

**Love China  
or Hate  
China,  
You cannot  
ignore  
China**



Photo by [Li Yang](#) on [Unsplash](#)

Musings of a curious bystander .....

Not being holier than thou....

# Interesting factoids

- Country with the largest population
- Second highest GDP in the world, first in terms of PPP
- On its way to become the largest GDP country in a few years
- Largest spenders on tourism - \$250+ billion dollars a year
- 3rd largest country in the world by area
- Largest army in the world
- Largest foreign exchange reserve holder in the world
- Second in the world in terms of number of billionaires and millionaires (698 / 4.4 million)

# China and commodities

What do the following have in common?

- Iron ore / Steel
- Aluminium
- Copper
- Nickel
- Coal

## Some Chinese Companies

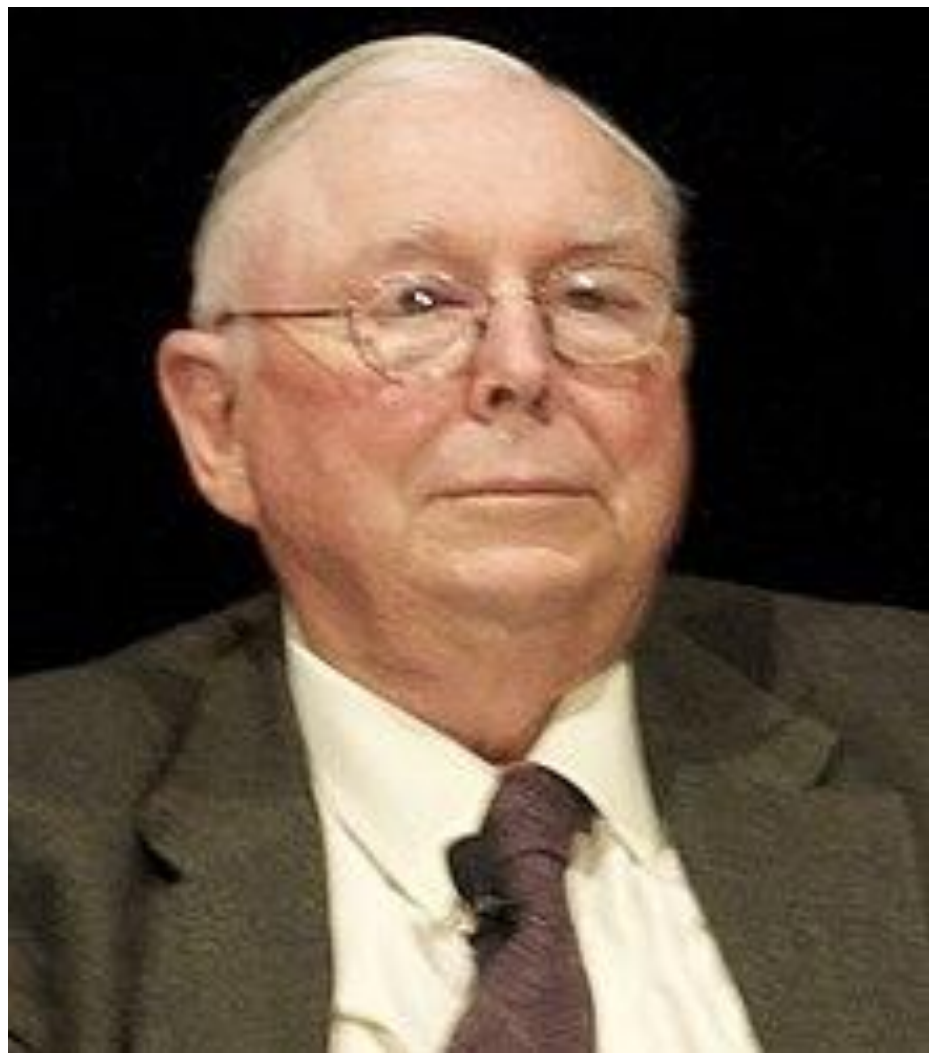
- Baidu
- Alibaba
- Tencent
- Xiaomi
- BYD
- PetroChina
- China Mobile
- Byte Dance
- Huawei
- Meituan
- CATL
- Ping An Insurance
- Pinduoduo
- SAIC Motor
- DiDi



# Chinese impact

- Currencies
- Commodities
- Telecom
- Solar panels
- Lithium Ion Batteries
- Electronics
- High speed rail
- Internet / payment technologies
- Crypto mining

.....



India is a country where people are burdened by a system that thwarts progress, the prominent investor said, when asked about the prospects for the nation's economy. China has been effective in lifting workers out of poverty, Munger said, but not without pointing out what he sees as a flaw among its population.

If you invest in FAANG

.....

Why not invest in BAT?



Raunak Onkar  
discusses  
Alibaba, Jack  
Ma & the scale  
of e-commerce  
in China.

FINANCIAL OPPORTUNITIES FOR **U1:01:22**

CHINA | INSIDE SCOOP

## Charlie Munger's Firm Doubled Down on Its Alibaba Investment

By Ed Lin

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Updated Oct. 10, 2021 8:11 pm ET / Original Oct. 10, 2021 7:00 am ET

Text size — +



Daily Journal, which Charlie Munger serves as chairman, bought more Alibaba shares in the third quarter, when they were tumbling.

Johannes Eisele/AFP via Getty Images

Warren Buffett 's longtime partner Charlie Munger has disclosed that a firm that he chairs nearly doubled an investment in the Chinese internet giant Alibaba Group Holding.

Munger, the vice chairman of Berkshire Hathaway (ticker: BRKb), is also the chairman of Daily Journal (ticker: DJCO), and provides the firm with investing expertise. Daily Journal

publishes newspapers and websites covering California and Arizona, and produces information services; it also owns large stakes in stock, with a portfolio valued at \$225



WIKIPEDIA  
The Free Encyclopedia



**Li Lu** (born April 6, 1966)<sup>[1]</sup> is a Chinese-born American value investor, businessman and philanthropist. He is the founder and chairman of [Himalaya Capital Management](#). Prior to emigrating to America, he was one of the student leaders of the 1989 Tiananmen Square student protests. In 2021, he also co-founded [The Asian American Foundation](#) and serves as its chairman.<sup>[2]</sup>

EPS, P/E, Growth .....

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SECURITY ANALYSIS

BIDU

Baidu, Inc.



Snapshots

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Baidu, Inc. NasdaqGS

BIDU 147.81 USD -3.96 (-2.61%)

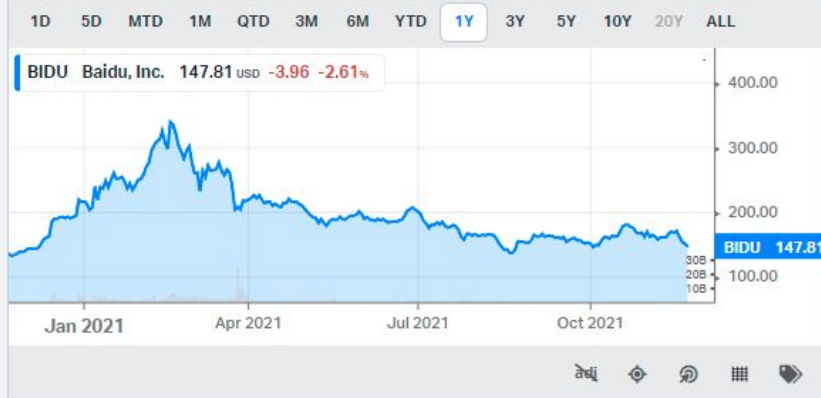
147.80 USD -0.01 (-0.01%)  
Last Updated • Mon Nov 22 4:00PM EST  
After Market • Mon Nov 22 6:58PM ESTFri Feb 18th 2022  
Next Earnings DateCommunication Services  
SectorInteractive Media and Services  
Industry

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## Snapshot Chart



## Key Data

Dividend Yield	-	Avg Volume (10D)	3.40 M
Beta (5Y Monthly)	1.00	Volatility (1Y)	57.82
Shares Outstanding	348.06 M	Short Interest %	2.55 %
Industry	Interactive Media and Services		
Competitors	700	1024	WB 4689 NTES

## Performance Returns

	1M	3M	YTD	1Y
PRICE	-10.13 %	3.14 %	-31.09 %	11.09 %

## Valuation

	LTM	NTM
P/E	24.7 x	16.6 x
EV/Sales	2.1 x	1.9 x
EV/EBITDA	7.5 x	8.1 x
Price/Book	1.6 x	

## Capital Structure

Market Cap	\$ 51.45 B
Total Debt	\$ 15.01 B
Cash & Inv.	\$ 28.51 B
Enterprise Value	\$ 39.99 B

## Analyst Estimates

	FY 2021	FY 2022	FY 2023
Sales	\$ 19.41 B	\$ 21.97 B	\$ 25.05 B
YoY Chg	18.34 %	13.17 %	14.05 %
EPS	8.31	9.49	12.06
YoY Chg	-15.15 %	14.21 %	27.12 %

## News

- [Baidu Enters License Agreement With Sanofi For mRNA Therapeuti...](#) Reuters • Nov 22 '21
- Baidu in partnership with Sanofi to use its algorithm in mRNA vaccin... Reuters • Nov 22 '21
- China fines tech giants for failing to report 43 old deals Reuters • Nov 19 '21

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SECURITY ANALYSIS

BABA

Alibaba Group Holding Limit...



Snapshots

Overview

S

Description

DES

## Alibaba Group Holding Limited

🇺🇸 NYSE

BABA 136.62 USD -3.72 (-2.65%)

Last Updated • Mon Nov 22 4:00PM EST

136.70 USD +0.08 (+0.06%)

After Market • Mon Nov 22 6:57PM EST

Thu Nov 18th 2021 (Pre-Market)

Next Earnings Date

Consumer Discretionary  
SectorInternet and Dire  
Industry

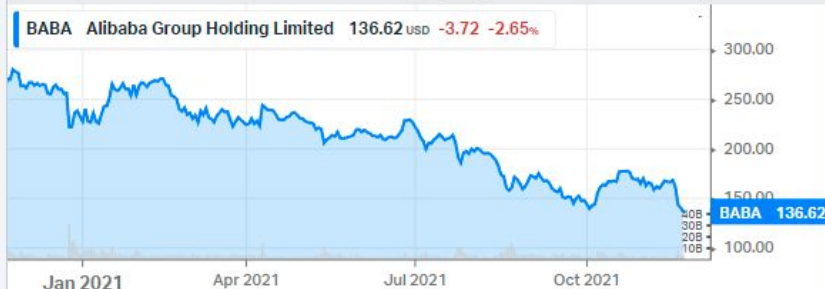
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## Snapshot Chart

1D 5D MTD 1M QTD 3M 6M YTD 1Y 3Y 5Y 10Y 20Y ALL



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## Key Data

Dividend Yield	-	Avg Volume (10D)	19.88 M
Beta (5Y Monthly)	0.86	Volatility (1Y)	42.26
Shares Outstanding	2.71 B	Short Interest %	1.74 %
Industry	Internet and Direct Marketing Retail		
Competitors	JD	700	BIDU 3690 PDD

## Performance Returns

	1M	3M	YTD	1Y
PRICE	-3.12%	-13.17%	-7.30%	-29.92%
TOTAL	-3.12%	-13.17%	-7.30%	-29.92%

## Valuation

	LTM	NTM
P/E	19.4 x	15.1 x
EV/Sales	2.8 x	2.3 x
EV/EBITDA	12.7 x	11.6 x
Price/Book	2.5 x	

## Capital Structure

Market Cap	\$ 370.37 B
Total Debt	\$ 28.40 B
Cash & Inv.	\$ 71.21 B
Enterprise Value	\$ 348.49 B

## Analyst Estimates

	FY 2022	FY 2023	FY 2024
Sales	\$ 137.27 B	\$ 166.03 B	\$ 194.63 B
YoY Chg	25.40 %	20.95 %	17.22 %
EPS	8.38	10.02	11.94
YoY Chg	574.29 %	19.67 %	19.10 %

## News

- Palm oil gives up gains on 2022 output forecast Reuters • 12:18 AM
- Palm rebounds as rival oils firm on lingering supply concerns Reuters • Nov 22 '21
- Warren Buffett Stocks: GOOGL, Stock, PayPal Among 13 Stocks On This S Yahoo • Nov 22 '21

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SECURITY ANALYSIS

TCEHY

Tencent Holdings Limited



> 📷 Snapshots

Overview

S

Description

DES

## Tencent Holdings Limited

🇺🇸 OTCPK

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**TCEHY** **61.59** USD **-1.61** **(-2.55%)**

61.59 USD 0.00 (+0.00%)

Invalid date

Communication Services

Interactive Media and Services

Last Updated • Mon Nov 22 4:00PM EST

After Market • Mon Nov 22 4:38PM EST

Next Earnings Date

Sector

Industry

### Snapshot Chart



### Key Data

Dividend Yield	0.29 %	Avg Volume (10D)	6.55 M
Beta (5Y Monthly)	0.53	Volatility (1Y)	43.77
Shares Outstanding	9.52 B	Short Interest %	-
Industry	Interactive Media and Services		
Competitors	BIDU FB BABA 1024 WB		

### Performance Returns

	1M	3M	YTD	1Y
TCEHY	-9.09 %	1.19 %	-19.00 %	-11.32 %

### Valuation

	LTM	NTM
P/E	21.1 x	27.1 x
EV/Sales	7.4 x	6.3 x
EV/EBITDA	22.4 x	18.0 x
Price/Book	4.6 x	

### Capital Structure

Market Cap	\$ 604.45 B
Total Debt	\$ 51.45 B
Cash & Inv.	\$ 39.48 B
Enterprise Value	\$ 628.03 B

### Analyst Estimates

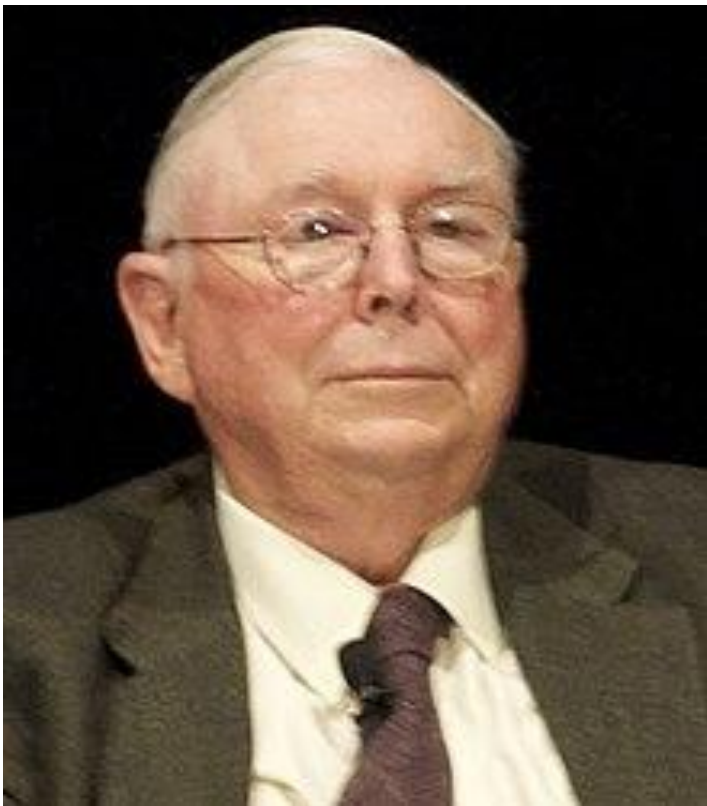
	FY 2021	FY 2022	FY 2023
Sales	\$ 89.04 B	\$ 104.14 B	\$ 121.39 B
YoY Chg	20.57 %	16.95 %	16.56 %
EPS	2.08	2.39	-
YoY Chg	7.19 %	14.88 %	-

### News

Tencent boosts Prosus profit, e-commerce trading loss widens	Reuters • Nov 22 '21
South African tech investor Naspers logs 11% rise in first-half profit	Yahoo • Nov 22 '21
S African tech investor Naspers logs 11% rise in first-half profit	Reuters • Nov 22 '21

Scratching below the surface....

# Chinese cheerleaders



# The other side



1. Can you invest in the country?
2. Can you partner with these guys &  
What are you actually buying?

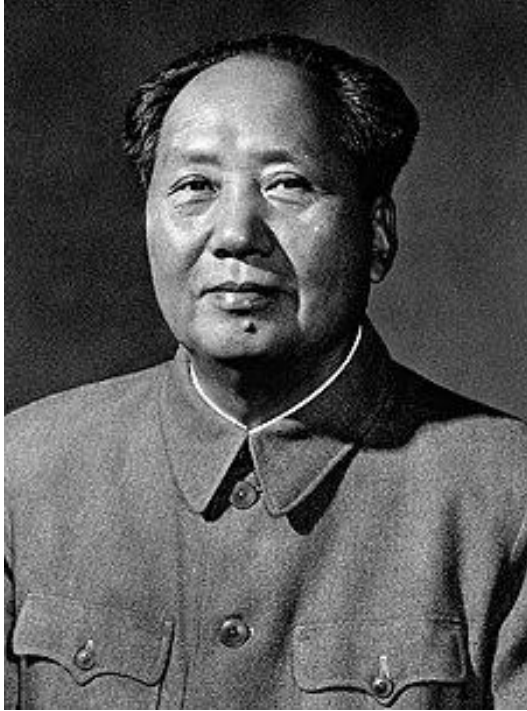
# 1. The Country

Economically OK

# Political

- A bit about Mao Zedong
- A bit about Deng Xioping
- Jiang Zemin and Hu Jintao (passing phase)
- Xi Jinping

# Mao Zedong



- Akin to a founding father
- Well known for
  - The great leap forward
  - Cultural Revolution

# Great Leap Forward

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From Wikipedia, the free encyclopedia

*Not to be confused with [Cultural Revolution](#).*

*For other uses, see [Great Leap Forward \(disambiguation\)](#).*

The **Great Leap Forward** (**Second Five Year Plan**) of the [People's Republic of China](#) (PRC) was an economic and social campaign led by the [Chinese Communist Party](#) (CCP) from 1958 to 1962. [Chairman Mao Zedong](#) launched the campaign to reconstruct the country from an [agrarian economy](#) into a [communist society](#) through the formation of [people's communes](#). Mao decreed increased efforts to multiply grain yields and bring industry to the countryside. Local officials were fearful of [Anti-Rightist Campaigns](#) and competed to fulfill or over-fulfill quotas based on Mao's exaggerated claims, collecting "surpluses" that in fact did not exist and leaving farmers to starve. Higher officials did not dare to report the economic disaster caused by these policies, and national officials, blaming bad weather for the decline in food output, took little or no action. Millions of deaths took place in China during the Great Leap, with estimates ranging between 15 and 55 million, making the [Great Chinese Famine](#) the largest famine in human history.<sup>[1][2][3][4][5][6][7]</sup>

The Cultural Revolution damaged China's economy and traditional culture, with an estimated death toll ranging from hundreds of thousands to 20 million.<sup>[2][3][4][5][6][7]</sup> Beginning with the Red August of Beijing, massacres took place across mainland China, including the Guangxi Massacre, in which massive cannibalism also occurred;<sup>[8][9]</sup> the Inner Mongolia incident; the Guangdong Massacre; the Yunnan Massacres; and the Hunan Massacres. Red Guards destroyed historical relics and artifacts, as well as ransacking cultural and religious sites. The 1975 Banqiao Dam failure, one of the world's greatest technological catastrophes, also occurred during the Cultural Revolution. Meanwhile, tens of millions of people were persecuted: senior officials, most notably Chinese president Liu Shaoqi, along with Deng Xiaoping, Peng Dehuai, and He Long, were purged or exiled; millions were accused of being members of the Five Black Categories, suffering public humiliation, imprisonment, torture, hard labor, seizure of property, and sometimes execution or harassment into suicide; intellectuals were considered the "Stinking Old Ninth" and were widely persecuted—notable scholars and scientists such as Lao She, Fu Lei, Yao Tongbin, and Zhao Jiuzhang were killed or committed suicide. Schools and universities were closed with the college entrance exams cancelled. Over 10 million urban intellectual youths were sent to the countryside in the Down to the Countryside Movement.

"The immediacy of first-rate reportage and the emotional depth of field of a novel."

—Michiko Kakutani, *The New York Times*

# OUT OF MAO'S SHADOW

The Struggle for the  
Soul of a New China

PHILIP  
P. PAN

A *Washington Post* Best Book of 2008

An *Economist* Best Book of 2008



provocative, daring acts.<sup>14</sup> The consensus position over the last three decades is based on the resolution on Party history issued in 1981. There, the judgement was a simple one: 'The "cultural revolution", which lasted from May 1966 to October 1976, was responsible for the most severe setback and the heaviest losses suffered by the Party, the State and the people since the founding of the People's Republic.' It was a tragedy and a disaster.<sup>15</sup>

Why talk about Mao? Is he relevant at all?



# Jallianwala Bagh massacre

From Wikipedia, the free encyclopedia

The **Jallianwala Bagh massacre**, also known as the **Amritsar massacre**, took place on 13 April 1919. A large but peaceful crowd had gathered at the Jallianwala Bagh in Amritsar, Punjab to protest against the arrest of pro-Indian independence leaders Dr. Saifuddin Kitchlew and Dr. Satya Pal. In response to the public gathering, the British Brigadier-General R. E. H. Dyer surrounded the Bagh with his soldiers. The Jallianwala Bagh could only be exited on one side, as its other three sides were enclosed by buildings. After blocking the exit with his troops, he ordered them to shoot at the crowd, continuing to fire even as the protestors tried to flee. The troops kept on firing until their ammunition was exhausted.<sup>[4]</sup> Estimates of those killed vary between 379 and 1500+ people<sup>[1]</sup> and over 1,200 other people were injured of whom 192 were seriously injured.<sup>[5][6]</sup>

# 1989 Tiananmen Square protests a

From Wikipedia, the free encyclopedia

*"Tiananmen Square protests" redirects here. For other uses, see [Ti](#).  
"8964" redirects here. For other uses, see [8964 \(disambiguation\)](#).*

The **Tiananmen Square protests**, known as the **June Fourth Incident** (Chinese: 六四事件; pinyin: *liùsì shìjiàn*) in China, were student-led demonstrations held in Tiananmen Square, Beijing during 1989. In what is known as the **Tiananmen Square Massacre** (Chinese: 天安门大屠杀; pinyin: *Tiān'ānmén dà túshā*), troops armed with assault rifles and accompanied by tanks fired at the demonstrators and those trying to block the military's advance into Tiananmen Square. The protests started on April 15 and were forcibly suppressed on June 4 when the government declared martial law and sent the People's Liberation Army to occupy parts of central Beijing. Estimates of the death toll vary from several hundred to several thousand, with thousands more wounded.<sup>[2][3][4][5][6][7]</sup> The popular national movement inspired by



NEWS BRIEF

# Amid Ongoing Tension With India, Chinese Army Tests High-Altitude Weapons Performance Near LAC: Report

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by *Swarajya Staff* - Nov 23, 2021 09:01 AM



# China's Two-Island Ambition: Japan, Taiwan In The Firing Line As Xi Jinping Warns The US Against 'Playing With Fire'

By **EurAsian Times Desk** | November 17, 2021

**Japan has ramped up its security interactions with Australia and has been reassured of unwavering support from the US over the issue of the Senkaku Islands.**

Meanwhile, Canberra also signaled its intention of joining Washington in case it has to defend the island of Taiwan. Both these developments took place just days before the online meeting between Xi Jinping and Joe Biden took place on November 16.

Chinese President Xi Jinping warned the US that encouraging Taiwanese independence would be "playing with fire" during the virtual summit with his American counterpart Biden. BBC reported

## ANALYSIS

# Australia Shows the World What Decoupling From China Looks Like

The bottom line: Beijing's attempt to bully Canberra has been a spectacular failure.

By [Jeffrey Wilson](#), the research director of the Perth USAsia Centre.

# Rough Waters Ahead for Vietnam-China Relations

HUONG LE THU

SEPTEMBER 30, 2020  
ARTICLE

Source: Getty

*Even as the Vietnamese government has kept diplomatic channels with Beijing open, it has also sought to assert and advocate for its own sovereignty and rights by diversifying*





Opinion

*Richard Heydarian*

## Could tensions with China threaten Indonesia's tradition of superpower diplomacy?

- China's rapid ascent and the threat of a Sino-US cold war are testing Indonesia's strategic mettle and making pragmatic balancing increasingly difficult
- Anti-Chinese sentiment and heated domestic politics in Indonesia, combined with the Natuna Islands dispute, could push Jakarta into Washington's embrace



Richard Heydarian

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Published: 9:15am, 20 Aug, 2021

Why you can trust SCMP

HARRY SALTZMAN AND ALBERT R. BROCCOLI PRESENT ROGER MOORE AS JAMES BOND 007™ IN IAN FLEMING'S

# LIVE AND LET DIE

007™



# Live and Let Die

## Politicians

- Zhao Ziyang
- Bo Xilai

## Businessmen

- Jack Ma
- Guo Guangchang
- Ren Zhiqiang
- Zhou Chengjian
- Xiao Jianhua
- Duan Weihong (Whitney Duan)

## Celebrities & Others

- Fan Bingbing
- Meng Hongwei
- Zhao Wei
- Zheng Shuang
- Zhang Zhehan
- Peng Shuai

## CEOs quitting

- Su Hua
- Colin Huang
- Zhang Yiming

'Powerful and disturbing... An honest, first-hand account of what really goes on in China's corridors of power' BILL BROWDER, author of the international bestseller *Red Notice*

# RED ROULETTE



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AN INSIDER'S STORY  
OF WEALTH, POWER,  
CORRUPTION AND  
VENGEANCE IN  
TODAY'S CHINA

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## DESMOND SHUM



# Why is Munger such a fan?

- No Democracy
- No independent judiciary
- No independent media
- Mass surveillance state
- Ill Treatment of minorities
- Crony capitalism / Guanxi

How does all this matter?  
Can we make money in China?

India vs China capitalism

## Company Overview



Asia's 1st exchange and the fastest in the world, BSE is India's leading exchange group

[More...](#)

## History and Milestones



From starting under a banyan tree to becoming the fastest exchange in the world, BSE has crossed many milestones in its 143 year journey

[More...](#)

2. Can you partner with these guys &  
What are you actually buying?

# I have Bad News and Good News

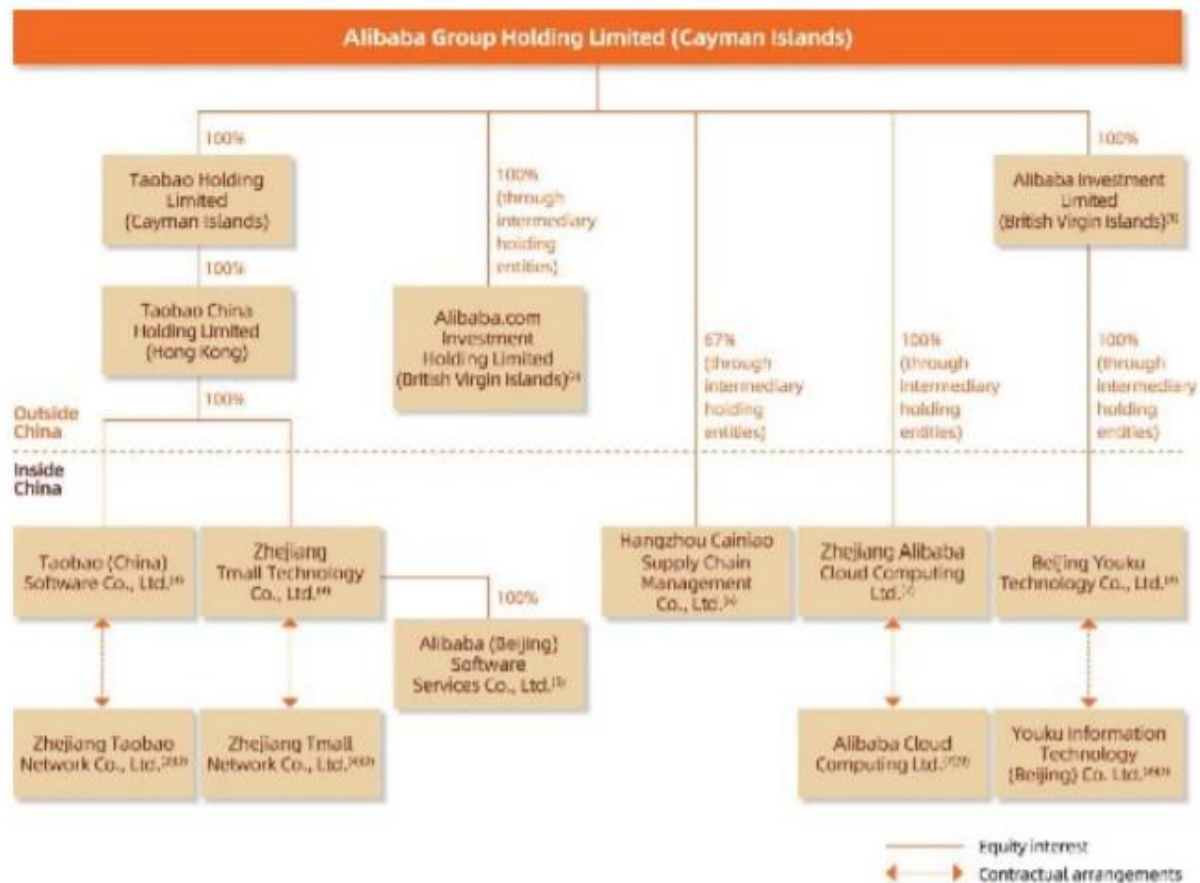
## **Bad News**

- It is illegal for foreign investors to invest in China in sectors that investors find the most attractive (BAT etc for instance)

## **“Good”(?) News**

- Investment bankers have created Cayman, BVI etc. shell companies where you can invest .....
- Variable Interest Entities

# VIEs



# Allibaba vs Yahoo & Softbank

COMPUTERWORLD

INDIA ▾

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NEWS

## Alibaba transferred Alipay ownership without Yahoo approval



By Michael Kan

U.S. Correspondent, IDG News Service | 13 MAY 2011 19:20 IST

Yahoo said that Chinese e-commerce giant Alibaba Group transferred ownership of its online payment service Alipay without its knowledge or approval, a sign of continuing tension between the two companies.

Yahoo owns 43% of Alibaba Group as a result of a \$1 billion deal made in 2005. But the value of that investment could be eroded now that a key part of Alibaba Group's business has been moved out of the company.

BUSINESS NEWS APRIL 10, 2014 / 5:40 AM / UPDATED 8 YEARS AGO

## Special Report - The princeling of private equity

By Stephen Aldred, Irene Jay Liu

15 MIN READ



HONG KONG, April 10 (Reuters) - The 28-year-old wears black-framed glasses perched on cheeks still round with youth. A discerning eye might notice the resemblance to his grandfather: former Chinese president and Communist Party leader Jiang Zemin.



The difficulty of investing in China  
(If you are not Li Lu)

Thank you

Questions? Comment?