



58.com (WUBA US) - Initiate with BUY

4 March 2016

INVESTMENT SUMMARY

- 58.com's listing business maintains healthy and fast growing. We expect 58.com's listing revenue to grow 59%/41% in 2016/2017 and listing's OP margin to improve to 12%/14%. We think 58.com along with Ganji and Anjuke is the largest beneficiary in the intensifying secondary home brokerage competition.
- O2O are options for investors. Despite of the uncertainty with O2O market, 58.com can still dominate the entrance into low frequency local life service market by classified. O2O business will not impact P&L materially on share dilution.
- Our TP of US\$65 is derived from DCF from WUBA's core listing business. We do not give valuation to 58 Home and Guazi at this early stage.

Research Team



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58.com Inc. (NYSE: WUBA)

Solid core business plus O2O options

- 58.com's listing business maintain healthy and fast growing, with its O2O business an option for investors.
- We initiate our coverage with BUY at TP of US\$65, derived from DCF valuation of 58's listing business. We do not give valuation for 58 Home (58到家) and Guazi (瓜子二手车) at this early stage.
- Catalysts :margin improvement upon business consolidation, progress in Guazi and 58 Home

Core biz valued at US\$65 per ADS alone

We expect 58.com's listing revenue to grow 59%/41% in 2016/2017 and OP margin to improve to 12%/14%. We think 58.com along with Ganji and Anjuke will benefit the most from the intensifying secondary home brokerage competition among Lianjia, Soufun, etc. We think it is unlikely that secondary property brokerage market will form oligopoly in 2-3 years, so that listing model maintain major source for property brokers to acquire home buyers.

O2O are options

We think the market is over pessimistic about 58 O2O. We think WUBA is well positioned in O2O era with defensive classified business and proactive 58 Home and Guazi. Despite of the uncertainty with O2O market, 58.com can still dominate the entrance into low frequency local life service market by classified. We identify 58 O2O's advantages in its unexplored traffic both from itself and capital investor's alliance e.g. WeChat, QQ and even Taobao. We expect WUBA O2O's financial impact to lessen on further share dilution.

Initiate with BUY with DCF valuation at US\$65

We initiate our coverage with BUY at TP of US\$65. We value 58's listing business at \$65 per ADS alone. We do not give valuation for 58 Home and Guazi at this early stage. Progress in Guazi or 58 Home and margin improvement are key catalysts.

Summary financial data

| Highlights | 2014A | 2015A | 2016E | 2017E | 2018E |
|-----------------------------------|-------|--------|--------|-------|-------|
| Revenues (US\$m) | 265 | 715 | 1,140 | 1,607 | 2,191 |
| Non-GAAP operating profit (US\$m) | 13 | (223) | (76) | 159 | 289 |
| Non-GAAP EPADS (US\$) | 0.33 | (2.24) | (0.12) | 1.04 | 1.86 |
| GAAP EPS (US\$) | 0.26 | (2.47) | (0.73) | 0.35 | 1.11 |
| EBITDA margin | 30% | 15% | 0% | 32% | 22% |
| P/E (non-GAAP) | 167 | (25) | (449) | 53 | 30 |
| Free cash flow yield (%) | 1% | -1% | -1% | 5% | 4% |

Source: CapitalIQ, BLRI (as of 4 Mar. 2016)

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Blue Lotus Capital Advisors Limited

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from CapitalIQ, Blue lotus capital advisors Limited and subject companies. Consensus forward estimates are used in analysis. Past performance is not indicative of future results. Investors should consider this report as only a single factor in making their investment decision.

BUY

HOLD

SELL

| | |
|---------------------------------|----------------------------------|
| Target Price: US\$ 65.00 | Current Price: US\$ 54.25 |
| RIC: (NasdaqGS: WUBA) | BBG: WUBA US |
| Market cap (US\$m) | 7,678 |
| Average daily volume (US\$m) | 59 |
| Shares out/float (m) | 80.1/146.7 |

Source: CapitalIQ(as of 4 Mar. 2016)

Key Changes

| | New | Old | Diff |
|---------------------|--------|-----|------|
| BLRI Recommendation | BUY | | |
| BLRI Target Price | 65.0 | | |
| 2016E EPADS (US\$) | (0.12) | | |
| 2017E EPADS (US\$) | 1.04 | | |
| 2018E EPADS (US\$) | 1.86 | | |

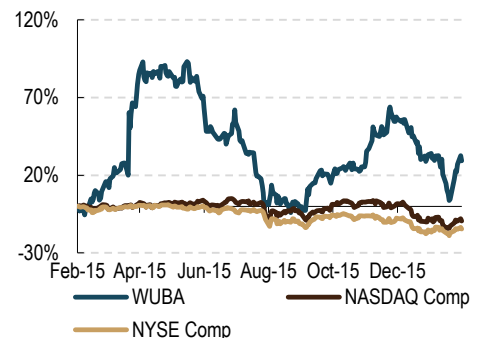
Source: BLRI(as of 4 Mar. 2016)

BLRI vs. The Street

| | |
|-----------------------------------|------|
| No. of CapitalIQ Recommendations | 13 |
| Target price vs. CapitalIQ mean | -11% |
| 1-year-fwd EPS vs. CapitalIQ mean | N.A. |
| CapitalIQ recommendation | 1.85 |

Source: BLRI CapitalIQ(as of 4 Mar. 2016)

Price performance



Source: CapitalIQ(as of 4 Mar. 2016)

Research team



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58.com Inc.: Financial Summary

Fiscal year ends-Dec-31

Exhibit 1. Income statement

| (US\$K) | 2015A | 2016E | 2017E |
|-----------------------------|---------------|---------------|-------------|
| Revenue | 714,887 | 1,139,771 | 1,607,404 |
| COGS | (51,405) | (93,063) | (131,246) |
| Gross profit | 663,482 | 1,046,707 | 1,476,158 |
| Sales and Marketing expense | (697,509) | (901,432) | (992,063) |
| R&D expense | (123,171) | (179,629) | (237,970) |
| General and Administrative | (93,431) | (92,784) | (158,571) |
| Operating profit non-GAAP | (222,544) | (76,272) | 159,290 |
| Operating profit GAAP | (250,629) | (127,138) | 87,554 |
| Share based compensation | 28,085 | 50,866 | 71,736 |
| Other income/cost | (59,862) | (72,637) | (61,466) |
| Pre-tax profit | (310,491) | (199,775) | 26,088 |
| Income tax | 7,952 | 0 | (12,491) |
| Net income GAAP | (302,897) | (199,775) | 13,597 |
| Number of ADS, diluted | 117,233 | 146,667 | 158,757 |
| EPADS GAAP | (2.47) | (0.73) | 0.35 |
| EPADS non-GAAP | (2.24) | (0.12) | 1.04 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

Exhibit 2. Balance sheet

| (US\$K) | 2015E | 2016E | 2017E |
|--|----------------|----------------|------------------|
| Cash and cash equivalents | 170,095 | 180,430 | 646,489 |
| Restricted cash | 1,314 | 1,314 | 1,314 |
| Term deposit | 281,513 | 281,513 | 281,513 |
| Short-term investments | 216,146 | 216,146 | 216,146 |
| Accounts receivable | 13,710 | 21,859 | 30,827 |
| Prepaid expenses & others | 62,047 | 75,350 | 118,419 |
| Total current assets | 744,825 | 776,611 | 1,294,708 |
| Property and equipment, net | 25,575 | 38,849 | 56,596 |
| Intangible assets, net | 460 | 460 | 460 |
| Long-term investment | 23,784 | 23,784 | 23,784 |
| Long-term prepayment and others | 21,027 | 21,027 | 21,027 |
| Total non-current assets | 70,846 | 84,120 | 101,867 |
| Total asset | 815,671 | 860,731 | 1,396,576 |
| Accounts payable | 68,472 | 84,508 | 131,238 |
| Deferred revenues | 257,211 | 304,868 | 487,825 |
| Customer advances | 120,705 | 129,108 | 223,200 |
| Taxes payable | 12,194 | 19,033 | 25,006 |
| Salary and welfare payable | 88,712 | 98,648 | 165,583 |
| Other current liabilities | 22,575 | 34,257 | 45,893 |
| Total current liabilities | 569,869 | 670,422 | 1,078,745 |
| Total non-current liabilities | 0 | 0 | 0 |
| Total liabilities | 569,869 | 670,422 | 1,078,745 |
| Common Stock | 2 | 2 | 2 |
| Additional Paid In Capital | 624,381 | 624,381 | 624,381 |
| Retained Earnings | (390,587) | (539,496) | (454,163) |
| Comprehensive Inc. and minority interest | 12,006 | 105,423 | 147,611 |
| Total equity | 245,802 | 190,310 | 317,831 |
| TOTAL LIABILITIES AND EQUITY | 815,671 | 860,731 | 1,396,576 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

Company Description

58.com is the largest online classified ads website in China, providing local information services to local merchants and consumers. It sets up 58.home to cover low frequency O2O business in 2014 and merged Ganji and Anjuke to reconstruct listing market in 2015. According to iResearch, 58.com has occupied more than 80% traffic market share in listing market. The company expanded its business to used car in 2015 by setting up Guazi.

Industry View

China's online classified listing market is expected to benefit from intensifying competition in real estate brokerage competition in 2016-2018.

Exhibit 3. Cash flow statement

| (US\$K) | 2015E | 2016E | 2017E |
|--|----------------|----------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| Net income | (289,600) | (106,358) | 55,785 |
| Stock-Based Compensation | 28,085 | 50,866 | 71,736 |
| Depreciation & Amort. | 13,771 | 20,919 | 30,475 |
| Investment loss | 0 | 0 | 0 |
| Loss on disposal of PP&E | 0 | 0 | 0 |
| Other Operating Activities | 0 | 0 | 0 |
| Change in Working Capital | 327,910 | 79,102 | 356,285 |
| Net cash (used in) from operating activities | 80,166 | 44,528 | 514,281 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Capital Expenditure | (21,447) | (34,193) | (48,222) |
| Purchase/Sale of long term investments | 0 | 0 | 0 |
| Purchase/Sale of short-term investments | 0 | 0 | 0 |
| Purchase/Sale of term deposit | 0 | 0 | 0 |
| Net cash in investing activities | (21,447) | (34,193) | (48,222) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Issuance of stocks | 0 | 0 | 0 |
| Shares repurchased | 0 | 0 | 0 |
| Short term debt added, net | 0 | 0 | 0 |
| Long term debt added, net | 0 | 0 | 0 |
| Net cash provided by financing activities | 0 | 0 | 0 |
| Effect of exchange rate changes | 0 | 0 | 0 |
| Change in cash | 58,719 | 10,335 | 466,059 |
| Cash at beginning of the year | 111,376 | 170,095 | 180,430 |
| Cash at end of the year | 170,095 | 180,430 | 646,489 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

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Recent Reports

Jumei International Holdings Limited (NYSE:JMEI): Initiate with SELL, TP US\$10.00-October 21, 2015

Vipshop Holdings Limited (NYSE:VIPS): Initiate with BUY, TP US\$25.00-October 21, 2015

Vipshop Holdings Limited (NYSE:VIPS): Downgrade to Hold on failure of business makeover; New TPUS\$15.09-November 16, 2015

Jumei International Holdings Limited (NYSE:JMEI): Upgrade to HOLD on Price Overdrawn; New TP US\$7.00-February 2, 2016

Investment Cases at a Glance

- Core listing business maintain robust, providing fertile soil to grow its O2O business. We think 58.com along with Anjuke and Ganji are the largest beneficiary of intensifying property brokerage war among both traditional brokers and new internet brokers. We value WUBA's listing business to value at US\$65 per ADS alone based on DCF business.
- We think WUBA is well positioned in to-home service market by both defensive listing business model and proactive O2O exposure. Despite of the uncertainty with O2O market, 58.com can still dominate the entrance into low frequency local life service market by classified.
- We think 58 Home and Guazi are options for investors. We do not provide valuation for 58 Home and Guazi at this early stage. The company currently owns 46% of Guazi and 60% of 58 Home. We expect WUBA O2O's financial impact to lessen on further share dilution.

What are the key catalysts for the next 3-6 months

- New progress with Guazi used car platform and 58 Home
- Margin improvement of its core listing business upon business consolidation from Ganji and Anjuke.

Where can we be wrong?

- Property brokerage dynamic is changing fast. Competitors e.g. Lianjia, Soufun, etc. are aggressively changing strategies. If any competitor quit the war earlier than expected or acquired by others, 58.com will suffer the loss of importance for the peace.

What can change our view?

- If competitive dynamic of property brokerage market changes dramatically, 58.com will be positioned in a different position in industry value chain.
- If major large secondary home brokers boycotts WUBA, WUBA's core business growth will be undermined.

Operating Metrics

Exhibit 4. Quarterly revenue table

| (US\$k) | 4Q14A | 1Q15A | 2Q15A | 3Q15A | 4Q15A | 1Q16E |
|---------------------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Revenue | 80,220 | 87,081 | 159,531 | 212,944 | 255,331 | 234,769 |
| Gross margin (%) | 94.3% | 93.1% | 93.7% | 93.2% | 91.8% | 91.8% |
| Operating metrics | | | | | | |
| Membership | 39,839 | 42,109 | 65,491 | 88,649 | 100,901 | 96,069 |
| Online marketing services | 40,324 | 44,312 | 89,233 | 116,071 | 135,927 | 129,418 |
| E-commerce services | - | 269 | 4,653 | 6,614 | 11,510 | 7,282 |
| Others revenue | 57 | 391 | 154 | 1,610 | 6,993 | 2,000 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

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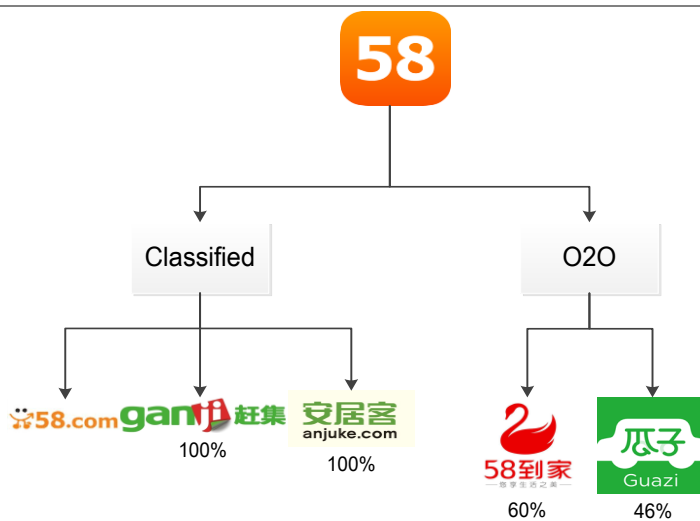
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Core business is worth US\$65 per ADS

58.com owns both solid classified business and proactive O2O business. After acquiring Anjuke and Ganji in 2015, 58.com and its alliance becomes the monopolist in online classified websites in China. 58.com and Ganji.com alliance are the largest online classified websites in China both on PC and mobile, totally accounting for 80% of user viewed time spent on online classified websites. We provide WUBA's business subsidiaries in the following chart. As shown below, classified business is 100% owned by WUBA and fully consolidated in P&L, while O2O business are partially owned by WUBA to reduce its impact on P&L. Guazi will be off the sheet in 4Q15 on 46% equity share.

The monopolist in online classified sector in China, accounting for 80% of user viewed time on classified websites.

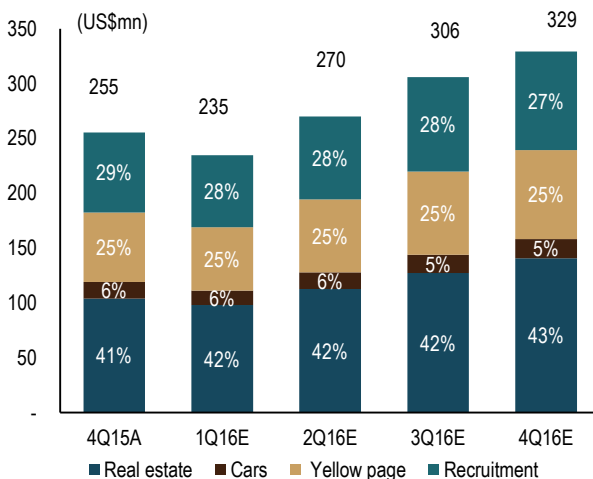
Exhibit 5. 58.com's business subsidiaries



Source: WUBA (as of 4 Mar. 2016)

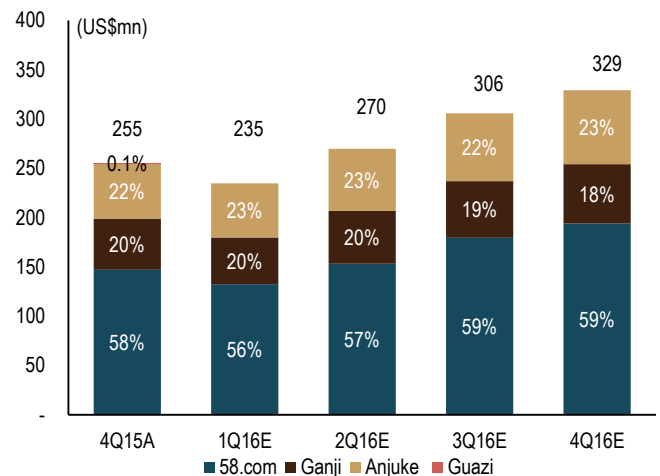
Home listing business is the largest listing block for WUBA's classified business after WUBA acquired Anjuke.com. We expect home listing to account for 42% of WUBA's topline revenues in 2016. In the meantime, 58.com is still the largest revenue contributor for WUBA, while Anjuke and Ganji accounts for 23% and 19% of revenues respectively.

Exhibit 6. Core business revenue breakdown by segment



Source: WUBA ,BLRI (as of 4 Mar. 2016)

Exhibit 7. Core business revenue breakdown by subsidiaries



Source: WUBA, BLRI (as of 4 Mar. 2016)

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Why not “O2O”-lize secondary home brokerage business? ... Too radical to danger fundamentals

WUBA has O2O-lized secondary car retailing by Guazi and yellow-page service business by its own 58 Home. On the other side, WUBA chooses not to O2O-lize its secondary home listing business. We think it is wise for WUBA not to tangle in secondary brokerage business which requires heavy investment in headcounts and storefronts. We think there is no short cut for secondary home brokerage business. The competition is like Long March where WUBA has no obvious advantages. We do not expect oligopoly to form in secondary home brokerage market in the next 2-3 years. Classified online ads business will sustain if the market allows 5+ brokers.

A wise move! Secondary home brokerage business will danger its fundamental listing business.

It is too radical for WUBA to initiate secondary home brokerage business as it will danger its foundation business. Home listing is WUBA’s building business block, which accounts for 33% of its own 58.com revenues. After Anjuke and Ganji acquisition, home brokerage listing accounts for 42% of WUBA’s revenues. Soufun is a lesson for WUBA regardless of its outcome in this brokers war. After Soufun initiated its own brokerage business, major secondary home brokerage firms all rose and boycotted Soufun. In the meantime, broker’s spending on online listing websites has shift from Soufun to 58.com.

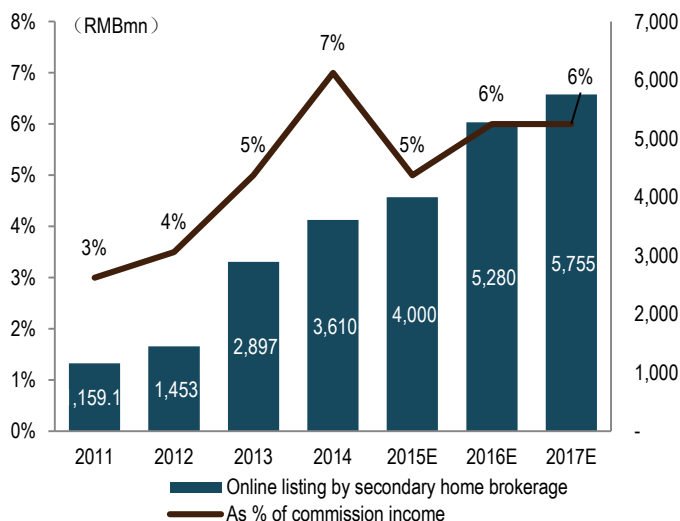
Will brokers boycott WUBA like they did to Soufun? ...Online listing is still a must in the next 2-3 years

We think it is not the same scenario for WUBA at current stage vs. Soufun in 2014 as secondary home listing market has changed significantly. Online listing is still the second most efficient source of customers following storefronts that brokers cannot neglect.

58.com along with Anjuke.com are almost the only choice for secondary home brokers.

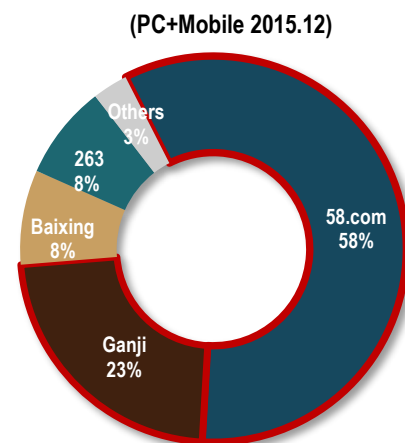
We estimate secondary home online listing ads spend to account for 2~7% of commission income, depending on market thermogram. We expect online listing advertising spending market to reach ~RMB5b in 2016. After the acquisition, 58.com along with Anjuke.com are almost the only choice for secondary home brokers e.g. small and middle scale brokers after Soufun started its own brokerage business.

Exhibit 8. Online listing market size by secondary home brokerage



Source: WUBA ,BLRI (as of 4 Mar. 2016)

Exhibit 9. Classified ads platform time spent market share

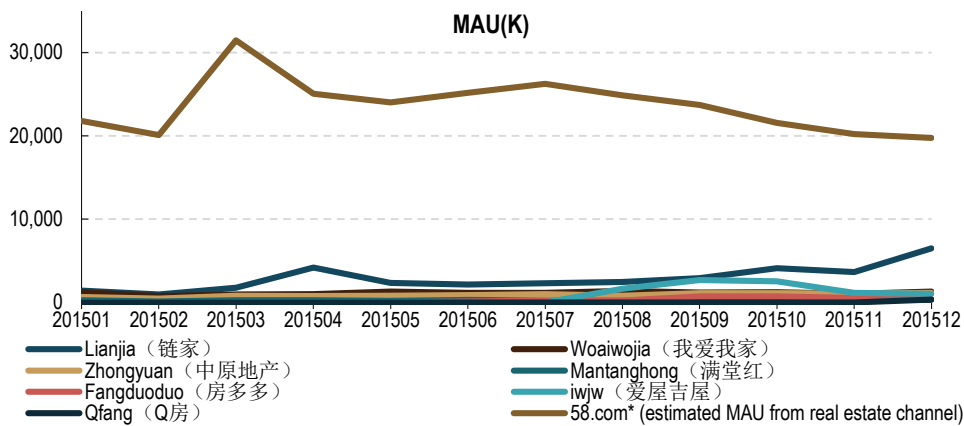


Source: iResearch (as of 4 Mar. 2016)

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Will brokers that own their own sites also leverage 58.com? Yes. We think any large scale brokers are only regional strong and need online marketing to approach new home buyers in new explored regions. In presence existing regions, unfair competition forces brokers with their own sites to leverage online listing websites as well. Most brokers i.e. small brokers usually use fraud listing e.g. fake and lower than market listing prices to allure home buyers, while authentic listings platforms, e.g. Lianjia, who claims to provide authentic listings only, will be forced to spend on 58.com to win home buyers.

Exhibit 10. Organic traffic comparison



Source: iResearch (as of 4 Mar. 2016)

According to our channel checks, Lianjia, Zhongyuan and Aiwujiwu are all spending on 58.com for traffic. In the meantime, their organic traffic from their own websites are not meaningful yet. We do not think organic traffic can support brokers's competition over competitors before oligopoly forms in secondary home brokerage market.

Exhibit 11. Lianjia on 58.com

58同城首页 | 浏览记录 | 登录 | 注册 | 我的58 - VIP中心 | 导航

LIANJIA.链家 深圳链家官方旗舰店

深圳 深圳链家 拥有二手房 25071 套, 租房 24837 套

二手房 | 请输入房源特征 地点或小区名 | 搜索

区域: 罗湖 福田 南山 盐田 宝安 龙岗区 布吉 坪山新区 光明新区 龙华新区 大鹏新区 深圳周边
 总价: 60万以下 60-80万 80-100万 100-150万 150-200万 200-300万 300-500万 500-1000万 1000万以上

房源真实: 承诺所有房源真实存在、真实委托、真实价格。
 实地看房: 承诺所有房源均可以进行线下实地看房。
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 绿景公寓 南山 华侨城
 松源大厦 罗湖 莲塘
 3室 2厅 107.43m²

Source: WUBA (as of 4 Mar. 2016)

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Intensifying competition in real estate brokerage market

In China, real estate brokerage market is quite underdeveloped and fragmented. When e-commerce arena expanded into real estate market, competition intensifies. Before competitive landscape becomes clear, 58.com along with its subsidiary Ganji and Anjuke as traffic providers will benefit from the riot of brokerage market. In our view, this market consolidation might take over 3 years before oligopoly forms, which leaves 58.com enough room for growths.

Market size of secondary home brokerage will outweigh that of new home.

As new housing investment slows down, we expect secondary home transactions will outweigh new home sales in coming years. The after-sale real estate service era is under way. The secondary housing brokerage market is around RMB80bn, exceeding RMB78bn of new home 2015.

Secondary home brokerage market becomes fiercer as new home market growth slows down.

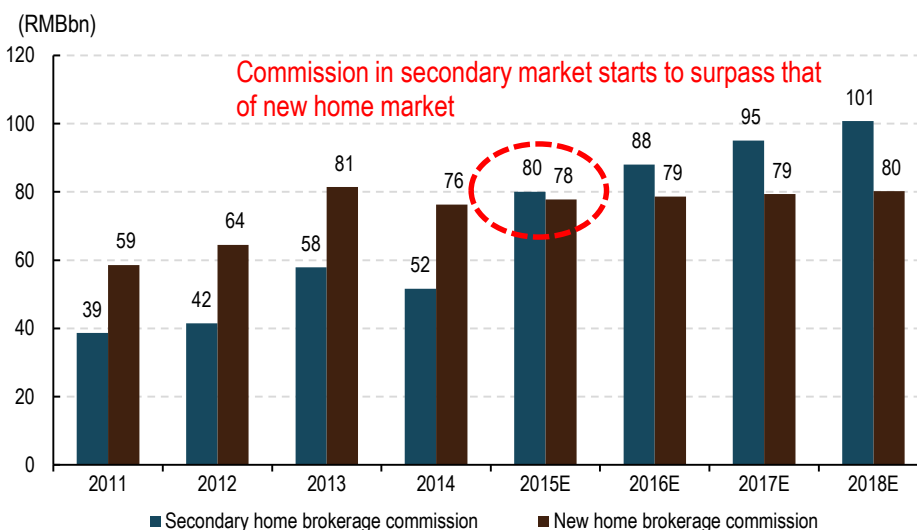
Exhibit 12. Comparison of new home and secondary home brokerage market

| Segments | GMV (2015) | Commission rate | Brokerage commission market size(2015) |
|----------------|------------|-----------------|--|
| New home | RMB8tn | 1% | RMB78bn |
| Secondary home | RMB4tn | 1.5%-2% | RMB80bn |

Source: BLRI, Qfang, Lianjia (as of 4 Mar. 2016)

We expect secondary home brokerage commission to surpass that of new home brokerage market from 2015 and thereafter, which will force brokers to be more aggressive.

Exhibit 13. Commission scale of new and secondary home markets



Secondary home brokerage commission has exceeded that of new home brokerage in 2015.

Source: BLRI, NBS, Qfang (as of 4 Mar. 2016)

Competition escalates as internet involves in the brokerage arena

The secondary property market used to be quite fragmented. In China, there are nearly 100k secondary housing brokerage agencies and more than 2 million brokerage agents providing similar services in the market. After acquisition and aggressive expansion, Lianjia is currently the largest secondary home broker in terms of GMV as of 2015, account for 18% of market share. However, competition is going on. We expect brokerage war to escalate in 2016 with new capital raised, especially with internet players e.g. Soufun aggressively seeking business turnover.

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Exhibit 14. Secondary home brokers' financial model comparison



| (RMBbn) | 2015 | 2017E | 2015 | 2017E | 2015 | 2017E | 2015 | 2017E |
|--------------------------------|-------|----------|------|--------------|-------|-----------|------|------------|
| GMV | 233 | 800 | 700 | 1,500 | 212 | 760 | 95 | 285 |
| Revenue | 2.3 | 5.1 | 20 | 40 | 5.7 | 9.8 | 0.95 | 3 |
| Net income | (0.1) | 6 | 2 | 4 | (0.1) | 1.4 | 0.1 | 0.3 |
| Secondary home as % of revenue | 63% | NA | 85% | NA | 54% | NA | 0% | NA |
| Stores | | 1,094 | | 2,000 | | 0 | | 0 |
| Valuation | | 6 | | 60-80 | | 18 | | 2.8 |

Source: BLRI, CapitalIQ, Qfang, Lianjia, Soufun, Fangduoduo (as of 4 Mar. 2016)

We compare major players' business model and number of agents in the following table. Direct hire and franchise marketplace business model co-exist in the brokerage market. Direct hire business model has strong internal control and avoid void internal competition, yet requires heavy investments, while marketplace is easy to expand yet can't improve industry efficiency. In our view, this is very much like JD vs. Alibaba business models. Strong internal control is a key factor to improve broker agents efficiency, while storefronts are currently still the most efficient method to acquire property listing, according to our channel checks.

Exhibit 15. Secondary home brokers' business model comparison

| Secondary brokerage agencies | Business model | Number of agents owned | Pros | Cons |
|------------------------------|--|------------------------|--|--|
| Lianjia(链家) | Direct hire or acquire other agencies | 60k-70k | Strong internal control, easy to acquire listings, large housing data base | Difficult to expand |
| Qfang(Q房) | Direct hire + franchise marketplace | 25k | Easy to expand, large housing data base | Loose internal control over franchised stores |
| Soufun(搜房) | Direct hire, will open storefronts, home owner publish home resources on the platform directly | 10k | Strong internal control | Difficult to expand, limited exposure to acquire listings |
| lwjw(爱屋吉屋) | No storefronts, agents are deployed by internal coordination | 10k | High agent efficiency | Need large scale marketing, limited exposure to acquire listings |
| Fangduoduo(房多多) | No storefronts, home owner publish home resources on the platform directly | 8k | Easy to expand, low operating cost, housing data base | Difficult to control transaction process |

Source: BLRI, Qfang, Lianjia, Soufun, Fangduoduo (as of 4 Mar. 2016)

WUBA enjoys a window time before oligopoly forms

In our view, the secondary home brokerage market will further consolidate. Nevertheless, we do not think secondary home brokerage market will form oligopoly in 2-3 years. We believe large brokers will consolidate the market while individual brokerage houses will still exist to serve particular neighborhood. In the meantime, middle-size brokers (20-50k agents) will fade out.

A window time before oligopoly forms in secondary home brokerage market

As shown below, the largest broker in the market Lianjia only accounts for 18% of market share nationally in 2015 and expects itself to grow its market share to 33% in 2017. We expect WUBA to enjoy a window time before the market forms oligopoly, where brokers' organic traffic can be meaningful and WUBA's listing business will be affected.

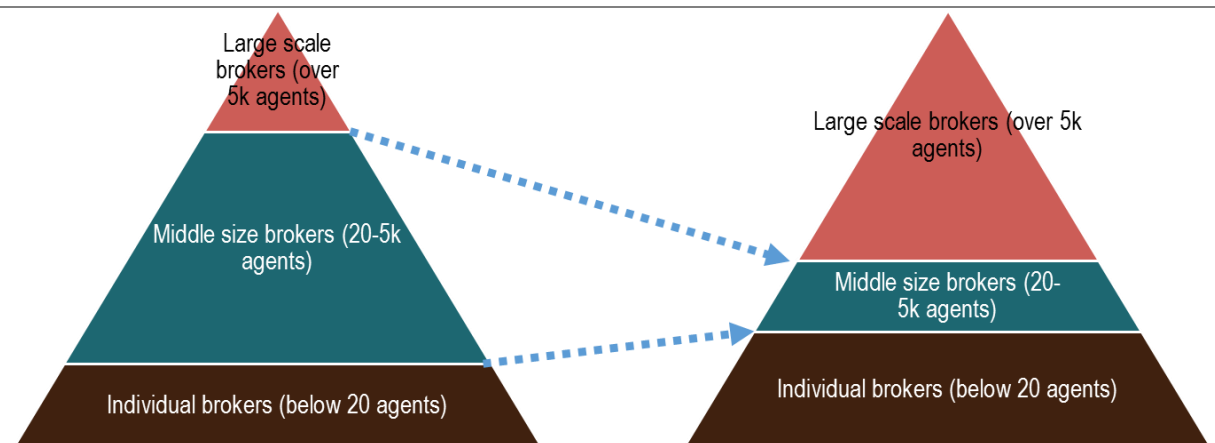
Exhibit 16. Secondary home brokers' business model comparison

| RMBbn | 2015 | market share% | 2017E | market share% |
|---------------------------|-------|---------------|-------|---------------|
| Secondary home market GMV | 4,000 | | 4,558 | |
| Lianji(链家) GMV | 700 | 17.5% | 1500 | 32.9% |
| Qfang(Q房) GMV | 233 | 5.6% | 800 | 17.6% |
| Soufun(搜房) GMV | 212 | 5.3% | 760 | 16.7% |
| Fangduoduo (房多多)GMV | 95 | 2.4% | 285 | 6.3% |

Source: BLRI, Lianjia, Soufun, Qfang, Fangduoduo (as of 4 Mar. 2016)

Operating efficiency is the key to win the battle, while internal competition control and housing data system called "housing dictionary" are keys to improve deal efficiency. The current industry averaged rate of deal is 1 deal per quarter per agent.

Exhibit 17. Secondary home brokerage industry trend



Source: BLRI, Lianjia (as of 4 Mar. 2016)

Internet is a tool after all

We do not expect internet to fundamentally make over the secondary home brokerage industry. We believe broker plays an important role in dealing with negotiation over selling price and complex procedures (settlement, ownership checks, and mortgage applications). Secondary home selling requires not only labor work but also intelligence and experience in the process, so that home buyers are mostly willing to pay for premium services.

C2C in secondary home brokerage won't scale.

Some proactive internet players are attempting C2C business model in secondary home market. However, certain procedures cannot be fulfilled by internet, just like other service industry, where human labor is still the core of the service.

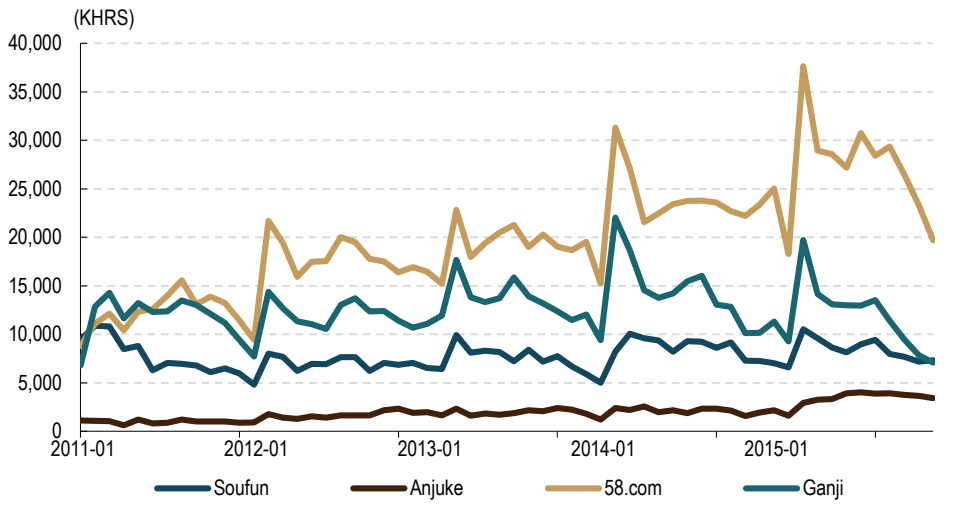
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58 is the largest beneficiary of intensifying competition

Listing websites is major source of user traffic and will become increasingly important when broker competition escalates. As Soufun adjusted its strategy to O2O in 2014 and initiate its own brokerage business, while 58 purchased Anjuke and Ganji and thus consolidated listing market, 58 alliance has become the largest house listing platform in China and thus the largest beneficiary from the rising competition of second hand brokerage agents.

58.com is a direct beneficiary of rising property agency competition among traditional property agencies.

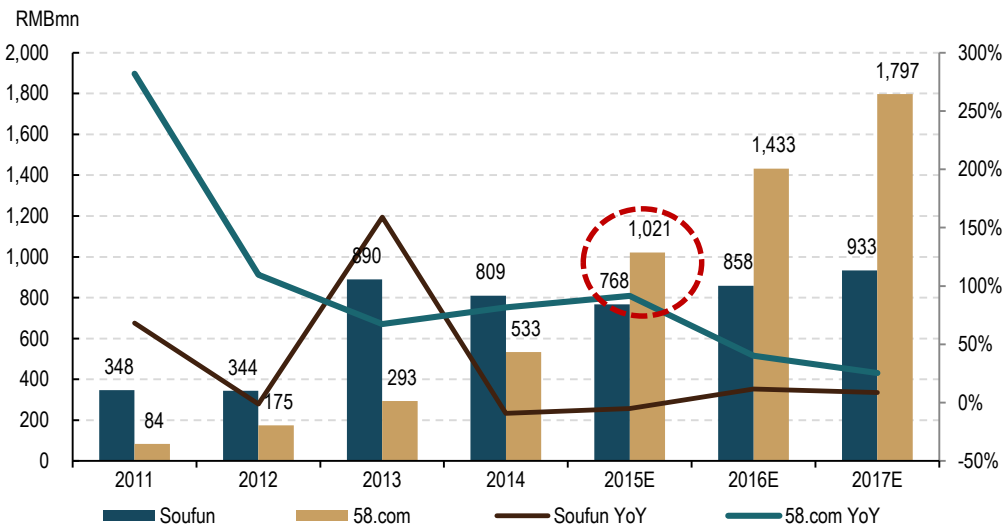
Exhibit 18. Traffic data of online home listing sites (user viewed hours in thousands)



Source: iResearch (as of 4 Mar. 2016)

As Soufun's listing conflicts with its own brokerage business, we expect its listing revenues to further shift to WUBA alliance. We expect 58.com alone to surpass Soufun in online secondary home listing service in 2015 and thereafter. 58.com alone with Anjuke will become No. 1 online secondary listing service provider.

Exhibit 19. 58.com/Soufun secondary home listing revenue comparison



58.com's secondary home listing revenue is expected to surpass Soufun and leads the market.

Source: CapitalIQ, BLRI (as of 4 Mar. 2016)

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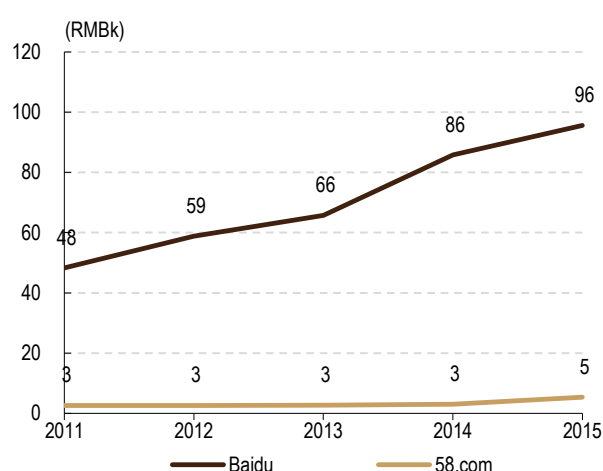
Will Baidu be a threat? No...

We think Baidu's bidding advertising service has no overlap with 58.com's classified listing service currently, nor in the future. We do not think Baidu's search box as centralized traffic entrance is a suitable way for listing.

Targeting different sized advertisers

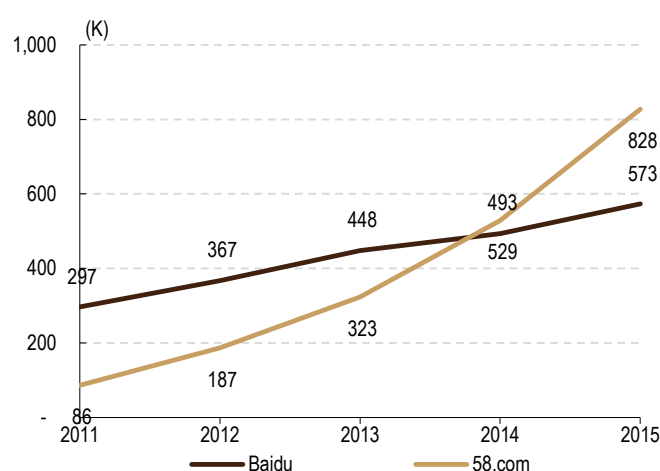
Baidu and WUBA have quite different advertiser base. WUBA serves SMEs, i.e. small local enterprises, such as secondary home brokerage agencies, local restaurants, manicure stores, pet stores, house moving service. Baidu's search bidding service mainly serves large enterprises, e.g. hospitals, franchise business, online games, online shopping websites, education agencies. The average annual spent on Baidu and 58.com are of large gap.

Exhibit 20. 58.com and Baidu's ARPA comparison



Source: BLRI, Baidu, WUBA (as of 4 Mar. 2016)

Exhibit 21. 58.com and Baidu's number of advertisers comparison



Source: BLRI, Baidu, WUBA (as of 4 Mar. 2016)

Search box does not accommodate classified ads

Search box is a centralized traffic entrance, whereas classified listing's traffic is rather fragmented, e.g. each city has its own classified listing site with sub-sector listings. WUBA acts as a yellow book, which direct lighter stream of traffic to local small enterprises. Baidu, on the other side, directs heavier stream of traffic to large enterprises e.g. national wide enterprises. We do not think small enterprises will need such heavy traffic stream, nor can they afford such high advertising spent. From business nature, we do not think search is an effective method to accommodate fragmented local enterprise advertising needs.

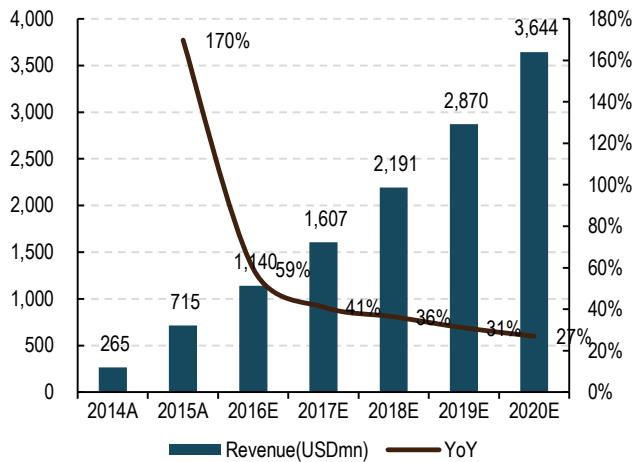
Baidu has tried vertical search for real estate at *fang.baidu.com* and online recruiting search at *talent.baidu.com*. Baidu also invested classified site *Baixin.com*. But none of them have meaningful scale. A general search and abundant user traffic are not enough for vertical listings. Baidu is lack of strong local sales force like 58.com and Ganji.com to penetrate into small enterprises and to discover needs. Even if Baidu decide to largely leverage Nuomi's local sales force, it is too late for Baidu to get a share as 58.com's market position has established, especially after acquiring Ganji.com. Online classified listing has strong Matthew Effect, in our view.

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Healthy revenue growth, coupled with margin improvement

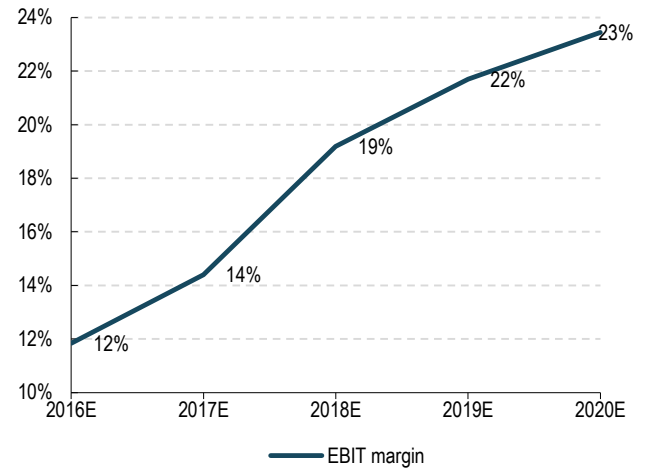
We expect WUBA's core business (58.com, Anjuke.com and Ganji.com) to grow healthily with a 2015-2018 revenue CAGR of 44%. As Anjuke and Ganji are gradually consolidated in listing business, we expect margin to recover to 12%/14%/19% in 2016/2017/2018.

Exhibit 22. Core business revenue growth



Source: WUBA, BLRI (as of 4 Mar. 2016)

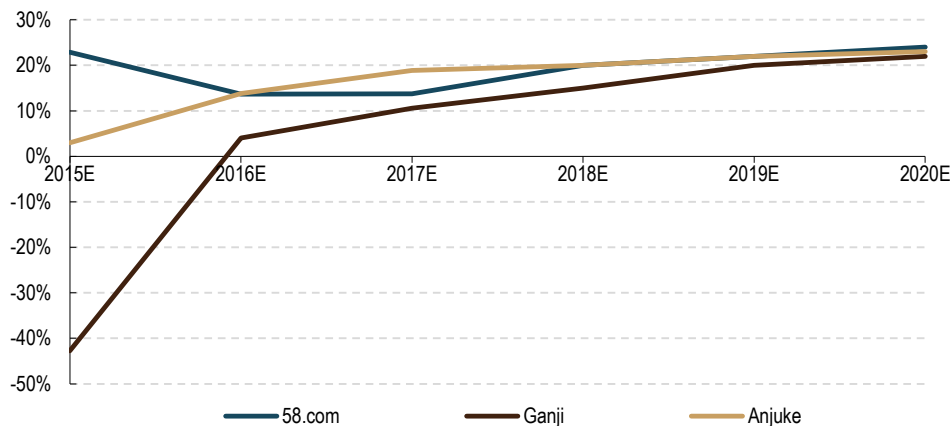
Exhibit 23. Core business operating margin



Source: WUBA, BLRI (as of 4 Mar. 2016)

We expect margin improvement by 58.com, Ganji and Anjuke respectively for call-off of marketing war and better resources allocation. We expect Ganji to break-even in 2016.

Exhibit 24. Core business operating margin breakdown by subsidiaries



Source: WUBA, BLRI (as of 4 Mar. 2016)

Operating margin of 58.com's core listing business has ample room for growth.

58 Home, no pain no gain.

We think WUBA is well positioned in to-home-service market with both defensive listing business model and proactive O2O exposure. Listing business model will sustain despite of O2O business blossoms across different industries in our view. O2O service verticals are not likely to form large scale oligopoly in every subsector, so that listing model take a share of low-frequency service or consumption, especially in app era. Listing will exist and create value for any highly fragmented service market with high business turnover rate in our view.

58.com's well positioned in to-home-service market with both defensive listing business model and proactive O2O exposure.

The market is over pessimistic about 58 Home

Despite that the competition in O2O-to-home area is firing up, we think 58 Home is likely to have a place in the market for two advantages

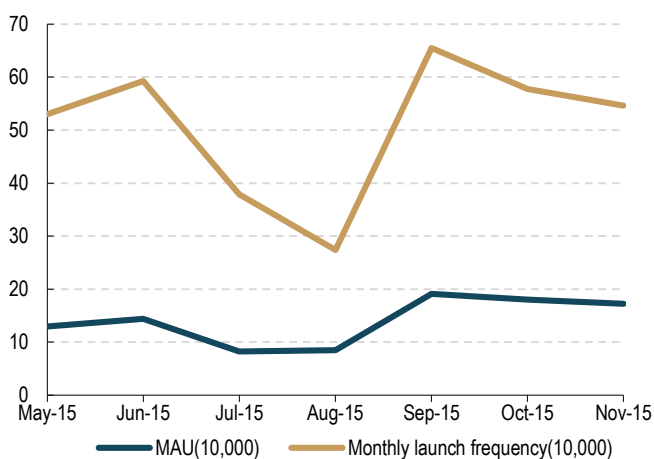
1) Abundant traffic sources. Besides organic traffic from 58.com, 58 Home can possibly gain traffic from potential partners such as WeChat, QQ and even Taobao. Currently, 58 Home's orders are mainly generated from its own organic traffic.

58 Home ranks in top 5 in to-home O2O service apps.

2) Capital aids from Tencent and Alibaba. We think 58 Home is an important strategic arm for Alibaba and Tencent to attempt in O2O-to-home market, while Tencent and Alibaba are not likely to tap into O2O-to-home service market by themselves. O2O startups are likely to face capital shortage starting from 2H16, while 58 Home have strong supports from itself and its investors.

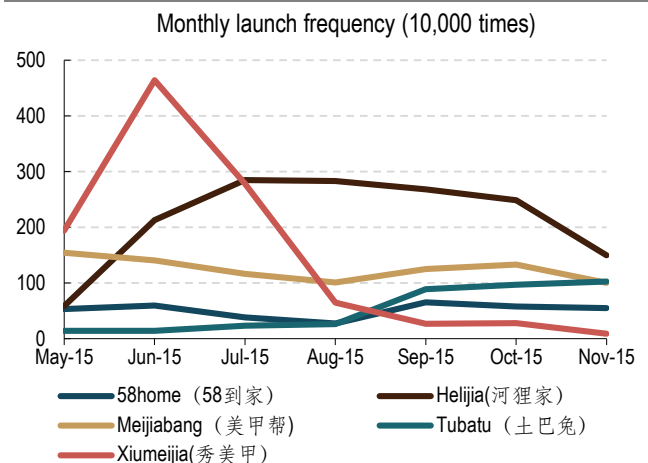
According to iResearch, 58 Home ranks top 5 to-home service O2O apps, shown in the below chart. The company is prudent in expanding service categories and scale to maintain financial strength.

Exhibit 25. 58 Home app traffic trend



Source: iResearch (as of 4 Mar. 2016)

Exhibit 26. Leading O2O-to-home app ranking (organic traffic)



Source: iResearch (as of 4 Mar. 2016)

A "westward journey" though....

With the increasing mobile penetration, O2O-to-home emerges in service areas like manicuring, dry-cleaning, household cleaning, electrical appliances maintenance, maternity nursing and house decorating. We estimate the scale of O2O-to-home service market has exceeded RMB1.5tn in 2015, while household service is the largest segment To-home service market is quite under-developed and fragmented, allowing millions of startups trying to find a place for themselves in O2O. We expect vertical and horizontal integration among these O2O service providers.

It is a brutal competition in O2O-to-home service market. 58 Home has a tough journey ahead though.

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58 Home has stepped in almost every large to-home service areas, except dry/machine cleaning, which requires offline machines and storefronts. The competition is fierce in each sub sector of the to-home service market. 58 Home faces various challenges in its O2O to-home service business, so that subsidies are still a must in market share competition.

58 currently uses a “1P+3P” business model for 58 Home. 1P applies to relatively high frequency services such as house cleaning and manicuring, while 3P applies to relatively low frequency services, such as maternity help, massage, home appliance repair etc. As competition in each subsector requires capital investments, we think 58 should focus on household related O2O areas, rather than beauty related services as there is little synergy between them and household service market itself is large enough with RMB1tn GMV size, including maternity help, house cleaning, and housekeeping help .

Exhibit 27. Major O2O-to-home service market size and categories

| Sectors | Sub-sectors | Difficulty of O2O penetration | Companies |
|------------|---------------------------------|-------------------------------|--|
| Household | Maternity help | ★ | 58home(58 到家), Ejiajie(e 家洁), Yunjiazheng(云家政), Ayibang(阿姨帮), Ayilaile(阿姨来了) |
| | Cleaning | ★ | 58home(58 到家), Ejiajie(e 家洁), Yunjiazheng(云家政), Ayibang(阿姨帮), Ayilaile(阿姨来了) |
| | Housekeeping help | ★ | 58home(58 到家), Ejiajie(e 家洁), Yunjiazheng(云家政), Ayibang(阿姨帮), Ayilaile(阿姨来了) |
| | Dry/machine-cleaning | ★★ | Edaixi(e 袋洗), Lanmaoganji(懒猫干洗), Ayibang(阿姨帮) |
| | Home appliances cleaning/repair | ★ | 58home(58 到家), Qinsongjiadian(轻松家电), JDguanjia(家电管家) |
| Beauty | Manicure, facial beauty | ★★★ | 58home(58 到家), Helijia(河狸家), Xiumeijia(秀美甲), Dudumeijia(嘟嘟美甲) |
| | Massage | ★★★★ | 58home(58 到家), Jiuae(九阿哥), Kungfubear(功夫熊) |
| Decorating | Household refurbishing | ★★ | Tubatu(土巴兔), Shangpinzhaopei(尚品宅配) |

Source: BLRI (as of 4 Mar. 2016)

Exhibit 28. To-home services market size in 2015



Source: NBS, CCIA, BLRI, CPPCC.gov.cn, CNII (as of 4 Mar. 2016)

See the last page of the report for important disclosures

No valuation in TP on 58 Home on current early stage

Upon low visibility of the O2O-to-home service market, we do not expect 58 Home to become financial strong in near term as the company is still paying subsidies to educate users and attract service providers. We expect 58 Home operating loss of US\$138m/187m in 2015/2016 respectively.

No valuation in TP for 58 Home at this early stage

Exhibit 29. 58 Home operating metrics

| 58 Home(US\$m) | 2015E | 2016E | 2017E |
|---------------------------------|----------|-----------|-----------|
| GMV | 49 | 321 | 637 |
| Subsidies | (42) | (273) | (542) |
| Net revenue of subsidies | 7 | 48 | 96 |
| Operating income/loss | (138) | (187) | (84) |

Source: WUBA, BLRI (as of 4 Mar. 2016)

O2O-to-home service platforms are trading at 3x EV/GMV by the market, with Edaixi(e 袋洗) trading at 1x and Helijia(河狸家) trading at 5x respectively. There's no widely agreed valuation standards yet.

Exhibit 30. O2O-to-home service valuation

| Company | EV(RMBbn) | GMV(RMBbn) | EV/GMV (x) | Business model |
|----------------------|-----------|------------|-------------|----------------------|
| E 袋洗 | 6.50 | 6.50 | 1.00 | Dry/machine cleaning |
| 河狸家 | 19.50 | 3.87 | 5.04 | Manicuring |
| Median EV/GMV | | | 3.02 | |

Source: WUBA, BLRI (as of 4 Mar. 2016)

58 Home was valued at US\$1bn during last round of funding, based on 3x EV/GMV valuation. However, we do not include 58 Home in our TP at this early stage before competitive landscape becomes clear and 58 Home's GMV reaches meaningful scale.

Nevertheless, based on 3x EV/GMV valuation, 58 Home can contribute US\$4 per share for WUBA in 2016 on 60% share and US\$8 in 2017 assuming 99% yoy GMV growth.

Exhibit 31. 58 Home valuation

| | 2015E | 2016E | 2017E |
|--|-------------|-------------|-------------|
| 58Home GMV (US\$m) | 49 | 321 | 637 |
| EV/GMV | 3.02 | 3.02 | 3.02 |
| Valuation (US\$m) | 148 | 970 | 1,925 |
| 60% share of WUBA | 89 | 582 | 1,155 |
| equity value per share for WUBA | 0.61 | 3.97 | 7.88 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

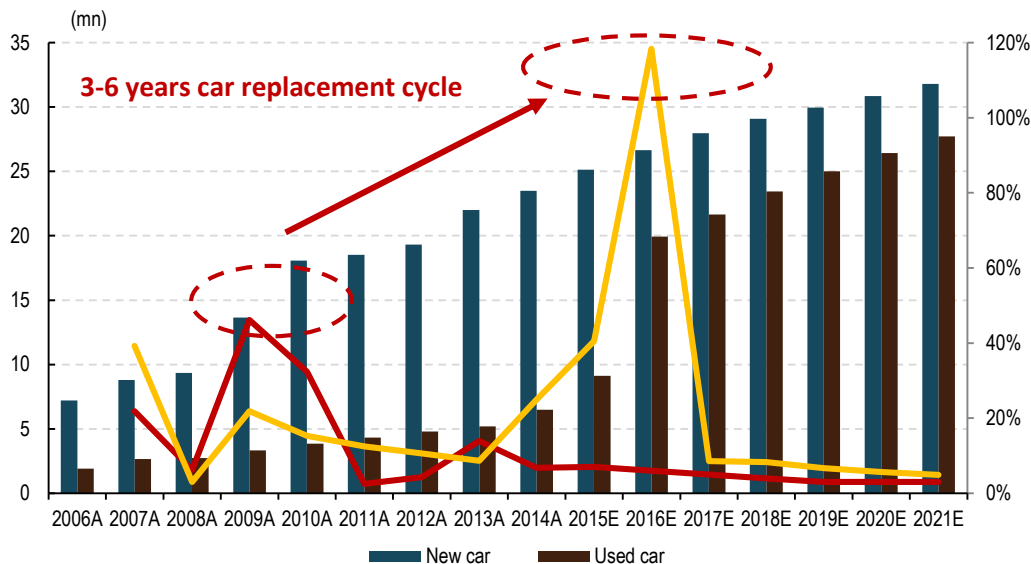
Guazi, riding on used car ecommerce tide

Explosive trillion market is on the way

Based on CADA (China Automobile Dealers Association), used car transaction volume is around 9.4mn and GMV is around RMB536bn in 2015. We estimate that used car sales will burst out in 2016 and turnover will exceed RMB1tn in coming three years. In our view, it will become a year of sufficient used car supply in 2016, according to our amortizable cascade analysis. New car sales exploded in 2009. Shown below, used car replacement cycle is normally around 3-6 years. In addition, new car sales has approached a steady growth era since 2012, indicating a steady supply of used car from 2016 and thereafter.

Expecting sufficient used car supply from 2016 and thereafter

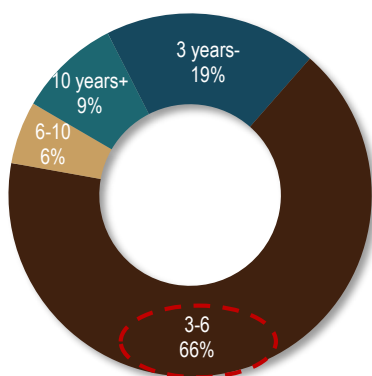
Exhibit 32. Used car supply chain comparison



Source: CADA, BLRI (as of 4 Mar. 2016)

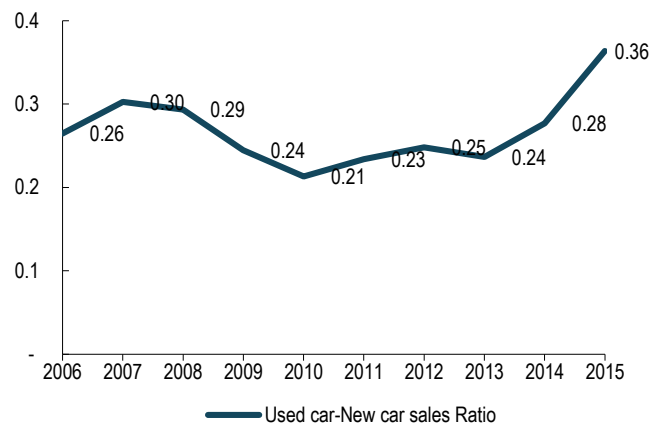
China's used car market has large room to grow. The used car-to-new car sales ratio is only 0.36 in China, while that of USA is 3.8.

Exhibit 33. Percentage of traded vehicle ages (2015)



Source: CADA (as of 4 Mar. 2016)

Exhibit 34. Used car vs. new car sales ratio



Source: CADA (as of 4 Mar. 2016)

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Three breakthrough angles by e-commerce

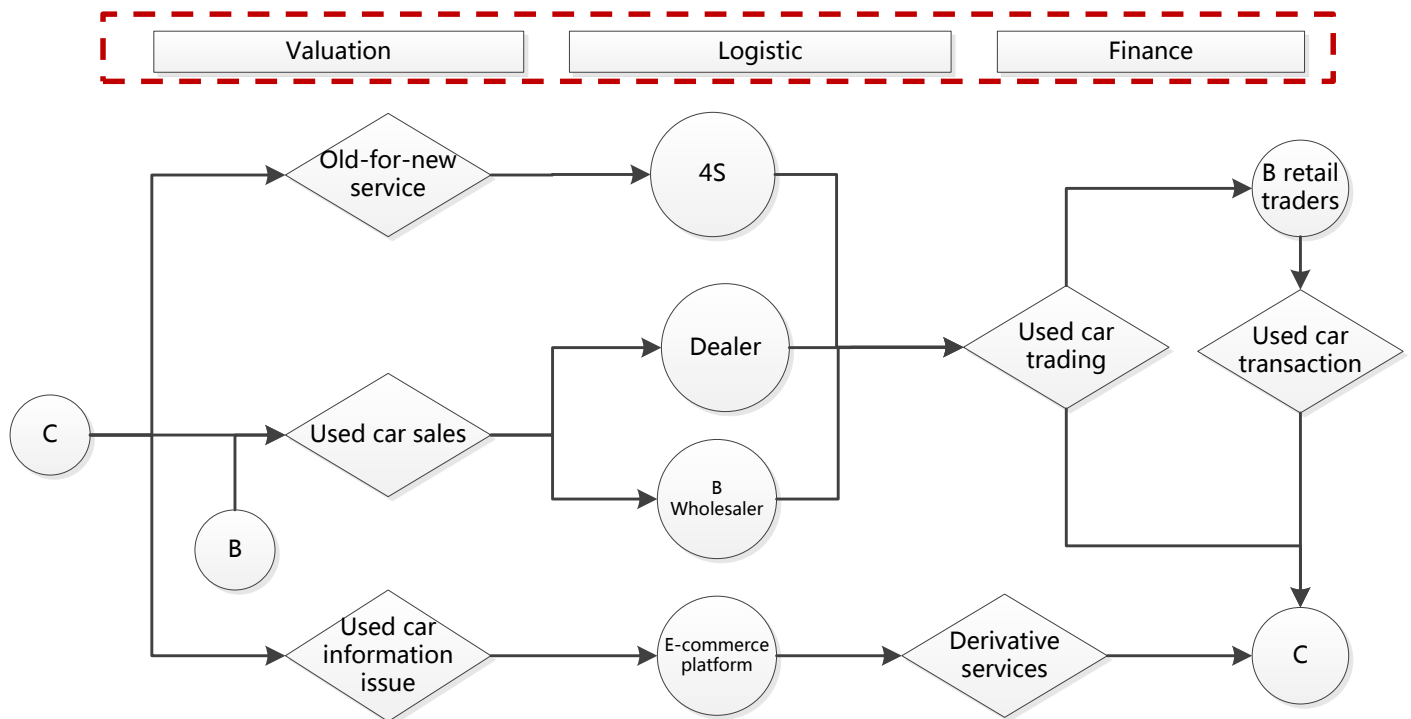
We think e-commerce can reform used car sales market structure in three ways, i.e. car collecting directly from car owners, unified mechanic inspection standards and efficient 2C business model.

1) Car collecting

Different parties anticipate used car collecting process e.g. 4S shop, dealers, individual brokers and pawning house. There are more than 100k used car dealers in China, most of them are in small scale with less than 200 cars trades per year. E-commerce players are attracting car owners by favorable deal terms i.e. higher selling price that the price offered either by 4S stores or dealers as less parties are participating the distribution process.

E-commerce can tap into used car distribution market by three breakthrough angles: 1) car collecting 2) unified mechanic inspection standards 3) efficient 2C business model.

Exhibit 35. Used car distribution chain



Source: BLRI (as of 4 Mar. 2016)

2) Unified mechanic inspection standards

Shortage of national-wide acknowledged vehicle detection standards is major drawback for used car circulation. Companies like Guazi(瓜子二手车), Cheyipai(车易拍), Youxinpai(优信拍) and Mychebao(车置宝) have all set up their own vehicle detection standards to reduce information asymmetry and dissipate buyers suspension.

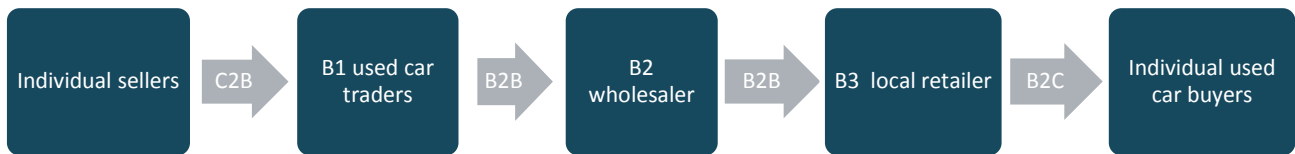
3) 2C direct sale

Used car distribution chain is complex with multiple layers of distribution. The most common model in China was C2B2B2B2C in the past. As e-commerce taps into vehicle consumption, diversified business models mushroom along the distribution chain. We believe that only those who can improve transaction efficiency can survive.

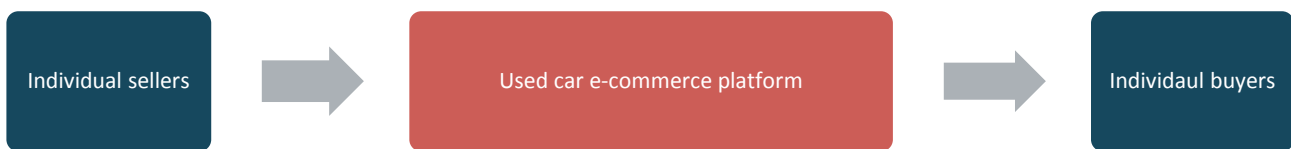
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Exhibit 36. Used car distribution comparison

Traditional used car distribution chain



Used car e-commerce platforms



Source: BLRI (as of 4 Mar. 2016)

Different business models will converge to C2C

Internet players are tapping into used car distribution in different business model, including B2B, B2C, C2B, C2C and C2R. B2B representative companies are Youxinpai (优信拍) and Cheyipai(车易拍). C2C is the most revolutionary business model with the simplest distribution, yet will not grow in scale as fast as 2B or B2 players. Representative companies are Guanzi(瓜子), Renrenche(人人车) and Dasouche(大搜车).

Guazi has the most revolutionary business model, which requires comprehensive portfolio of services though.

Exhibit 37. Business model comparison table

| Business model | Service provided | monetization model | Representative companies |
|----------------|---|--|--|
| B2B | Transaction settlement, refinancing | Commission 1-3%; refinancing fee | Youxinpai (优信拍), Cheyipai(车易拍) |
| B2C | Inspection/valuation, after sales services, transaction settlements | Commission 1-3%; derivative services, price spread | Youchechengpin (优车诚品) |
| C2B | Transaction settlements, refinancing | Commission 1-3%; car inspection fee | Cheyipai(车易拍), Tiantianpaiche(天天拍车) |
| C2C | Inspection/valuation, vehicle maintenance, after sales services, transaction settlements, refinancing | Commission 1-3%; derivative services | Guazi(瓜子), Dasouche (大搜车), Renrenche (人人车) |
| C2R | After sales, transaction settlements, refinancing | Commission 1-3%; derivative services | Mychebao (车置宝) |

Source: BLRI (as of 4 Mar. 2016)

We think C2C will have decent market share in the used car market, while other 2B or B2 business model will converge into C2C. Nevertheless, C2C will require more comprehensive service package e.g. mechanic inspection, logistic, financing etc. than other business models, and thus requiring large capital investments. Logistics can also be a bottleneck for these platforms as cross-city logistics for a single car can be a large cost item.

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Setbacks from government policies on C2C are fading

The setbacks from emission standards and license plate restriction on C2C model are fading. The 5th National Automobile Emission Standards, issued by Environmental Protection Agency in 2013, aim to relieve air pollution by setting upper limits for automobile emissions, e.g. nitrogen oxide, hydrocarbon, carbon monoxide and suspended particulates. The 5th Standards were executed in developed cities firstly, so that automobiles which cannot meet the Standards in these cities are expelled to cities under looser restrictions. The policy gap between executed cities and less restricted cities facilitated cross-city used car trades. However, the Standards will be executed nation-wide in 2017, the incentive of cross city transaction will fade.

Exhibit 38. Implementation of the 5th National Automobile Emission Standards in light vehicle



Source: CADA (as of 4 Mar. 2016)

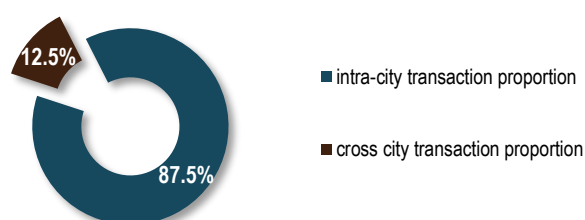
Cross city transaction in used car market has declined from 16.6% in 2013 to 12.5% in 2014. We expect the proportion will continue declining with further expansion of the 5th National Automobile Emission Standards. Nevertheless, the license plate restriction continues to impede used car transaction in executed cities. We expect the government to further strengthen plate control, e.g. rising plate price. This may hold back C2C transactions. On the other hand, more cities start to execute license plate restriction, so that used car transaction among these cities are becoming difficult.

Exhibit 39. Cities executed license plate restriction

| Cities | Execution time |
|-----------|----------------|
| Shanghai | 1994 |
| Beijing | 2010 |
| Guiyang | 2011 |
| Guangzhou | 2012 |
| Tianjin | 2013 |
| Hangzhou | 2014 |
| Shenzhen | 2014 |

Source: CADA (as of 4 Mar. 2016)

Exhibit 40. Used car cross city transaction proportion in 2014



Source: CADA (as of 4 Mar. 2016)

C2C model is the most inclusive model in used car transaction, due to it connects the original car source and final customers. As mentioned before, the key point for used car transaction is car resource. The C2C model provides a lower cost way to stakeholders in traditional used car distribution chain to find car resources or customers. As an inclusive platform, any parties in traditional distribution chain can invert into the customer or car resource in e-commerce platform smoothly. Logistic efficiency can be improved as GMV scale reaches certain level. Strengthened platform creditability and popularity of unified detecting standards can help to relief information asymmetry.

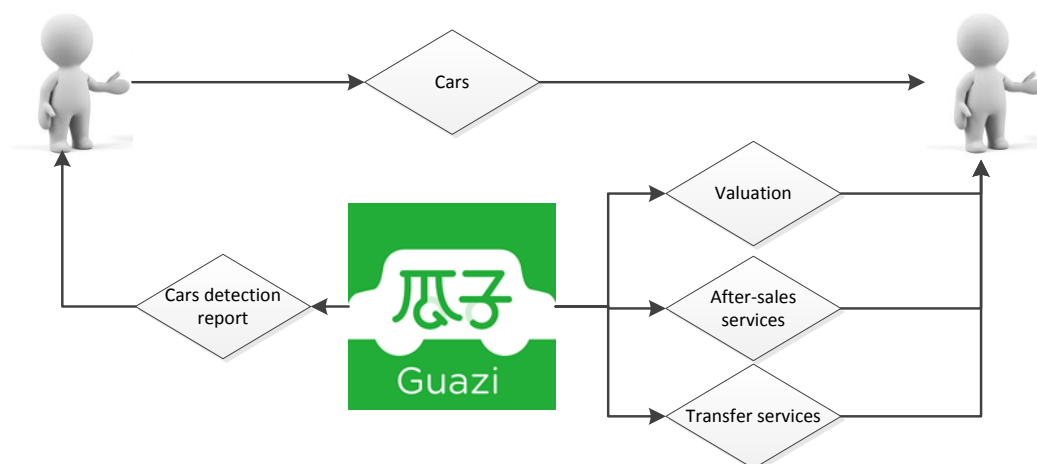
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No valuation in TP for Guazi at this early stage

We do not include Guazi in our TP at this early stage. Nevertheless, we are bullish on Guazi as it can easily leverage traffic from its classified websites of both 58.com and Ganji.com, while seller acquisition is a major cost item. Its C2C business model is in the right position in the supply chain in our view.

No valuation for Guazi on early stage

Exhibit 41. Guazi business model



Source: WUBA, BLRI (as of 4 Mar. 2016)

The averaged VC market valuation for used car e-commerce platform is 0.96x EV/GMV. We value Guazi at US\$1.2bn in 2016, while its GMV grow 10 times from that of 2015.

Exhibit 42. Used car e-commerce platform valuation

| Company | EV(RMBbn) | GMV(RMBbn) | EV/GMV (x) | Business model |
|-----------------------|-----------|------------|-------------|--|
| 车置宝 | 2 | 1 | 1.41 | C2R, no offline storefront |
| 人人车 | 3 | 4 | 0.77 | C2C, offline dealing storefront for transaction and mechanic check |
| 车易拍 | 10 | 14 | 0.70 | R2B, offline storefront for mechanic check and offline bids |
| Average EV/GMV | | | 0.96 | |

Source: Mychebao, Renrenche, Cheyipai, BLRI (as of 4 Mar. 2016)

Under our assumptions, we expect Guazi can contribute US\$4 and US\$11.5 respectively for WUBA if its business runs on track.

Exhibit 43. Guazi valuation

| | 2015E | 2016E | 2017E |
|--------------------------------------|-------------|-------------|-------------|
| Used car sales(10,000 vehicles) | 913 | 1,996 | 2,172 |
| YoY | 41% | 118% | 9% |
| ASP(RMB) | 60,000 | 61,800 | 63,654 |
| Used car sales GMV(RMBbn) | 5,480 | 12,333 | 13,825 |
| Guazi GMV(RMBbn) | 0.76 | 8.02 | 23.84 |
| % market share of used car sales | 0.1% | 0.7% | 1.7% |
| EV/GMV | 1.00 | 1.00 | 1.00 |
| EV (US\$m) | 117 | 1,234 | 3,668 |
| 46% share of WUBA | 54 | 567 | 1,687 |
| Equity value per ADS for WUBA | 0.37 | 3.86 | 11.5 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

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Initiate with BUY at TP of US\$65

Listing business is worth US\$65 per ADS alone

We do not give 58 Home and Guazi valuation at this early stage. We value listing business by DCF at US\$65 per ADS alone. Our DCF valuation is based on 13% WACC and 3% terminal growth rate. Our DCF TP of US\$65 for WUBA's core business implies a 0.9x PEG based on 2016 PE and 2016-2018 EPADS CAGR of 107% of its core listing business.

Exhibit 44. Core business DCF valuation table

| Year to Dec (US\$m) | 2016E | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E | 2026E | Terminal |
|-----------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Revenue | 1,140 | 1,607 | 2,114 | 2,693 | 3,310 | 3,913 | 4,471 | 4,959 | 5,362 | 5,703 | 5,990 | - |
| EBIT | 135 | 231 | 406 | 584 | 776 | 1,019 | 1,267 | 1,432 | 1,549 | 1,697 | 1,783 | - |
| NOPAT | 101 | 174 | 304 | 438 | 582 | 764 | 951 | 1,074 | 1,161 | 1,273 | 1,337 | - |
| Capex, net | -34 | -48 | -66 | -86 | -109 | -134 | -161 | -187 | -207 | -224 | -238 | - |
| Depreciation & amortization | 21 | 30 | 43 | 58 | 76 | 96 | 119 | 143 | 165 | 186 | 204 | - |
| Change in working capital | 79 | 356 | 188 | 445 | 277 | 504 | 314 | 498 | 110 | 419 | 10 | - |
| Free Cash Flow | 167 | 512 | 470 | 855 | 825 | 1,230 | 1,223 | 1,528 | 1,230 | 1,654 | 1,313 | 13,128 |

WACC 13.3%

Terminal growth 3.0%

NPV of FoCF 9,081

+ Net cash (debt) 452.9

= Equity value 9,534.0

/ Number of ADS 146.7

= NPV per share (US\$) **65.00**

Source: WUBA, BLRI (as of 4 Mar. 2016)

Although we do not give valuation for 58 Home and Guaizi at this early stage. VC market gives to-home O2O service platform decent valuation, e.g. 3x EV/GMV. Online used car trading platforms are currently valued at 1x EV/GMV by VC investors. Under such valuation, 58 Home and Guazi can be valued at US\$961m and US\$1,234m in 2016, contributing US\$4 and US\$4 to WUBA per ADS respectively on 60% and 46% shareholding. We think VC valuation varies from time to time, while WUBA's O2O business still need solid operating metrics to be worth of including in WUBA market capital.

Downside risks from O2O business

We identify margin downside risk from 58 Home. Despite that the company has planned a budget for 58 Home. The market competition might force the company for aggressive subsidy policies. New O2O category offering will also undermine operating margins.

See the last page of the report for important disclosures

We provide our quarterly P&L as follows.

Exhibit 45. Quarterly P&L

| (US\$K) | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 1Q16E | 2Q16E | 3Q16E | 4Q16E |
|---|-----------------|-----------------|------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue | 87,081 | 159,531 | 212,944 | 255,331 | 234,769 | 269,911 | 305,842 | 329,249 |
| Cost of Goods Sold | (5,985) | (10,084) | (14,488) | (20,848) | (19,169) | (22,038) | (24,972) | (26,883) |
| Gross Profit | 81,096 | 149,447 | 198,456 | 234,483 | 215,600 | 247,872 | 280,870 | 302,365 |
| Operating expenses | | | | | | | | |
| Sales and Marketing expense | (114,165) | (135,060) | (209,885) | (238,399) | (214,123) | (223,734) | (228,315) | (235,260) |
| R&D expense | (16,206) | (24,810) | (38,544) | (43,611) | (38,925) | (43,402) | (47,651) | (49,651) |
| General and Administrative | (8,560) | (25,401) | (35,314) | (24,156) | (21,037) | (22,836) | (24,347) | (24,564) |
| Total operating expenses | (138,931) | (185,271) | (283,743) | (306,166) | (274,085) | (289,972) | (300,313) | (309,476) |
| Share based compensation | 4,217 | 3,895 | 8,578 | 11,395 | 10,477 | 12,046 | 13,649 | 14,694 |
| Operating income (NON-GAAP) | (53,618) | (31,929) | (76,709) | (60,288) | (48,008) | (30,054) | (5,794) | 7,583 |
| Operating income (GAAP) | (57,835) | (35,824) | (85,287) | (71,683) | (58,485) | (42,100) | (19,443) | (7,111) |
| Other Income | 4,491 | (1,110) | (127,217) | 64,332 | (19,719) | (19,510) | (16,906) | (16,501) |
| Earnings before Taxes | (53,344) | (36,934) | (212,504) | (7,351) | (78,204) | (61,610) | (36,349) | (23,612) |
| Tax | - | 6,623 | 1,604 | (275) | - | - | - | - |
| Net Income (GAAP) | (53,344) | (30,311) | (210,900) | (7,626) | (78,204) | (61,610) | (36,349) | (23,612) |
| Net Income (Non-GAAP) | (48,627) | (24,760) | (195,509) | 13,154 | (58,342) | (40,179) | (13,315) | 467 |
| Net income attributable to 58.com shareholders (GAAP) | (52,366) | (26,894) | (206,025) | (3,599) | (49,037) | (36,610) | (15,849) | (4,862) |
| Net income attributable to 58.com shareholders (Non-GAAP) | (47,816) | (21,396) | (64,805) | (48,470) | (29,175) | (15,179) | 7,185 | 19,217 |
| Basic Weighted Average Shares | 178,107 | 220,897 | 259,764 | 279,097 | 284,679 | 290,372 | 296,180 | 302,103 |
| Diluted Weighted Average Shares | 178,107 | 220,897 | 259,764 | 279,097 | 284,679 | 290,372 | 296,180 | 302,103 |
| Basic Weighted Average ADS | 89,053 | 110,448 | 129,882 | 139,548 | 142,339 | 145,186 | 148,090 | 151,052 |
| Diluted Weighted Average ADS | 89,053 | 110,448 | 129,882 | 139,548 | 142,339 | 145,186 | 148,090 | 151,052 |
| Basic EPS per ADS | (0.59) | (0.24) | (1.59) | (0.03) | (0.34) | (0.25) | (0.11) | (0.03) |
| Diluted EPS per ADS | (0.59) | (0.24) | (1.59) | (0.03) | (0.34) | (0.25) | (0.11) | (0.03) |
| Basic EPS per ADS (Non-GAAP) | (0.54) | (0.19) | (0.50) | (0.35) | (0.20) | (0.10) | 0.05 | 0.13 |
| Diluted EPS per ADS (Non-GAAP) | (0.54) | (0.19) | (0.50) | (0.35) | (0.20) | (0.10) | 0.05 | 0.13 |

Source:WUBA, BLRI (as of 1 Mar. 2016)

See the last page of the report for important disclosures

Exhibit 46. Internet comp table

| Company | CapitalIQ Ticker | Price (lcy) | BLRI TP | BLRI Rating | Mkt Cap (US\$mn) | PE (consensus) | | | PEG 2015E | PS (consensus) | | EV/EBITDA (consensus) | |
|--|---------------------|----------------|-------------|----------------|---------------------|----------------|----------------|---------------|--------------|----------------|------------|--------------------------|---------------|
| | | | | | | 2014A | 2015E | 2016E | | 2015E | 2016E | 2015E | 2016E |
| E-commerce | | | | | | | | | | | | | |
| 58 | WUBA US | 53.0 | 65.0 | BUY | 7,501 | 331.3 | (26.0) | (79.9) | NM | 10.6 | 6.0 | (28.1) | (62.9) |
| Alibaba | BABA US | 70.9 | 84.0 | BUY | 178,031 | 47.5 | 45.5 | 26.1 | 1.4 | 14.6 | 11.7 | 27.1 | 22.6 |
| Autohome | ATHM US | 24.6 | NR | NR | 2,732 | 22.6 | 17.9 | 14.9 | 0.8 | 5.2 | 2.9 | 10.6 | 9.4 |
| Baozun | BZUN US | 5.9 | NR | NR | 297 | (30.7) | 85.1 | 18.3 | (0.3) | 0.8 | 0.5 | 25.6 | 6.8 |
| Bitauto | BITA US | 21.6 | NR | NR | 1,300 | 16.6 | NM | 13.1 | NM | 2.1 | 1.6 | 13.8 | 8.4 |
| Dangdang | DANG US | 6.6 | NR | NR | 536 | 37.7 | NM | NM | NM | 0.3 | 0.3 | (26.4) | 6.1 |
| JD | JD US | 26.5 | 40.0 | BUY | 36,253 | (45.0) | (25.1) | 185.7 | NM | 1.3 | 0.9 | 379.3 | 74.2 |
| Jumei | JMEI US | 6.3 | 7.0 | HOLD | 915 | 13.9 | NM | 13.1 | NM | 0.8 | 0.6 | 17.7 | 8.4 |
| Leju | LEJU US | 3.8 | NR | NR | 516 | 7.8 | NM | 7.3 | NM | 0.9 | 0.7 | 2.8 | 2.4 |
| SouFun | SFUN US | 5.7 | NR | NR | 2,700 | 10.7 | (178.4) | (60.2) | NM | 3.1 | 2.3 | (159.6) | 460.4 |
| Vipshop | VIPS US | 11.3 | 15.0 | HOLD | 6,508 | 47.4 | 26.6 | 15.2 | 0.4 | 1.1 | 0.8 | 17.1 | 12.2 |
| Sector | | | | | | 41.1 | 28.5 | 45.5 | 1.1 | 11.6 | 9.2 | 76.3 | 32.1 |
| Sector ex-Alibaba and JD.com | | | | | | 127.5 | (18.7) | (25.4) | 0.2 | 4.9 | 2.9 | (20.5) | 39.2 |
| Multi-business Internet platforms | | | | | | | | | | | | | |
| Alibaba | BABA US | 70.9 | 84.0 | BUY | 178,031 | 47.5 | 45.5 | 26.1 | 1.4 | 14.6 | 11.7 | 27.1 | 22.6 |
| Baidu | BIDU US | 180.2 | 201.0 | BUY | 62,361 | 29.3 | 12.0 | 24.0 | 0.8 | 6.1 | 5.0 | 25.8 | 18.3 |
| Qihoo 360 | QIHU US | 72.1 | NR | NR | 8,628 | 38.7 | NM | 13.4 | NM | 4.5 | 3.1 | 17.1 | 12.5 |
| Renren | RENN US | 3.3 | NR | NR | 1,102 | 18.2 | NM | (37.8) | NM | 15.6 | 7.5 | (12.0) | (58.0) |
| Tencent | 700 HK | 148.3 | NR | NR | 173,079 | 45.2 | NM | 28.3 | NM | 11.2 | 8.9 | 25.6 | 20.4 |
| Sector | | | | | | 43.6 | 20.9 | 26.3 | 0.7 | 11.8 | 9.4 | 26.0 | 20.6 |
| Internet advertising & media | | | | | | | | | | | | | |
| AirMedia | AMCN US | 5.5 | NR | NR | 352 | (13.7) | NM | (32.0) | NM | 1.5 | 1.4 | (18.6) | 36.2 |
| Autohome | ATHM US | 24.6 | NR | NR | 2,732 | 22.6 | 17.9 | 14.9 | 0.8 | 5.2 | 2.9 | 10.6 | 9.4 |
| Baidu | BIDU US | 180.2 | NR | NR | 62,361 | 29.3 | 12.0 | 24.0 | 0.8 | 6.1 | 5.0 | 25.8 | 18.3 |
| Bitauto | BITA US | 21.6 | NR | NR | 1,300 | 16.6 | NM | 13.1 | NM | 2.1 | 1.6 | 13.8 | 8.4 |
| Cheetah | CMCM US | 14.3 | 28.2 | BUY | 2,033 | 185.6 | NM | 15.8 | NM | 3.6 | 2.1 | 69.1 | 15.9 |
| Leju | LEJU US | 3.8 | NR | NR | 516 | 7.8 | NM | 7.3 | NM | 0.9 | 0.7 | 2.8 | 2.4 |
| Leshi | 300104 SZ | 58.8 | NR | NR | 17,042 | 299.7 | 188.4 | 96.9 | 2.6 | 8.1 | 6.0 | 66.9 | 41.6 |
| Pacific Online | 543 HK | 2.1 | NR | NR | 292 | 8.2 | NM | 6.8 | NM | 1.5 | 1.3 | 6.2 | 4.7 |
| Phoenix | FENG US | 3.8 | NR | NR | 271 | 6.4 | NM | 10.3 | NM | 1.1 | 1.0 | 7.3 | 4.1 |
| Qihoo 360 | QIHU US | 72.1 | NR | NR | 8,628 | 38.7 | NM | 13.4 | NM | 4.5 | 3.1 | 17.1 | 12.5 |
| SINA | SINA US | 43.2 | NR | NR | 3,005 | 17.0 | NM | 30.0 | NM | 3.5 | 2.9 | 26.3 | 14.8 |
| Sohu | SOHU US | 44.5 | NR | NR | 1,722 | (10.3) | (34.7) | (74.9) | NM | 0.9 | 0.9 | 4.1 | 4.8 |
| SouFun | SFUN US | 5.7 | NR | NR | 2,700 | 10.7 | (178.4) | (60.2) | NM | 3.1 | 2.3 | (159.6) | 460.4 |
| Youku | YOKU US | 27.4 | NR | NR | 5,364 | (39.7) | NM | (43.9) | NM | 5.3 | 3.7 | (21.7) | (30.6) |
| Sector | | | | | | 70.0 | 32.0 | 26.9 | 0.9 | 5.8 | 4.6 | 24.2 | 29.3 |
| Sector ex-Baidu | | | | | | 125.2 | 59.2 | 30.9 | 1.0 | 5.5 | 4.0 | 22.0 | 44.2 |

See the last page of the report for important disclosures

| Company | CapitalIQ Ticker | Price (lcy) | BLRI TP | BLRI Rating | Mkt Cap (US\$m) | PE (consensus) | | | PEG 2015E | PS (consensus) | | EV/EBITDA (consensus) | |
|-----------------------------------|---------------------|----------------|------------|----------------|--------------------|----------------|--------------|-------------|--------------|----------------|------------|--------------------------|-------------|
| | | | | | | 2014A | 2015E | 2016E | | 2015E | 2016E | 2015E | 2016E |
| Travel/O2O | | | | | | | | | | | | | |
| CAR Inc. | 699 HK | 9.35 | NR | NR | 2,773 | 39.5 | NM | 11.0 | NM | 3.5 | 2.5 | 8.8 | 6.1 |
| Ctrip | CTRP US | 41.9 | 43.5 | BUY | 18,866 | 482.0 | NM | 59.3 | NM | 11.2 | 6.9 | 110.3 | 42.7 |
| eHi | EHIC US | 12.07 | NR | NR | 852 | (56.7) | NM | 21.5 | NM | 3.6 | 2.1 | 10.2 | 4.8 |
| Qunar | QUNR US | 37.44 | 46.0 | BUY | 4,960 | (16.7) | NM | (63.9) | NM | 8.1 | 4.7 | (15.1) | (39.5) |
| Tuniu | TOUR US | 10.83 | NR | NR | 1,364 | (18.9) | (6.1) | (5.0) | NM | 1.1 | 0.7 | (4.8) | (2.7) |
| Sector | | | | | | 314.0 | (0.3) | 29.3 | 0.0 | 9.2 | 5.7 | 70.6 | 21.7 |
| Recruiting and education | | | | | | | | | | | | | |
| 51job | JOBS US | 28.1 | NR | NR | 1,650 | 23.3 | NM | 15.7 | NM | 5.1 | 4.6 | 10.6 | 9.1 |
| New Oriental | EDU US | 32.3 | NR | NR | 5,058 | 23.4 | 26.2 | 21.5 | 2.6 | 4.1 | 3.5 | 18.3 | 17.4 |
| TAL Education | XRS US | 51.6 | NR | NR | 4,127 | 68.1 | 61.4 | 33.0 | 1.9 | 9.6 | 6.7 | 44.0 | 35.2 |
| Tarena | TEDU US | 10.1 | NR | NR | 561 | 22.7 | NM | 13.8 | NM | 3.0 | 2.4 | 15.5 | 10.5 |
| Xueda Education | XUE US | 5.4 | NR | NR | 341 | (34.1) | NM | NM | NM | NM | NM | NM | NM |
| Zhaopin | ZPIN US | 15.4 | NR | NR | 839 | 28.1 | 20.7 | 18.9 | 0.8 | 4.1 | 3.7 | 10.6 | 10.6 |
| Sector | | | | | | 36.8 | 32.1 | 23.4 | 1.7 | 5.9 | 4.6 | 24.6 | 20.9 |
| Online games/entertainment | | | | | | | | | | | | | |
| Boyaa | 434 HK | 2.6 | NR | NR | 214 | 4.7 | NM | 6.5 | NM | 1.7 | 1.6 | NM | NM |
| Changyou | CYOU US | 17.8 | NR | NR | 905 | (267.6) | 4.3 | 7.4 | (0.0) | 1.2 | 1.6 | 2.5 | 3.4 |
| Forgame | 484 HK | 11.2 | NR | NR | 192 | (31.0) | NM | 18.8 | NM | 1.7 | 1.2 | (0.7) | (0.3) |
| Kingsoft | 3888 HK | 15.7 | NR | NR | 2,551 | 20.6 | NM | 17.2 | NM | 3.0 | 2.0 | 21.7 | 8.9 |
| Linekong | 8267 HK | 3.9 | NR | NR | 165 | (6.6) | NM | 7.0 | NM | 1.9 | 1.1 | NM | NM |
| Momo | MOMO US | 12.0 | NR | NR | 1,925 | (75.7) | NM | NM | NM | 14.5 | 9.1 | NM | NM |
| NetDragon | 777 HK | 20.5 | NR | NR | 1,226 | 43.1 | NM | 57.1 | NM | 7.0 | 4.6 | NM | NM |
| NetEase | NTES US | 138.8 | NR | NR | 18,140 | 23.7 | 17.5 | 13.2 | 0.7 | 5.2 | 3.4 | 12.7 | 10.0 |
| NQ | NQ US | 4.0 | NR | NR | 374 | (4.9) | NM | 77.7 | NM | 1.0 | 1.7 | NM | NM |
| Qihoo 360 | QIHU US | 72.1 | NR | NR | 8,628 | 38.7 | NM | 13.4 | NM | 4.5 | 3.1 | 17.1 | 12.5 |
| Sky-mobi | MOBI US | 1.9 | NR | NR | 54 | 2.5 | 8.0 | NM | (0.1) | NM | NM | NM | NM |
| Taomee | TAOM US | 3.5 | NR | NR | 126 | 124.8 | NM | NM | NM | 3.5 | 3.6 | (25.7) | (18.9) |
| Tencent | 700 HK | 148.3 | NR | NR | 173,079 | 45.2 | NM | 28.3 | NM | 11.2 | 8.9 | 25.6 | 20.4 |
| Tian Ge | 1980 HK | 4.4 | NR | NR | 668 | (38.6) | NM | 17.2 | NM | 6.4 | 6.3 | NM | NM |
| YY Inc. | YY US | 52.1 | NR | NR | 2,855 | 16.6 | NM | 10.0 | NM | 3.4 | 2.5 | 15.2 | 12.9 |
| Sector | | | | | | 39.5 | 1.5 | 25.8 | 0.1 | 10.1 | 7.9 | 23.2 | 18.4 |
| Sector ex-Tencent | | | | | | 13.4 | 8.5 | 14.5 | 0.3 | 5.1 | 3.5 | 12.5 | 9.2 |

Source: CapitalIQ, BLRI (as of 2 Mar. 2016)

Annual Income Statement

Fiscal year ends-Dec 31

Exhibit 47. Annual income statement (Report Currency:US\$)

| (US\$K) | 2012A | 2013A | 2014A | 2015A | 2016E | 2017E |
|-----------------------------|----------|----------|-----------|-----------|-----------|-----------|
| Revenue | 87,122 | 145,747 | 264,978 | 714,887 | 1,139,771 | 1,607,404 |
| COGS | (10,406) | (8,471) | (13,844) | (51,405) | (93,063) | (131,246) |
| Gross profit | 76,716 | 137,276 | 251,134 | 663,482 | 1,046,707 | 1,476,158 |
| Sales and Marketing expense | (76,422) | (84,534) | (180,148) | (697,509) | (901,432) | (992,063) |
| R&D expense | (18,464) | (25,138) | (43,676) | (123,171) | (179,629) | (237,970) |
| General and Administrative | (13,088) | (12,983) | (20,633) | (93,431) | (92,784) | (158,571) |
| Operating profit non-GAAP | (29,587) | 17,486 | 12,850 | (222,544) | (76,272) | 159,290 |
| Operating profit GAAP | (31,258) | 14,621 | 6,677 | (250,629) | (127,138) | 87,554 |
| Share based compensation | 1,671 | 2,865 | 6,173 | 28,085 | 50,866 | 71,736 |
| Other income/cost | 857 | 4,936 | 22,153 | (59,862) | (72,637) | (61,466) |
| Pre-tax profit | (30,401) | 19,557 | 28,830 | (310,491) | (199,775) | 26,088 |
| Income tax | 0 | 0 | (6,186) | 7,952 | 0 | (12,491) |
| Net income GAAP | (30,401) | 19,557 | 22,644 | (302,897) | (199,775) | 13,597 |
| Number of ADS, diluted | 444 | 324,536 | 87,615 | 117,233 | 146,667 | 158,757 |
| EPADS GAAP | (91.47) | 0.03 | 0.26 | (2.47) | (0.73) | 0.35 |
| EPADS non-GAAP | (87.71) | 0.04 | 0.33 | (2.24) | (0.12) | 1.04 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

See the last page of the report for important disclosures

Annual Balance Sheet

Fiscal year ends-Dec 31

Exhibit 48. Annual Balance Sheet (Report Currency: US\$)

| (US\$K) | 2012A | 2013A | 2014A | 2015E | 2016E | 2017E |
|--|-----------------|----------------|----------------|----------------|----------------|------------------|
| Cash and cash equivalents | 10,669 | 60,494 | 111,376 | 170,095 | 180,430 | 646,489 |
| Restricted cash | 0 | 0 | 1,314 | 1,314 | 1,314 | 1,314 |
| Term deposit | 24,978 | 152,190 | 281,513 | 281,513 | 281,513 | 281,513 |
| Short-term investments | 0 | 98,411 | 216,146 | 216,146 | 216,146 | 216,146 |
| Accounts receivable | 3,196 | 4,292 | 6,282 | 13,710 | 21,859 | 30,827 |
| Prepaid expenses & others | 8,454 | 9,110 | 24,131 | 62,047 | 75,350 | 118,419 |
| Total current assets | 47,297 | 324,497 | 640,762 | 744,825 | 776,611 | 1,294,708 |
| Property and equipment, net | 7,938 | 6,427 | 17,899 | 25,575 | 38,849 | 56,596 |
| Intangible assets, net | 75 | 65 | 460 | 460 | 460 | 460 |
| Long-term investment | 0 | 0 | 23,784 | 23,784 | 23,784 | 23,784 |
| Long-term prepayment and others | 1,146 | 2,352 | 21,027 | 21,027 | 21,027 | 21,027 |
| Total non-current assets | 9,159 | 8,844 | 63,170 | 70,846 | 84,120 | 101,867 |
| TOTAL ASSETS | 56,456 | 333,341 | 703,932 | 815,671 | 860,731 | 1,396,576 |
| Accounts payable | 11,139 | 8,309 | 16,029 | 68,472 | 84,508 | 131,238 |
| Deferred revenues | 28,955 | 55,099 | 95,336 | 257,211 | 304,868 | 487,825 |
| Customer advances | 11,040 | 21,369 | 35,983 | 120,705 | 129,108 | 223,200 |
| Taxes payable | 1,877 | 2,264 | 7,392 | 12,194 | 19,033 | 25,006 |
| Salary and welfare payable | 12,413 | 17,962 | 28,804 | 88,712 | 98,648 | 165,583 |
| Other current liabilities | 3,579 | 8,055 | 13,071 | 22,575 | 34,257 | 45,893 |
| Total current liabilities | 69,003 | 113,058 | 196,615 | 569,869 | 670,422 | 1,078,745 |
| Total non-current liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities | 69,003 | 113,058 | 196,615 | 569,869 | 670,422 | 1,078,745 |
| Common Stock | 1 | 2 | 2 | 2 | 2 | 2 |
| Additional Paid In Capital | 0 | 359,276 | 624,381 | 624,381 | 624,381 | 624,381 |
| Retained Earnings | (152,059) | (138,419) | (115,775) | (390,587) | (539,496) | (454,163) |
| Comprehensive Inc. and minority interest | (6) | (576) | (1,291) | 12,006 | 105,423 | 147,611 |
| Total equity | (12,547) | 220,283 | 507,317 | 245,802 | 190,310 | 317,831 |
| TOTAL LIABILITIES AND EQUITY | 56,456 | 333,341 | 703,932 | 815,671 | 860,731 | 1,396,576 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

See the last page of the report for important disclosures

Annual Cash Flow Statement

Fiscal year ends-Dec 31

Exhibit 49. Annual Cash Flow Statement (Report Currency: US\$)

| (US\$K) | 2012A | 2013A | 2014A | 2015E | 2016E | 2017E |
|--|----------|-----------|-----------|-----------|-----------|----------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | | | | |
| Net income | (30,401) | 19,557 | 22,644 | (289,600) | (106,358) | 55,785 |
| Stock-Based Compensation | 1,671 | 2,865 | 6,173 | 28,085 | 50,866 | 71,736 |
| Depreciation & Amort. | 3,879 | 4,657 | 5,607 | 13,771 | 20,919 | 30,475 |
| Investment loss | 1,000 | 0 | (2,146) | 0 | 0 | 0 |
| Loss on disposal of PP&E | 67 | 0 | 40 | 0 | 0 | 0 |
| Other Operating Activities | 62 | (548) | 2,510 | 0 | 0 | 0 |
| Change in Working Capital | 18,994 | 39,773 | 63,757 | 327,910 | 79,102 | 356,285 |
| Net cash (used in) from operating activities | (4,728) | 66,304 | 98,585 | 80,166 | 44,528 | 514,281 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | | | | |
| Capital Expenditure | (5,227) | (4,177) | (32,432) | (21,447) | (34,193) | (48,222) |
| Purchase/Sale of long term investments | 0 | 0 | (23,625) | 0 | 0 | 0 |
| Purchase/Sale of short-term investments | (21,898) | (73,679) | (117,570) | 0 | 0 | 0 |
| Purchase/Sale of term deposit | 0 | (152,109) | (131,645) | 0 | 0 | 0 |
| Net cash in investing activities | (27,153) | (229,965) | (305,272) | (21,447) | (34,193) | (48,222) |
| CASH FLOW FROM FINACING ACTIVITIES: | | | | | | |
| Issuance of stocks | 253 | 213,343 | 809,505 | 0 | 0 | 0 |
| Shares repurchased | 0 | 0 | (552,075) | 0 | 0 | 0 |
| Short term debt added,net | 0 | 0 | 0 | 0 | 0 | 0 |
| Long term debt added,net | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash provided by financing activities | 253 | 213,343 | 257,430 | 0 | 0 | 0 |
| Effect of exchange rate changes | (14) | 224 | 139 | 0 | 0 | 0 |
| Net increase in cash and cash equivalents | (31,642) | 49,825 | 50,882 | 58,719 | 10,335 | 466,059 |
| Cash and cash equivalents at beginning of the year | 42,311 | 10,669 | 60,494 | 111,376 | 170,095 | 180,430 |
| Cash and cash equivalents at end of the year | 10,669 | 60,494 | 111,376 | 170,095 | 180,430 | 646,489 |

Source: WUBA, BLRI (as of 4 Mar. 2016)

See the last page of the report for important disclosures

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