Summary

Year to Dec	FY18	FY19	FY20E	FY21E	FY22E	Year to Dec	FY18	FY19	FY20E	FY21E	FY22E
Income Statement (RMB mn)						Ratios					
Payment services	968	2,081	2,660	3,179	3,528	Gross margin (%) - blended	27.1	28.7	29.2	30.6	32.3
Technology services	25	177	359	614	898	Operating margin (%)	3.3	15.5	16.7	17.7	19.4
Turnover	993	2,258	3,019	3,793	4,426	Net margin (%)	(18.4)	3.7	13.7	14.8	16.3
YoY%	225.9	127.4	33.7	25.6	16.7	Net adj. margin (%)	3.1	12.9	13.7	14.8	16.3
Payment services	247	530	665	785	871	Selling exp/sales (%)	6.7	3.0	2.8	2.8	2.8
Technology services	23	117	215	375	557	Admin exp/sales (%)	8.5	5.7	4.4	4.2	4.0
Gross profit	270	647	880	1,160	1,428	R&D exp/Sales (%)	8.8	3.5	4.2	4.7	4.8
Gross margin	27.1%	28.7%	29.2%	30.6%	32.3%	Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Other income	1	(23)	(32)	(43)	(58)	Effective tax (%)	(20.5)	18.6	15.0	15.0	15.0
Selling expenses	(67)	(67)	(85)	(106)	(124)	Total debt/equity (%)	(167)	(262.2)	96.6	83.2	73.6
Admin expenses	(84)	(130)	(133)	(159)	(177)	Net debt/equity (%)	(97.1)	(183.1)	Net cash	Net cash	Net cash
R&D expenses	(87)	(78)	(127)	(178)	(212)	Current ratio (x)	1.1	1.4	2.7	2.7	2.8
Total opex	(238)	(275)	(344)	(444)	(513)	Quick ratio (x)	1.1	1.3	2.7	2.7	2.8
Operating profit (EBIT)	33	349	505	673	857	Inventory T/O (days)	0	0	0	0	0
Operating margin	3.3%	15.5%	16.7%	17.7%	19.4%	AR T/O (days)	0	7	7	7	7
Profit of investee	(4)	(15)	(14)	(14)	(14)	AP T/O (days)	0	0	0	0	0
FV chg on convertible	(213)	(182)	0	0	0	Cash conversion cycle (days)	0	7	7	7	7
Interest Income	0	1	6	11	13	Asset turnover (x)	0.7	1.1	0.8	0.7	0.6
Finance costs	(4)	(6)	(8)	(9)	(9)	Financial leverage (x)	(2.0)	(3.0)	6.2	2.8	2.6
Profit after financing costs	(188)	151	488	661	847	EBIT margin (%)	3.3	15.5	16.7	17.7	19.4
Associated companies & JVs	0	0	0	0	0	Interest burden (x)	(5.7)	0.4	1.0	1.0	1.0
Pre-tax profit	(188)	151	488	661	847	Tax burden (x)	1.0	0.6	0.9	0.9	0.9
Tax	5	(66)	(73)	(99)	(127)	Return on equity (%)	26.5	(12.5)	68.9	27.5	26.8
Minority interests	0	0	0	0	0	ROIC (%)	0.0	0.0	90.9	112	132
Net profit	(183)	85	415	562	720	Year to Dec	FY18	FY19	FY20E	FY21E	FY22E
Net margin	-18.4%	3.7%	13.7%	14.8%	16.3%	Balance Sheet (RMB mn)					
Adj. net profit	30	291	415	562	720	Net PPE	29	40	36	34	32
Adj. net margin	3.1%	12.9%	13.7%	14.8%	16.3%	Equity investment	37	31	31	31	31
YoY%	N.A.	858%	42.4%	35.4%	28.1%	Intangible assets & goodwill	1	171	180	200	220
EBITDA	74	425	531	699	885	Deferred tax	36	9	10	10	10
EBITDA margin	7.4%	18.8%	17.6%	18.4%	20.0%	Other non-current assets	113	164	159	174	184
Adj. EPS (HK\$)	0.760	6.040	1.709	1.476	1.891	Non-current assets	216	414	417	449	478
YoY%	-146%	694%	-71.7%	-13.6%	28.1%	Inventories	1	7	9	11	13
DPS (HK\$)	0.000	0.000	0.000	0.000	0.000	AR	0	44	58	73	85
Year to Dec	FY18	FY19	FY20E	FY21E	FY22E	Prepayments & deposits	897	1,159	1,510	1,897	2,213
Cash Flow (RMB mn)						Other current assets	176	209	217	227	237
EBITDA	74	425	531	699	885	Cash	480	441	2,980	3,728	4,546
Chg in working cap	428	(492)	1	15	23	Current assets	1,553	1,860	4,774	5,936	7,095
Others	(100)	146	0	0	0	AP	1,167	1,165	1,510	1,897	2,213
Operating cash	401	79	532	714	908	Tax	4	38	45	55	70
Interest received	(4)	(4)	(3)	2	4	Bank loans & leases	45	137	137	137	137
Tax	(28)	(22)	(73)	(99)	(127)	Other current liabilities	249	36	52	74	96
Net cash from operations	370	53	456	617	785	Current liabilities	1,465	1,376	1,743	2,162	2,516
Capex	(11)	(8)	(10)	(10)	(10)	Bank loans	0	0	0	0	0
Other investment	(112)	(135)	(5)	(35)	(30)	Other payable	80	57	60	70	80
Asset disposal	0	0	0	0	0	Financial liabilities	1,009	1,373	1,600	1,800	1,900
Div from assoc	0	0	0	0	0	Deferred tax & others	13	24	28	32	36
Interests received	0	0	0	0	0	MI	0	0	0	0	0
Others	0	5	0	0	0	Non-current liabilities	1,103	1,454	1,688	1,902	2,016
Investing cash	(123)	(139)	(15)	(45)	(40)	Total net assets	(798)	(555)	1,759	2,321	3,041
FCF	247	(86)	442	572	745	Shareholder's equity	(798)	(555)	1,759	2,321	3,041
Issue of shares	0	(59)	1,900	0	0	Share capital	0	0	0	0	0
Proceeds from convertible	0	(8)	0	0	0	Reserves	(798)	(556)	1,759	2,321	3,041
Minority interests	0	0	0	0	0	BVPS (HK\$)	(19.94)	(13.62)	7.25	6.10	7.99
Dividends paid	0	0	0	0	0	Total debts	1,332	1,456	1,700	1,930	2,060
Interest paid	0	0	0	0	0	Net cash/(debts)	(775)	(1,017)	1,274	1,788	2,472
Net change in bank loans	(231)	129	0	0	0	Year to Dec	FY18	FY19	FY20E	FY21E	FY22E
Others	(19)	(15)	197	176	73	Key assumption (RMB bn)					
Financing cash	(250)	47	2,097	176	73	Payment GMV	779	1,500	1,800	2,110	2,320
Net change in cash	(3)	(39)	2,539	748	818	App based	326	903	1,300	1,600	1,800
Exchange rate or other Adj	2	1	0	0	0	Traditional	453	598	500	510	520
Opening cash	481	480	441	2,980	3,728	Segmental growth					
Closing cash	480	441	2,980	3,728	4,546	Merchant SaaS	68%	707%	200%	95%	70%
CFPS (HK\$)	6.172	(1.787)	1.819	1.503	1.958	Marketing	373%	4205%	120%	70%	40%
						Fintech	475%	157%	40%	60%	50%

Source: Company, OP Research

Appendix II – Shareholding and management

Shareholding structure



Source: Company, OP Research

Management profile

Name	Age	Position	Description
Mr. Liu Yingqi (劉穎麒)	43	Chairman and CEO	Mr. Liu is responsible for formulating the development strategies and business plans and overseeing the management and strategic development of Yeahka. Prior to joining Yeahka, Mr. Liu served as the general manager of Shenzhen Tenpay Technology Company. He had been assigned the role of general manager of the online payment department in Tencent Digital (Tianjin) from January 2008 to December 2011 and role of general manager in Tencent Technology, being responsible for supervising and managing the online payment of Tencent, from May 2001 to December 2007. Mr. Liu graduated from Changsha University of Science & Technology, with a bachelor's degree in computer application, in June 1999.
Ms. Zhou Lingli (周伶俐)	42	Chief Strategy Officer	Ms. Zhou Lingli was appointed as Director on March 9, 2015 and was appointed as the Chief Strategy Officer on February 2016. She is responsible for formulating strategic plans, and overseeing investment and financing, investor relations, market branding and public relations. Prior to joining Yeahka, Ms. Zhou was a managing director of CSOP Asset Management from September 2012 to December 2015. She served as an executive director of Goldman Sachs (Asia) from August 2009 to September 2012. Ms. Zhou graduated from Tianjin University, with a bachelor's degree in engineering, in July 1999. She further obtained a MBA from the Hong Kong University of Science and Technology in 2005.
Mr. Yao Zhijian (姚志堅)	39	Chief Financial Officer	Mr. Yao was appointed as Chief Financial Officer on October 24, 2011. Prior to joining Yeahka, Mr. Yao worked at Shenzhen Baode Shipping from December 2004 to October 2011 with his last position being the Chief Financial Officer. Mr. Yao graduated from South China University of Technology, with a bachelor's degree in accounting computerization, in December 2006 through self-learning. He obtained the qualification of Intermediate Accountant from the Ministry of Finance of the People's Republic of China in May 2004.

Source: Company, OP Research

Exhibit 7: Peer Group Comparison

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	PER Hist (x)	PER FY1 (x)	PER FY2 (x)	EPS FY1 YoY%	EPS FY2 YoY%	3-Yr EPS Cagr (%)	PEG (x)	P/B Hist (x)	P/B FY1 (x)	EV/		Gross			Sh px			
														Sales Hist	Sales Cur Yr	Net gearing Hist (%)	margin Hist (%)	Net margin Hist (%)	ROE Hist (%)	ROE FY1 (%)	1-mth %	3-mth %
Yeahka Ltd	9923 HK	17.34	928	N/A	2.9	10.1	11.7	42.4	35.4	35.2	0.29	(1.27)	2.39	0.8	1.1	(183.1)	28.7	12.9	(1.3)	2.4	4.2	N/A
HSI		24,301.28			10.4	11.1	9.4	(5.9)	17.9	7.6	1.46	0.94	0.91						9.0	8.2	5.8	3.5
HSCEI		9,757.69			8.1	8.5	7.6	(4.8)	12.5	6.1	1.39	1.02	0.96						12.6	11.3	2.1	2.7
CSI300		4,109.72			15.7	13.4	11.6	17.0	15.4			1.85	1.71						11.8	12.7	7.3	10.4
Domestic peers																						
Adjusted sector avg*					54.7	223.0	50.1	(14.5)	149.7	14.2	8.6	5.3	9.3	8.8	5.2	0.0	49.3	9.0	6.4	3.9	25.2	57.5
Weimob Inc	2013 HK	9.50	2,744	71.5	57.8	667.2	105.8	(91.3)	530.8	(6.1)	N/A	9.8	11.4	13.5	9.4	0.0	55.5	21.7	N/A	2.6	24.7	95.9
China Youzan Ltd	8083 HK	1.23	2,727	17.2	N/A	5.7	4.8	N/A	20.4	(290.6)	N/A	4.7	4.7	16.3	3.7	5.3	51.9	(50.6)	(16.9)	(10.6)	55.7	53.8
Huifu Payment Lt	1806 HK	2.32	387	1.1	10.6	7.9	6.5	34.0	22.4	24.7	0.3	1.3	1.0	0.4	0.4	0.0	26.8	6.8	12.3	12.6	29.6	(5.3)
Lakala Payment-A	300773 CH	33.40	3,776	41.0	32.0	28.1	22.4	13.7	25.4	21.6	1.3	5.4	4.8	4.3	3.9	0.0	44.4	16.5	20.5	18.1	(7.3)	(10.6)
Shopify Inc - A	SHOP US	910.00	108,620	2,352.1	N/A	2,000.0	1,426.3	N/A	N/A	N/A	N/A	N/A	(212.1)	68.5	49.9	0.0	54.9	(7.9)	(5.1)	(2.4)	20.1	115.8
Square Inc - A	SQ US	104.30	45,824	1,048.3	118.5	405.8	111.3	N/A	N/A	16.7	24.2	25.3	24.5	9.6	8.6	0.0	40.1	8.0	21.0	3.4	28.6	95.5

* Outliners and "N/A" entries are in red and excl. from the calculation of averages

Source: Bloomberg, OP Research

Our recent reports

Date	Company / Sector	Stock Code	Title	Rating	Analyst
19/06/2020	Powerlong CM	9909	Moving into the fast lane	NR	Dallas Cai
11/06/2020	Xtep Intl	1368	More promising prospect from FY21E	BUY	Megan Jin
08/06/2020	Edvantage Group	382	Campus capacity enlarged further	BUY	Megan Jin
04/06/2020	S-Enjoy Service	1755	Robust expansion continues	BUY	Megan Jin
04/06/2020	Greentown Services	2869	Placing for new growth initiatives - city services most likely	HOLD	Dallas Cai
28/05/2020	A-Living	3319	Positive read-across from April property sales	BUY	Dallas Cai
25/05/2020	HKBN	1310	Challenging to becoming BN leader	NR	Kevin Tam
18/05/2020	Skyworth	751	The sky getting clear	NR	Kevin Tam
14/05/2020	Ausnutria Dairy	1717	Premium products brought up GPM in 1Q20	BUY	Megan Jin/Dallas Cai
14/05/2020	China Youzan	8083	1Q loss narrowed as economies of scale kicking in	BUY	Dallas Cai
05/05/2020	HKTV	1137	HK based ecommerce on the rise	BUY	Kevin Tam/Megan Jin
23/04/2020	Edvantage Group	382	License fee saving may come earlier	BUY	Megan Jin/Dallas Cai
22/04/2020	361 Degrees Intl	1361	1Q20 retail sales in line	BUY	Megan Jin
21/04/2020	Xtep Intl	1368	1Q20 sales performance better than feared	BUY	Megan Jin/Dallas Cai
20/04/2020	Li-Ning	2331	1Q20 delivered satisfactory retail sales	BUY	Megan Jin/Dallas Cai
16/04/2020	Anta Sports	2020	Robust online FILA sales to drive 1Q20 sales beat	BUY	Dallas Cai/Megan Jin
15/04/2020	China Youzan	8083	FY19 GMV saw growth acceleration	BUY	Dallas Cai
02/04/2020	Greentown Services	2869	FY19 results largely in line	HOLD	Dallas Cai
31/03/2020	TCL Electronics	1070	FY19 results up to expectations	BUY	Dallas Cai
30/03/2020	Li-Ning	2331	A head start in FY20E with resilient operation	BUY	Dallas Cai/Megan Jin
27/03/2020	CH Display OPT	334	Lower order visibility ahead in FY20E	HOLD	Dallas Cai
27/03/2020	ChinaSoft Int'l	354	Cloud business ready to accelerate in FY20E	BUY	Dallas Cai
25/03/2020	Anta Sports	2020	FY20E strive for positive growth	BUY	Dallas Cai/Megan Jin
25/03/2020	China Overseas PPT	2669	FY19 results up to expectations	HOLD	Dallas Cai
23/03/2020	CG Services	6098	FY19 saw solid set of results	BUY	Dallas Cai
20/03/2020	Kingdee Int'l	268	Ambitious cloud target to weigh on FY20E earnings	HOLD	Dallas Cai
20/03/2020	Xtep Intl	1368	FY19 results in line with expectations	BUY	Dallas Cai/Megan Jin

TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

By accepting this report, you represent and warrant that you are entitled to receive such report in accordance with the restrictions set forth below and agree to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law or termination of such services provided to you.

Disclaimer

Research distributed in Hong Kong is intended only for institutional investors whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not an institutional investor must not rely on this communication.

The information and material presented herein are not directed at, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication, availability or use would be contrary to applicable law or regulation or which would subject Oriental Patron Securities Limited ("OPSL") and/or its associated companies and/or its affiliates (collectively "Oriental Patron") to any registration or licensing requirement within such jurisdiction.

The information and material presented herein are provided for information purposes only and are not to be used or considered as an offer or a solicitation to sell or an offer or solicitation to buy or subscribe for securities, investment products or other financial instruments, nor to constitute any advice or recommendation with respect to such securities, investment products or other financial instruments.

This research report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not to be relied upon in substitution for the exercise of independent judgment. Oriental Patron may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. You should independently evaluate particular investments and you should consult an independent financial adviser before making any investments or entering into any transaction in relation to any securities mentioned in this report.

Information and opinions presented in this report have been obtained or derived from sources believed by Oriental Patron to be reliable, but Oriental Patron makes no representation as to their accuracy or completeness and Oriental Patron accepts no liability for loss arising from the use of the material presented in this report where permitted by law and/or regulation. Further, opinions expressed in this report are subject to change without notice. Oriental Patron does not accept any liability whatsoever whether direct or indirect that may arise from the use of information contained in this report.

The research analyst(s) primarily responsible for the preparation of this report confirm(s) that (a) all of the views expressed in this report accurately reflects his or their personal views about any and all of the subject securities or issuers; and (b) that no part of his or their compensation was, is or will be, directly or indirectly, related to the specific recommendations or views he or they expressed in this report.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance.

Oriental Patron, its directors, officers and employees may have investments in securities or derivatives of any companies mentioned in this report, and may make investment decisions that are inconsistent with the views expressed in this report.

General Disclosure

Oriental Patron, its directors, officers and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. Oriental Patron may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published. One or more directors, officers and/or employees of Oriental Patron may be a director of the issuers of the securities mentioned in this report. Oriental Patron may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment or investment banking service to the issuers of the securities mentioned in this report.

Regulatory Disclosures as required by the Hong Kong Securities and Futures Commission

Oriental Patron (inclusive of OPSL) which are carrying on a business in Hong Kong in investment banking, proprietary trading or market making or agency broking are not a market maker in the securities of the subject companies mentioned in this report. Unless otherwise specified, Oriental Patron does not have any investment banking relationship with the companies mentioned in this report within the last 12 months. As at the date of this report, Oriental Patron do not have any interests in the subject company(ies) aggregating to an amount equal to or more than 1% of the subject company(ies) market capitalization.

Analyst Certification:

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Rating and Related Definitions

Buy (B)	We expect this stock outperform the relevant benchmark greater than 15% over the next 12 months.
Hold (H)	We expect this stock to perform in line with the relevant benchmark over the next 12 months.
Sell (S)	We expect this stock to underperform the relevant benchmark greater than 15% over the next 12 month.
Relevant Benchmark	Represents the stock closing price as at the date quoted in this report.

Copyright © 2015 Oriental Patron Financial Group. All Rights Reserved

This report is being supplied to you strictly on the basis that it will remain confidential. Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Oriental Patron. Oriental Patron accepts no liability whatsoever for the actions of third parties in this respect.

CONTACT

27/F, Two Exchange Square,

8 Connaught Place, Central, Hong Kong

www.oriental-patron.com.hkkevin.tam@oriental-patron.com.hk

Tel: (852) 2135 0236

Fax: (852) 2135 0295