

EVALUATE NEWSLETTER

JULY 2019

Welcome to Evaluate Research's Newsletter for July 2019! This newsletter focuses on:

- 40 page new research coverage: US\$8.4 billion in revenues, rapidly growing HK-listed Zall Smart Commerce Group [2098_HK]
- HK-IRA 5th IR Awards Conference Sponsorship – A Success
- Our CEO, Sandy Mehta, CFA recently interviewed by The Wall Street Transcript

New Research Coverage On Yet Another Leading HK-based Company:

We have initiated our research coverage on HK-listed Zall Smart Commerce Group [2098_HK], which represents a rapidly growing company with a unique industrial internet B2B model that combines both an online and physical infrastructure for its customers. Zall's intelligent trading ecosphere, named "Zall Smart Commerce" encompasses latest technologies such as Blockchain, Artificial Intelligence, big data, etc. This online platform has been merged with physical capabilities, including the company's ambitious North Hankou International Trade Center, developed over 10 years, which all serve to provide customers integrated solutions including logistics, inventory management, warehousing and credit.

Our 40 page Initiation Report, with complete financial models and forecasts, follows several months of our research work on the company, including visiting the company, and numerous detailed interactions with management. Evaluate Research is the only firm researching this unique and one-of-a-kind company! Indeed, Zall's business model has few peers, which although may make it challenging for investors to reference "comps" for valuation and analytical purposes, also gives the company a huge edge in gaining revenues and market share, and providing valuable services for customers. Zall is positioning itself as a leader in industrial internet, and not just e-commerce and in that regard what it does is significantly greater than e-commerce and the value-added for customers is high.

Please see the report on our website link, freely downloadable and without any restricted access: <https://evaluateresearch.com/all-reports/>

HK-IRA 5th IR Awards Conference Sponsorship by Evaluate – A Success

Evaluate Research was a key sponsor for the Hong Kong Investor Relations Association [HKIRA] - 5th Annual IR Awards Conference, held on 30May 2019. HKIRA IR Awards are the industry benchmark for high standard of excellence in Investor Relations by individuals and companies - Largecap, Midcap and Smallcap listed on the HK Stock Exchange.

The event was a stunning success and helped in promoting IR standards in Hong Kong. The Award Ceremony was attended by CEOs, CFOs and IR professionals of HK-listed companies.

Our CEO, Sandy Mehta, CFA Interviewed By The Wall Street Transcript:

Sandy has been recently interviewed by The Wall Street Transcript [TWST.com], a leading publication in the finance community, which has interviewed the CEOs and senior executives of public companies, money managers handling billions of dollars of assets, and equity analysts from leading investment banks around the world and publishes these interviews verbatim.

Please see an excerpt of the interview below, with the entire interview on our website.

Focusing on Undiscovered and Underfollowed Companies

S A N D Y M E H T A , E V A L U A T E R E S E A R C H L T D .



SANDY MEHTA is the Chief Executive Officer and Chief Investment Officer of Evaluate Research Ltd. He has over 30 years of investment experience and has previously founded investment adviser Value Investment Principals — HK/India — and hedge fund Acumen Capital Management in Boston. Mr. Mehta has previously been a portfolio manager for two 5 Star funds, a \$15 billion flagship Global Equity Fund and \$2 billion small-cap fund, at Putnam Investments and Wellington Management Co., both in Boston. He also has been the

head of a global research team and incubated a \$300 million small-cap fund at Putnam. He was the first analyst ever hired by legendary value manager John Rogers at Ariel Capital in Chicago, and also worked with Arnie Schneider and John Neff at Wellington. A Wharton MBA and a CFA, Mr. Mehta has been quoted extensively in the financial press globally.

SECTOR — GENERAL INVESTING

(AHQ549) **TWST:** Let's start, if you would, by introducing our readers to your current company with a snapshot of its history and its current business.

Mr. Mehta: Evaluate Research I founded four years ago, and we focus on high-quality detailed research reports of really undiscovered and underfollowed companies on a global basis. We have three offices, so that's Singapore, India and the U.S. We have a team of three analysts, and we have two marketing people.

And again, the focus is providing research coverage on companies that are otherwise being ignored by Wall Street and the bulge bracket brokerage firms. Our firm has grown well over the last four years, and with some of the secular trends that are happening globally — where the asset management companies are under pressure because of indexation and lower fees, and then the brokerage firms are under pressure because of MiFID II, and you're seeing analysts get laid off — we think a firm like Evaluate Research really provides a valuable service to the investors and the companies as well.

TWST: How would you describe your approach to your research? What sets your firm's research apart from peers?

Mr. Mehta: So we feel that Evaluate Research is very unique, because like I said, for the vast majority, 80% of the companies we cover, we are the only people following the stock. We do very detailed work. When we do an initial report on a stock, it's a 30- to 40-page report.

In my past, I've been an Associate Director of Research and managed a team of nine analysts covering the global financial sector in Boston at Putnam Investments, so I have a lot of experience on the research side. We do detailed financial models, a five-year forecast income statement, cash flow, balance sheet, and we do a DCF — discounted cash flow — valuation model. We thus have a firm price target for every stock.

And then, each of the companies that we select and that we are covering are, by and large, growing because they are young companies, so by definition they are in an early stage of their life cycle. And because they're being ignored and nobody follows these, they're really sort of diamonds

Highlights

Sandy Mehta discusses Evaluate Research Ltd. Mr. Mehta creates detailed research reports of undiscovered and underfollowed companies. He says the firm is the only one covering 80% of their companies. According to Mr. Mehta, many of the companies are growing and have attractive valuations. Geographically, he is seeing more ideas in Asia right now. Mr. Mehta advises investors to be mindful of valuations.

Companies discussed: PuraPharm Corp. Ltd. (HKG:1498); Leoch International Technology Ltd. (HKG:0842); Sintex Industries Ltd. (NSE:SINTEX); KKR & Co. (NYSE:KKR); Agritrade Resources Ltd. (HKG:1131); Amazon.com (NASDAQ:AMZN); Facebook (NASDAQ:FB); Alphabet (NASDAQ:GOOG); Tesla (NASDAQ:TSLA); Ozner Water International Holding Ltd. (HKG:2014) and Sun Hung Kai & Co. Limited (HKG:0086).