

Zacks Small-Cap Research

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Fangdd Network Group (NASDAQ: DUO)

Fangdd Cuts Expenses to Ride Out the Market Downturn

DUO stock can be valued against its peers that trade at an average of 1.5 time EV/estimated 2021 sales. Using that metric, and discounting it, DUO stock could be worth US\$2.00.

Current Price (11/22/21) US\$0.75
Valuation **\$2.00**

OUTLOOK

Fangdd is a residential real estate transaction platform company operating in China. It was founded by experienced real estate brokers to serve the needs of small and medium agencies with superior tools to run their businesses. It is one of the top SaaS platforms in China and was greatly affected by pandemic shutdowns and the current Chinese real estate crisis. It has US\$98 million in cash and **trades at a negative US\$5 million enterprise value**. We believe the company's scalable business model provide and cash reserves may give it the ability to survive the real estate downturn.

SUMMARY DATA

52-Week High US\$10.10
52-Week Low US\$0.75
One-Year Return (%) -89.8
Beta -0.7
Average Daily Volume (sh) 880,522

ADS Outstanding (mil) 81.5
Market Capitalization (\$mil) US\$61
Short Interest Ratio (days) 0.1
Institutional Ownership (%) 7.1
Insider Ownership (%) 52

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) 0

P/E using TTM EPS N/M
P/E using 2021 Estimate N/M
P/E using 2022 Estimate N/M

Risk Level High
Type of Stock Small-Value
Industry Real Estate Ops

ZACKS ESTIMATES

Revenue

(in millions of RMB)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2019	656 A	948 A	948 A	1,047 A	3,599 A
2020	272 A	738 A	819 A	622 A	2,451 A
2021	291 A	401 A	169 A	120 E	982 E
2022					1,000 E

Non-GAAP Earnings Per ADS (RMB)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2019	0.36 A	2.26 A	1.09 A	0.90 A	5.41 A
2020	-1.39 A	0.15 A	0.57 A	-0.84 A	-1.49 A
2021	-1.16 A	-0.61 A	-1.19 A	-1.23 E	-4.60 E
2022					-3.60 E

Zacks Projected EPS Growth Rate - Next 5 Years % **15**

WHAT'S NEW

Fangdd has suffered first from the pandemic, followed by industry commission price wars and now by the tightening of lending and sales restrictions in the real estate industry causing a real estate crisis. Particularly hard hit was new construction, Fangdd's bread and butter. The company has had a huge decline in sales and has responded by cutting staff and operations and taking huge write offs of accounts receivable from its developer customers. It has also taken impairment charges for operations. It has missed all guidance it has given during the past year and as a result, take it Q4 guidance of revenue to be between RMB130 million and RMB150 million with a grain of salt. This is down 17% sequentially from RMB169 million in Q3 as it moves into the slow winter season for the industry and compares with revenues of RMB622 in Q4 of 2020.

The big and only question for the company is whether it survives until the real estate crisis ends and the market returns to normal times. While we may use US standards for predicting outcomes, there is always the caveat that there could be government intervention in China to change results either for Fangdd or for its debtors. We have already seen reports of China encouraging banks to lend to developers. According to the National Bureau of Statistics, the total volume of real estate transactions in China decreased by 14.1% year over year to RMB4.2 trillion in the third quarter of 2021.

As of September 30, 2021, Fangdd had a combination of cash, restricted cash and marketable securities of RMB633 million (US\$98 million.) This was actually a net cash increase of RMB28 million (US\$4.6 million.) Although we do not know how this was done, as the company does not release quarterly cash flow statements, it says net cash used in operating activities decreased to RMB12.8 million (US\$2.0 million) from RMB53.0 million (US\$8.3 million) in the second quarter of 2021. We believe this was achieved mostly through collecting accounts receivable.

In Q2 and Q3, Fangdd took one-time write offs as well as increased allowances for bad debt. In Q2 the number was RMB79.1 million. In Q3 it had its write offs and right sizing expenses of RMB 201.9 million (US\$31.3 million) which included a provision for impairment of certain assets, such as accounts receivable due from developers and other accounts receivable of project deposits as well as an increase in severance as it streamlined its operation to weather the downturn. Although the company does not, we took out these write offs in our estimates of non-GAAP numbers to get a more accurate view of ongoing operations.

If we look at operations taking out these provisions, for the first nine months of 2021, the company had revenues of RMB862 million compared to RMB1.83 billion, down 53%. Operating losses would have been RMB279 million versus RMB150 million, an 87% increase.

Most importantly the company has reduced its cash breakeven point. We do not know what revenue level the company would breakeven going forward as a number of measures were only put in place in July. Given all the unknowns both with current operations at the company and the industry in general it is hard to predict anything let alone the 2022 year. We are predicting things improve, but slowly.

Q3 2021 Earnings Results

In Q3 2021 revenues declined 45.6% sequentially from Q2 2020 to RMB401 million from RMB738 million in Q3 2020. Revenues are expected to decline again in Q4 2021 according to the company's guidance and fits with seasonality. The company did not break out revenues between new construction and resale but SaaS revenues were a small RMB3.2 million, up 39% sequentially from Q2.

Gross margins declined to 3.5% from 25.3% a year ago. Gross margin dollars RMB6 million compared to RMB192 million last year.

Operating costs for Q3 2021 were RMB316 million of which RMB122 million was from an increase in bad debt reserves taken because of problems with developers. This compares with RMB205 million in expenses in Q2 2021 of which RMB79.1 million was for bad debt reserves. Also included in operating expenses were

other write-downs and severance, but these costs were not broken out. The operating loss was RMB310 million compared to a loss of RMB33 million a year ago. Without the reserve the loss would have been RMB 187 million, compared to an income of RMB23 million last year.

On a GAAP basis, the net loss to ordinary shareholders in Q3 2021 was RMB355 million compared to a profit of RMB22 million last year. Taking out the accounts receivable write-off, other one-time items and stock based compensation we believe the non-GAAP net loss was reduced to RMB97 million in Q3 2021 versus a profit of RMB48 in Q3 2020. The loss per ADS was RMB4.36 in Q3 2021 versus a profit of RMB0.26 in Q3 2020. We calculate non-GAAP loss per ADS was RMB1.19 this year compared to non-GAAP income per ADS of RMB0.57 in Q3 2020.

Balance Sheet

The company ended the September quarter with RMB632 million (US\$99 million) in cash and short-term investments down from RMB749 in Q2 2021. This was a net cash decrease of RMB28 million in the quarter calculated against short-term bank borrowings. Fangdd also has unutilized bank facilities of RMB180.0 million (US\$27.9 million.) Working capital was a positive RMB441 million and the current ratio declined to 1.2. Total debt was RMB220 million or 5.2% of total assets down from RMB443 million in the December quarter. The company had net cash usage in operating activities of RMB12.5 million for the quarter (US\$2 million). Without a cash flow statement we cannot see how this was specifically achieved, but it seems like RMB425 million in accounts receivable was collected, rather than from operating activities. Netted against the reduction of liabilities gives us RMB183. If we add that to the RMB12.5 it looks like on an operating basis, the cash used in the quarter was approximately RMB196 (US\$31 million.) The company believes is has 18 months of cash at its going forward burn rate.

KEY POINTS

- Fangdd was the second largest real estate transaction platform in China. It is similar to a US company like Zillow where homebuyers can view properties, but in contrast, the platform earns a transaction fee like the Multiple Listing Service, which in the US can only be viewed by brokers. It provides discovery and transaction support to the 2019 RMB9.5 trillion market (US\$1.4 trillion) of new and existing residential properties that are sold each year. Fangdd targets small to medium independent agencies in China, of which 1.5 million are registered on the platform.
- As opposed to its main competitors, Fangdd is strictly an online platform with significantly lower fixed costs and an operating leverage advantage. Since it employs no brokers and has no agency storefronts, its model is easily scalable and as its volumes grow so should its operating margins.
- The majority of Fangdd's revenue comes from commission sharing with agents from the sale of newly built homes. It gets a small portion of the commission paid by the developer to the agent. The agent gets a 2-3% commission and Fangdd may take 15 to 20% of that. Fangdd is working to diversify this revenue stream by adding value added services such as parking space sales and property management services.
- The company has just introduced a new SaaS products which it has started to sell to real estate developers to help them market their properties at a lower cost as well as to communicate directly with real estate agents and set their commission rates. Fangdd hopes new products will contribute meaningfully to revenues in the second half of the year and at much higher than corporate average margins.

- The market in China is fragmented and the largest platform there, Beike, had only an estimated 12-13% market share in 2020. This leaves considerable opportunity to compete with differentiated pricing and services.
- At \$0.75 per share Fangdd trades at a negative enterprise valuation of US\$5 million and is a value play compared with its peers who trade at 1.5 times. The question is does it have the cash reserves and debt capacity to last to the other end of the real estate crisis and if so, how long will that take?

OVERVIEW

Three real estate brokers founded Fangdd in 2011. They decided that small and medium agencies needed a robust platform for their customers to discover properties, transact business, and that provided more support for both the homebuyers and the agencies. 91% of Fangdd 2020 revenues came from commission sharing on transactions. Almost all of the commission sharing is from newly built housing (aka “primary property projects”) bought directly from developers. These commissions, which average approximately 2.5% of the sale value, are from “closed-loop” transactions. Simply put, this just means sales that were completed via the Fangdd’s platform.

The other 9% of revenues came from financing products and “value added services” (VAS). Financing products are mortgages, bridge loans or even home renovation loans. Fangdd get a cut of the loan referral fee. Fangdd also helps property developers sell parking spaces. Other value added services (VAS) include certified real estate transaction centers and renovated property resale services. The company expects to have these financing and VAS revenues to increase as a percent of total sales. They had generated between 20-30% gross margins, which is higher than the 2020 gross margin of 16.9%. Its latest product is a SaaS product for real estate developers, which we expect has a long-term gross margin over 70%. The product mix shift toward new products should thus drive the expansion of operating margins and accelerate earnings.

VALUATION

Given the unusual year and recent losses caused by the pandemic and the real estate crisis in China, we think a more reasonable way to value Fangdd is by enterprise value to sales rather than using PE multiples. Using that metric we find an average multiple of its peers in the real estate platform industry has declined to 1.5 times 2021 estimated revenues. However, the companies propping up that number are US, where there is no real estate crisis. If we take that metric and apply it to our estimate of 2021 sales of US\$154 million, we get an enterprise value of US\$231 million and a market value of US\$297 million. This equates to a price per ADS of US\$3.50 using 83.8 million fully diluted ADS. We believe that if the company returns to growth on a sustained basis it should move to that valuation, but that could take more than a year. Given the company’s declining revenues and losses we are discounting that number for risk and time to \$2.00 per share which is approximately one times sales. The stock should appreciate once the company can reach cash breakeven and return to revenue growth.

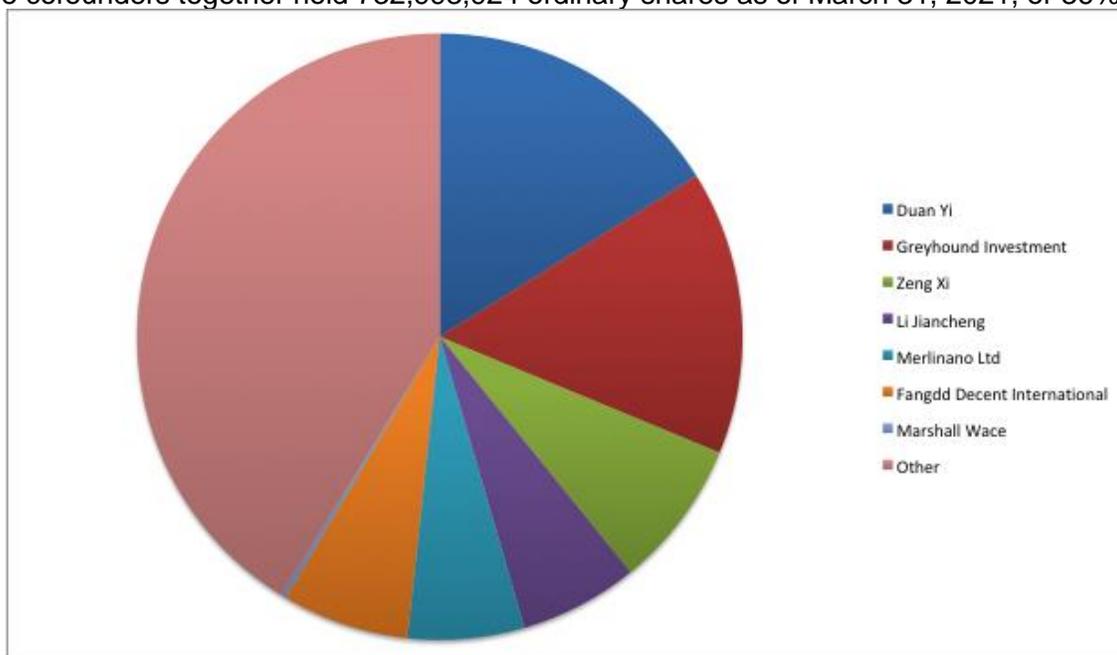
Company	Ticker	Cal. Rev. 2022E	Cal. Rev. 2021E	LTM	EBIDTA Margin	EV/Sales 2022E	EV/Sales 2021E	Included LTM in Average?	Enterprise Value
KE Holdings	BEKE	13,080	12,340	13,409	0%	1.8	1.9	1.7 y	23,000
E-House	2048.HK	16,238	15,156	11,450	NA	0.1	0.1	0.2 y	1,936
Leju Holdings	LEJU	642	606	741	-2%	0.2	0.2	0.2 y	144
Redfin	RDFN	2,530	1,880	1,520	-1%	2.2	3.0	3.7 y	5,650
Zillow	Z	7,160	6,730	5,050	1%	2.3	2.5	3.3 y	16,760
Average					0%	1.3	1.5	1.8	9,498

RISKS

- Fangdd operates in the People's Republic of China and is heavily regulated. It was greatly affected by the government shutdown of business and commerce due to the pandemic and may be affected in the future by government intervention and rule changes.
- The company operates under a VIE structure that has been heavily criticized and is under increasing scrutiny by US regulators.
- The company is heavily dependent on the sale of new homes and its relationship with developers. The developers are in crisis due to new government regulations affecting sales and are making headlines with their credit crunch and cash flow issues. As a result Fangdd has taken large bad debt reserves and we are unable to predict if it will have to take more or what the future account receivable collection might be. That combined with the slow down in real estate sales in general in China, makes it impossible to make even vaguely accurate forecasts on the company.
- The company experiences heavy competition from companies larger and better funded than it. Its major competitor is in a land grab to capture market share. This price war could last longer than currently expected.
- Much of the company's future growth is predicated on the success of its new SaaS product, which has little track record to date.
- Local governments in China have continued to increase home buying restrictions in many cities while mortgage rates continue to increase. This has caused a decline in real estate transaction volume and profitability. Also new restrictions have caused difficulties in the real estate development market affecting Fangdd's ability to generate revenues from new construction.

OWNERSHIP

The five cofounders together hold 732,993,924 ordinary shares as of March 31, 2021, or 36%.



INCOME STATEMENT

In RMB thousands	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021 E	2019	2020	2021E	2022E
New construction	NA	NA	NA	NA	271,600	358,800	NA	85,800	NA	NA	NA	860,000
Resale property	NA	NA	NA	NA	18,800	40,300	NA	30,000	NA	NA	NA	120,000
SaaS Solutions	NA	NA	NA	NA	600	2,300	3,200	4,200	NA	NA	10,300	20,000
Revenue	¥ 272,108	¥ 737,690	¥ 819,091	¥ 622,398	¥ 291,036	¥ 401,424	¥ 169,215	¥ 120,000	¥ 3,599,436	¥ 2,451,287	¥ 981,675	¥ 1,000,000
Yr-to-yr growth	-58.5%	-22.2%	-13.6%	-40.6%	7.0%	-45.6%	-79.3%	-80.7%	57.7%	-31.9%	-60.0%	1.9%
Cost of revenue	222,715	616,737	626,800	570,569	257,717	338,938	163,218	114,006	2,842,394	2,036,821	873,879	886,000
Gross profit	49,393	120,953	192,291	51,829	33,319	62,486	5,997	5,994	757,042	414,466	107,796	114,000
Gross margin %	18.2%	16.4%	23.5%	8.3%	11.4%	15.6%	3.5%	5.0%	21.0%	16.9%	11.0%	11.4%
Operating expenses:					#VALUE!							
Sales and marketing expenses	1,387	2,895	1,533	32,205	37,856	13,139	8,568	10,000	48,395	38,020	69,563	81,200
Product development expenses	94,979	70,495	65,031	70,896	37,264	64,479	40,314	40,000	724,983	301,401	182,057	175,000
General and administrative expenses	93,063	80,517	102,265	25,220	65,202	48,375	65,636	70,000	520,421	301,065	249,213	200,000
Provision for doubtful accounts	0	0	0	0	0	79,100	201,900	0	0	0	281,000	0
Total operating expenses	189,429	153,907	168,829	128,321	140,322	205,093	316,418	120,000	1,293,799	640,486	500,833	456,200
(Loss) Income from operations	(140,036)	(32,954)	23,462	(76,492)	(107,003)	(142,607)	(310,421)	(114,006)	(536,757)	(226,020)	(393,037)	(342,200)
Operating margin	-51.5%	-4.5%	2.9%	-12.3%	-36.8%	-35.5%	-183.4%	-95.0%	-14.9%	-9.2%	-40.0%	-34.2%
	(149,528)				(279,031)							
Other income (expenses):					87%							
Interest expense, net	NA	(8,719)	(12,989)	NA	(18,000)							
Foreign currency exchange (loss) gain, net	NA	0	237	(4,084)	NA	0						
Gain on short-term investments	NA	0	2,771	321	NA	0						
Impairment loss for long-term equity investment	NA	0	(16,000)	0	NA	0						
Government grants	NA	22,351	22,885	NA	20,000							
Other income, net	NA	1,250	7,724	9,207	NA	5,000						
Share of profit from equity method investees, net	NA	0	21,772	3,970	NA	0						
Total other income	3,591	18,967	(1,557)	(16,356)	2,159	3,584	(44,626)	1,250	30,136	19,310	(37,633)	25,000
Income (loss) before income tax	(136,445)	(13,987)	21,905	(92,848)	(104,844)	(139,023)	(355,047)	(112,756)	(506,621)	(206,710)	(711,670)	(317,200)
Pretax margin %	-50.1%	-1.9%	2.7%	-14.9%	-36.0%	-34.6%	-209.8%	-94.0%	-14.1%	-8.4%	NA	-31.7%
Income tax expense	NA	NA	NA	NA	0	0	0	0	3,766	14,665	NA	0
Tax rate	NA	NA	NA	NA	0.0%	0.0%	0.0%	0.0%	-0.7%	-7.1%	NA	0.0%
Net income	(136,445)	(13,987)	21,905	(92,848)	(104,844)	(139,023)	(355,047)	(112,756)	(510,387)	(221,375)	(1,515,311)	(317,200)
Net inc attributable to non-controlling interests	0	0	0	(1,087)	(3,095)	(6,555)	(18,323)	(3,095)	0	1,087	(31,068)	(5,000)
Net inc. to FANGDD	(136,445)	(13,987)	21,905	(91,761)	(101,749)	(132,468)	(336,724)	(109,661)	(510,387)	(220,288)	(1,484,243)	(312,200)
Stock-based compensation	26,431	25,887	26,100	24,303	11,864	11,092	11,663	11,864	745,873	102,750	46,483	50,000
Non-GAAP net income	(110,014)	11,900	48,005	(67,458)	(92,980)	(48,831)	(96,858)	(100,892)	235,486	(118,625)	(339,561)	(267,200)
Accretion of Redeem. Convert. Preferred Shares	0	0	0	0	0	0	0	0	116,308	0	0	0
Deemed dividend to preferred shareholder	0	0	0	0	0	0	0	0	642,174	0	0	0
Net income attributable to ordinary shareholders	(136,445)	(13,987)	21,905	(91,761)	(101,749)	(132,468)	(355,047)	(109,661)	(1,268,869)	(221,375)	(1,515,311)	(317,200)
Non-GAAP net income	(110,014)	11,929	48,005	(67,458)	(92,980)	(48,831)	(96,858)	(100,892)	(522,996)	(117,538)	(339,561)	(267,200)
Other comprehensive income (loss)												
Foreign currency translation adjustment, net	0	(1,107)	(17,499)	(20,335)	3,109	(7,024)	1,272	0	(94,357)	(28,054)	0	0
Total comprehensive income (loss), net	¥ (136,445)	¥ (15,094)	¥ 4,406	¥ (113,183)	¥ (101,735)	¥ (139,492)	¥ (353,775)	¥ (109,661)	¥ (604,744)	¥ (249,429)	¥ (1,515,311)	¥ (317,200)
Total comprehensive income to ord. shareholders	¥ (136,445)	¥ (15,094)	¥ 4,406	¥ (112,096)	¥ (98,640)	¥ (139,492)	¥ (353,775)	¥ (109,661)	¥ (1,363,226)	¥ (248,342)	¥ (1,515,311)	¥ (317,200)
Non-GAAP total loss	¥ (110,014)	¥ 10,822	¥ 48,005	¥ (67,458)	¥ (92,980)	¥ (55,855)	¥ (96,858)	¥ (100,892)	¥ (522,996)	¥ (118,645)	¥ (339,561)	¥ (267,200)
EPS attributable to ordinary shareholders	¥ (0.07)	¥ (0.01)	¥ 0.01	¥ (0.05)	¥ (0.05)	¥ (0.07)	¥ (0.17)	¥ (0.05)	¥ (1.17)	¥ (0.11)	¥ (0.82)	¥ (0.16)
Diluted EPS attributable to ordinary shareholders	¥ (0.07)	¥ (0.01)	¥ 0.01	¥ (0.05)	¥ (0.05)	¥ (0.07)	¥ (0.17)	¥ (0.05)	¥ (1.17)	¥ (0.11)	¥ (0.82)	¥ (0.16)
Weighted average shares outstanding	1,984,641,870	1,996,169,104	1,996,169,094	1,996,169,104	1,996,169,081	2,015,321,966	2,037,242,247	2,050,000,000	1,087,910,999	1,993,326,758	1,843,448,293	2,000,000,000
Diluted shares	1,984,641,870	1,996,169,104	2,093,879,582	2,093,879,582	1,996,169,081	2,015,321,966	2,037,242,247	2,050,000,000	1,087,910,999	1,993,326,758	1,856,387,484	2,093,879,582
Non-GAAP EPS attributable to ordinary shareholders	¥ (0.06)	¥ 0.01	¥ 0.02	¥ (0.03)	¥ (0.05)	¥ (0.02)	¥ (0.05)	¥ (0.05)	¥ 0.22	¥ (0.06)	¥ (0.18)	¥ (0.13)
EPADS attributable to ordinary shareholders	¥ (1.72)	¥ (0.18)	¥ 0.27	¥ (1.15)	¥ (1.27)	¥ (1.64)	¥ (4.36)	¥ (1.34)	¥ (29.16)	¥ (2.78)	¥ (20.55)	¥ (3.97)
Diluted EPADS attributable to ordinary shareholders	¥ (1.72)	¥ (0.18)	¥ 0.26	¥ (1.10)	¥ (1.27)	¥ (1.64)	¥ (4.36)	¥ (1.35)	¥ (29.16)	¥ (2.78)	¥ (20.55)	¥ (3.97)
Weighted average ADS outstanding (25:1)	79,385,675	79,846,764	79,846,764	79,846,764	79,846,763	80,612,879	81,489,690	82,000,000	43,516,440	79,733,070	73,737,932	80,000,000
Diluted weighted average ADS outstanding (25:1)	79,385,675	79,846,764	83,755,183	83,755,183	79,846,763	80,612,879	81,489,690	81,489,690	43,516,440	79,733,070	73,737,932	80,000,000
Yr-to-yr growth	93.1%	111.1%	14.2%	37.7%	0.6%	1.0%	-2.7%	-2.7%	15.0%	83.2%	-7.5%	8.5%
Non-GAAP EPADS	¥ (1.39)	¥ 0.15	¥ 0.60	¥ (0.84)	¥ (1.16)	¥ (0.61)	¥ (1.19)	¥ (1.23)	¥ 5.41	¥ (1.49)	¥ (4.60)	¥ (3.35)

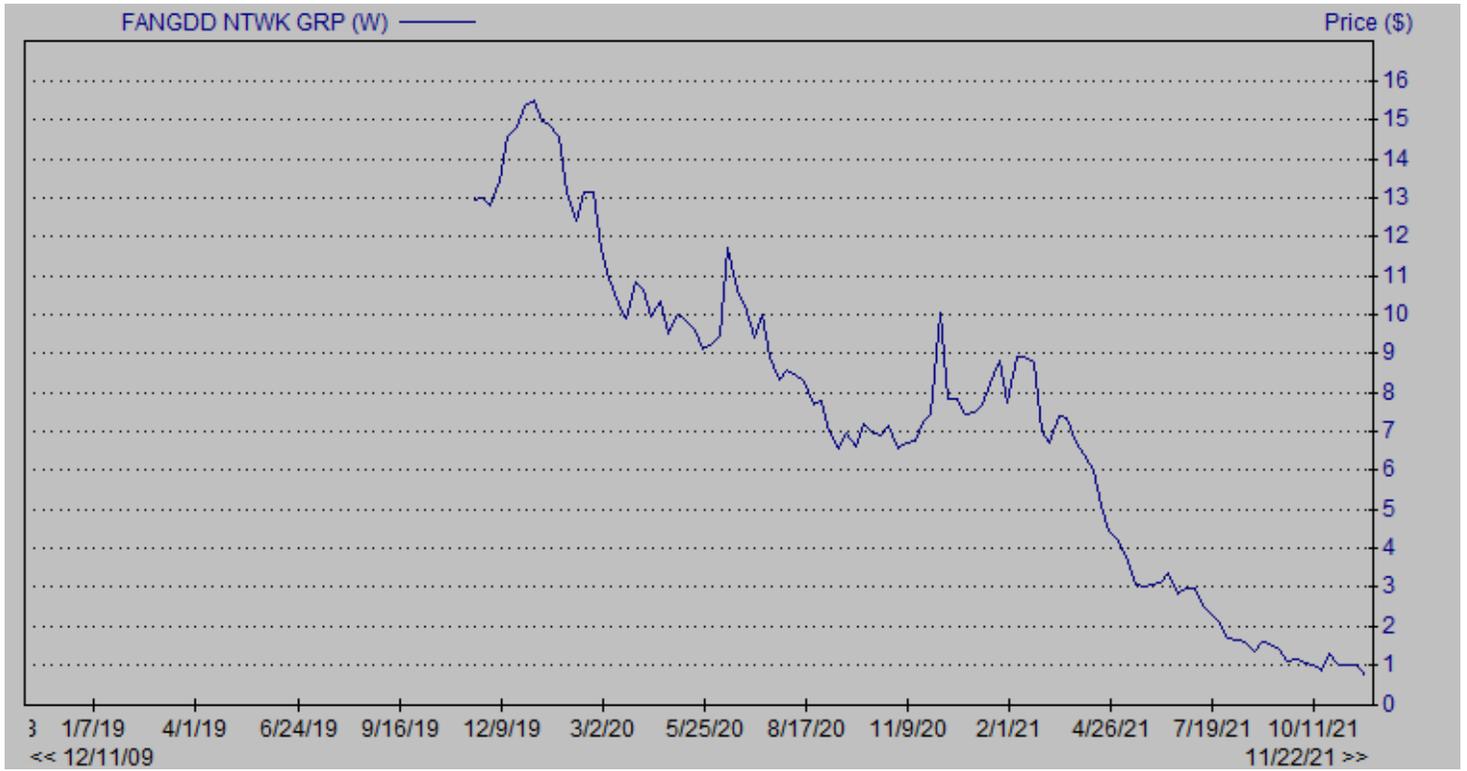
BALANCE SHEET

¥ in thousands	Sept 30, 2021 CNY (¥)	June 30, 2021 CNY (¥)	Qtr-Qtr % Growth	Sept 30, 2020 CNY (¥)	Yr-to-Yr Growth
Current assets					
Cash and cash equivalents	¥ 606,368	¥ 674,920	-10.2%	¥ 953,627	-36%
Restricted cash	12,367	63,334	-80.5%	94,117	-87%
Short-term investments	14,150	11,150	26.9%	25,990	-46%
Accounts receivable, net	1,314,904	1,783,583	-26.3%	2,204,156	-40%
Prepayments and other current assets	361,169	357,171	1.1%	393,238	-8%
Total current assets	2,308,958	2,890,158	-20.1%	3,671,128	-37%
Non-current assets					
Total non-current assets	484,809	494,504	-2.0%	543,688	-11%
Total assets	2,793,767	3,384,662	-17.5%	4,214,816	-34%
Current liabilities					
Short-term bank borrowings	220,180	290,680	-24.3%	447,944	-51%
Accounts payable	1,388,756	1,516,168	-8.4%	1,919,039	-28%
Customers' refundable fees	33,269	40,392	-17.6%	33,888	-2%
Accrued expenses and other payables	224,676	269,405	-16.6%	265,960	-16%
Income tax payables	971	658	47.6%	3,466	-72%
Total current liabilities	1,867,852	2,117,303	-11.8%	2,670,297	-30%
Non-current liabilities					
Income tax payables	0	0	0.0%	13,264	-100%
Total non-current liabilities	25,409	24,671	3.0%	13,264	92%
Total liabilities	1,893,261	2,141,974	-11.6%	2,683,561	-29%
Deficit:					
Non-controlling interest	(5,704)	12,580	-145.3%	0	NA
Total (deficit) equity	906,210	1,230,108	-26.3%	1,531,255	-41%
Total liabilities and equity	2,793,767	3,384,662	-17.5%	4,214,816	-34%
Cash and short-term investments	¥ 632,885	¥ 749,404	-15.5%	¥ 1,073,734	-41%
Cash per ADS	0.010	0.009	11.9%	0.013	-23%
Current ratio	1.2	1.4	-9.4%	1.4	-10%
Net cash	412,705	384,240	7.4%	625,790	-34%
Working Capital	441,106	772,855	-42.9%	1,000,831	-56%
Debt	220,180	290,680	-24.3%	447,944	-51%
Debt as a % of Assets	7.9%	8.6%	-8.2%	10.6%	-26%

CASH FLOWS

	2017 CNY (¥)	2018 CNY (¥)	2019CNY (¥)	2020CNY (¥)
Cash flows from operating activities:				
Net income (loss)	¥ 649	¥ 104,026	¥ (510,387)	¥ (221,375)
Adjustments to net cash (used in) provided by operating activities				
Depreciation and amortization	30,440	14,254	4,842	3,781
Share-based compensation expenses	0	0	745,873	102,750
Gain on short-term investments	(3,255)	(5,512)	(2,771)	(321)
Impairment loss for long-term equity investment	0	0	16,000	0
Share of profit from equity method investments, net	(2,902)	(19,566)	(21,772)	(3,970)
Other income, net	0	(493)	(8,321)	0
Dividend received from equity method investments	2,779	127	9,602	644
Allowances for doubtful accounts	10,715	42,337	58,981	68,581
Loss on disposal of property and equipment	698	831	439	51
Foreign currency exchange loss (gain)	787	(684)	(237)	4,084
Deferred income tax benefit	(911)	(2,107)	1,178	1,912
Changes in operating assets and liabilities:				
Accounts receivable	(641,518)	(564,317)	(893,223)	(130,045)
Deposits with real estate developers	(394,498)	397,868	0	0
Prepayments and other assets	(14,664)	(19,063)	29,846	8,596
Accounts payable	338,364	534,779	769,363	(101,264)
Customers' refundable fees	(17,747)	(17,181)	3,219	(8,842)
Accrued expenses and other payables	13,135	(344,494)	(84,943)	(62,010)
Income tax payables	3,502	8,673	822	12,433
Net cash (used in) provided by operating activities	(674,426)	129,478	118,511	(324,995)
Cash flows from investing activities:				
Purchase of property, equipment and software	(4,628)	(8,442)	(1,695)	(10,248)
Proceeds from disposal of property, eqt and software	0	0	3,566	52
Investment in equity method investments	(63,000)	(404,204)	(579,492)	(1,458)
Investment in long-term equity investment	0	(56,000)	0	0
Cash paid for business combinations, net		0	0	(8,652)
Return of capital from equity method investees	17,500	148,858	358,558	115,449
Proceeds from disposal of an equity method investment	0	3,400	4,500	0
Loans to equity method investees	0	0	0	(92,116)
Cash paid for short-term investments	(756,000)	(1,267,483)	(456,167)	(1,266,273)
Proceeds from disposal of short-term investments	1,018,255	1,234,012	518,921	1,269,094
Net cash provided by (used in) investing activities	212,127	(349,859)	(151,809)	5,848
Cash flows from financing activities:				
Proceeds from initial public offering, net of offering cost	0	0	498,436	0
Cash proceeds from short-term bank borrowings	663,100	415,000	540,030	540,943
Repayment for short-term bank borrowings	0	(683,100)	(445,030)	(587,500)
Net cash provided by (used in) financing activities	663,100	(268,100)	593,436	(46,557)
Effect of exchange rate changes on cash	(40,020)	19,076	(20,484)	(32,138)
Net increase (decrease) in cash	160,781	(469,405)	539,654	(397,842)
Cash at the beginning of the year	1,102,842	1,263,623	794,218	1,333,872
Cash at the end of the year	1,263,623	794,218	1,333,872	936,030
Cash flow	39,000	133,213	293,427	(43,863)
Free cash flow	34,372	124,771	295,298	(54,059)
Supplemental information				
Interest paid	(14,527)	(17,214)	(18,411)	(23,938)
Income tax paid	¥ (298)	¥ (729)	(1,717)	(320)
Disposal of a subsidiary with net liability	0	0	¥ (1,900)	¥ 0

HISTORICAL STOCK PRICE



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