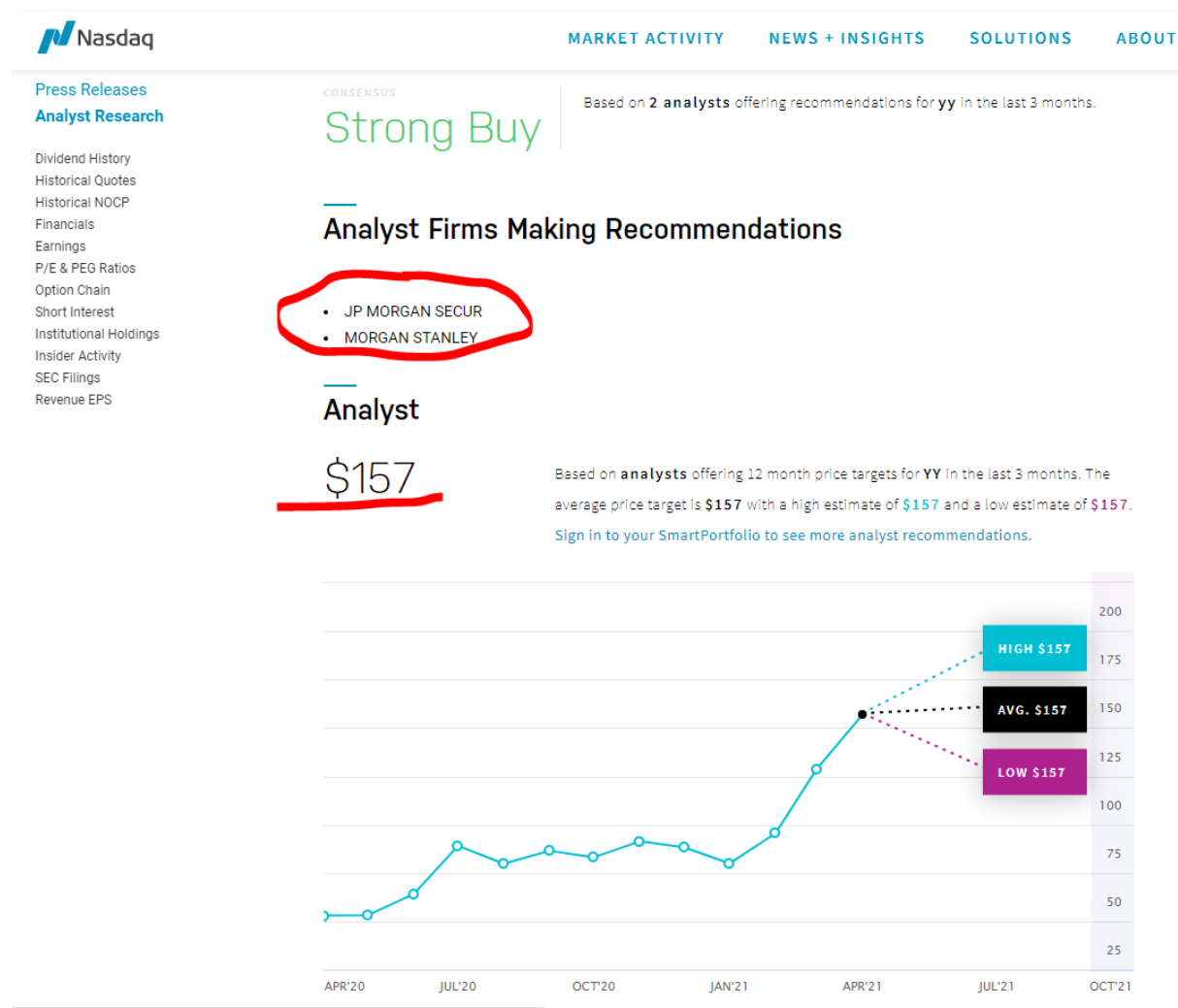


YY Stock Analysis – Muddy Waters Fraud Call Seems Most Likely Investment Scenario (I actually took a look at the Bigo Live app)

YY stock representing JOYY Inc traded on the Nasdaq: YY, is a Chinese company in the online streaming business. When it comes to investing in YY, most [investment bank analysts](#) have it as a strong buy based on its high cash position and fast growing live streaming apps like Bigo Live and Likee.



YY stock price target - Source: [Nasdaq](#)

On the other hand, [Muddy Waters recently published a short report on YY](#) stating how 90% of the company's numbers are fake. However, Muddy's report focused on YY's Chinese business and not on the current business.

I have made an investigation into Bigo Live and found many inconsistencies so I would agree with Muddy on YY and say how the numbers represented in financial statements and Google play rankings could be fabricated. This means investing into YY stock is very risky and not a value investment at all.

This YY stock analysis will look at both sides so that you can make up your mind. We will start with a stock price overview, business discussion, a fundamental analysis, sum of parts valuation and conclude with the risk and reward investment thesis.

YY Stock Price Overview

YY's stock is one of the Chinese companies that rewarded shareholders well since its IPO in 2011. However, there have been some significant ups and down and currently YY is in another downturn. Part of the recent decline can be explained by the recent Archegos margin call sell-off [that I explained in this video](#), while the upside since the bottom of March 2020 was thanks to the company selling its Chinese business YY Live to Baidu for \$3.6 billion. ([Baidu Stock Analysis](#) – another strong buy according to most Asian fund managers).



YY stock price historical chart

I have summarized below analysts' YY stock price targets as of the end of Q1 2021 and I just have to add Deutsche with \$134 and Morgan Stanley with \$169. The main differences in valuations and price targets come from the different price to sales ratios applied to the remaining global live streaming business.

YY STOCK PRICE TARGETS END OF MARCH 2021**JOYY STOCK ANALYSIS
(NASDAQ: YY)
VALUE STOCK TO BUY!**

- 1) **YY STOCK PRICE OVERVIEW AND PRICE TARGETS!**
- 2) **JOYY BUSINESS OVERVIEW** (global streaming platform)
- 3) **JOYY FINANCIALS** (huge cash pile)
- 4) **INVESTMENT THESIS**

YY stock price targets – Source: Bank reports

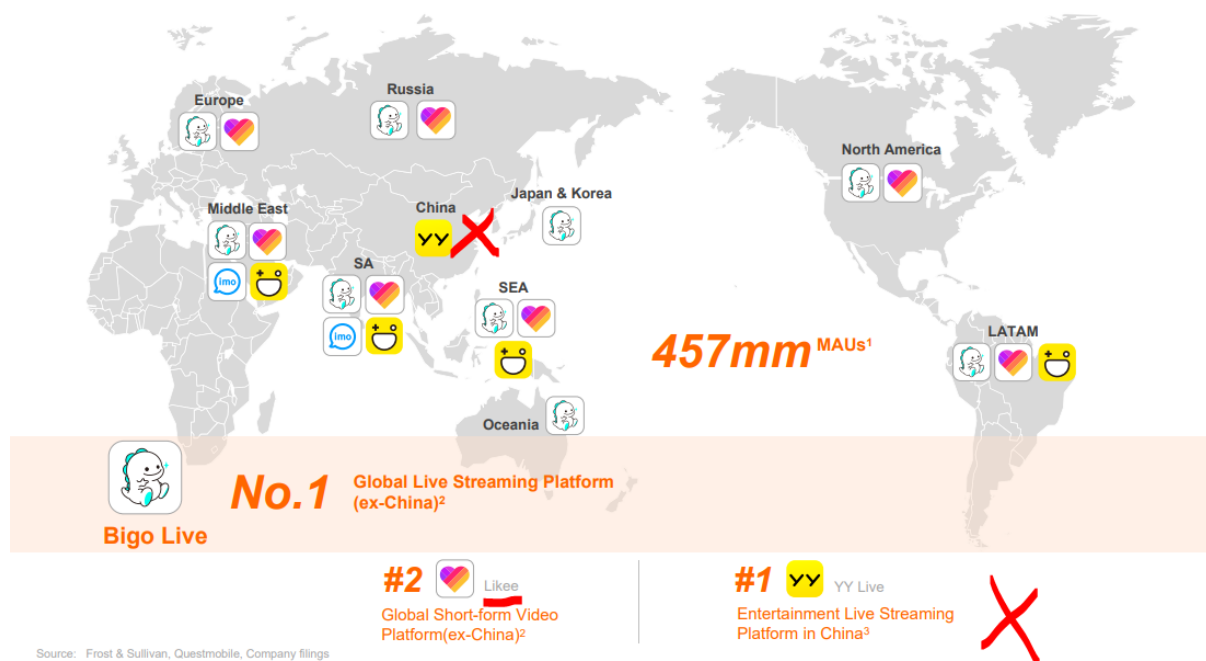
Price targets are one, but let's first discuss the business.

YY Stock Analysis - JOYY Business Overview - Bigo Live and Likee

JOYY is now a global streaming platform and not a Chinese one anymore as YY China has been sold to Baidu.

The truly global platform

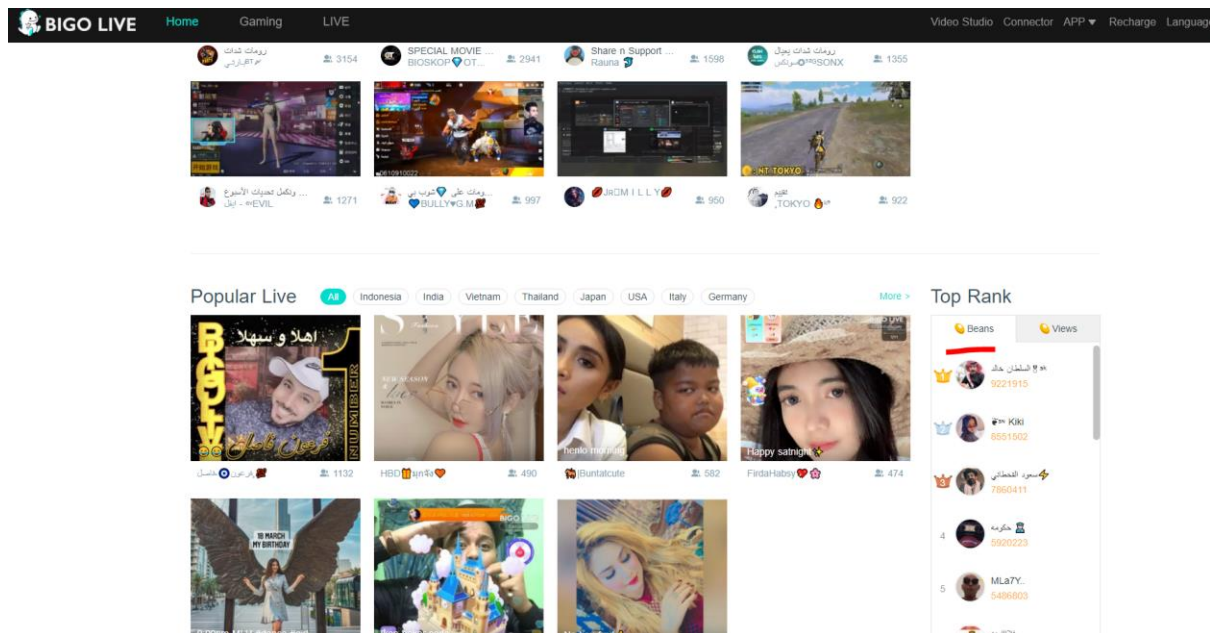
Joyy



JOYY stock analysis – Source: JOYY Investor relations

The two key platforms going forward are Bigo Live and Likee.

BIGO Live is a gaming/entertainment live stream platform.

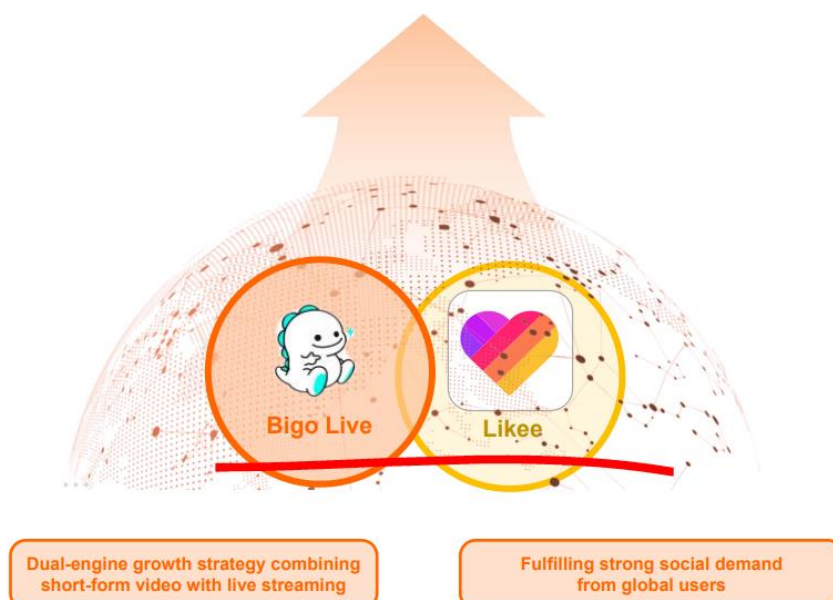


Bigo Live – Source: [BIGO](https://www.bigo.tv)

Average mobile MAUs of Likee are at 120.1 million according to what the company says.

Dual-engine strategy unleashing potential of huge market

JOYY

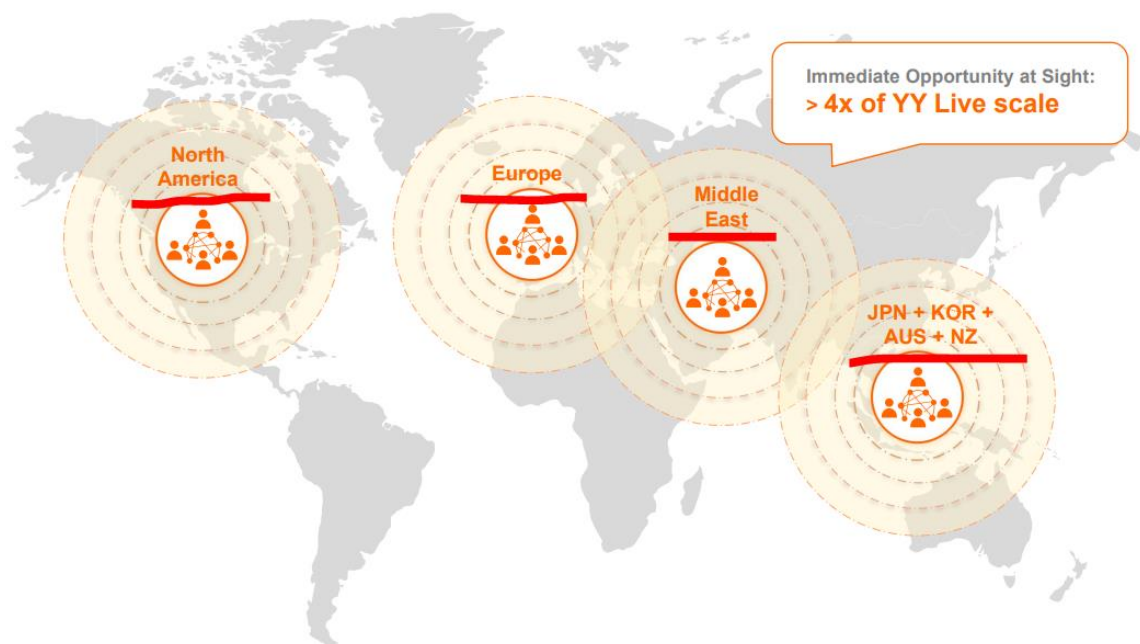


JOYY stock analysis, streaming platforms – Source: [JOYY Investor relations](https://investor.joy.com)

Their target is to achieve 4 times the scale they had with YY through Bigo Live by expanding in North America, Europe, South East Asia and the Middle East.

Bigo Live: the leading global live streaming platform

Joyy



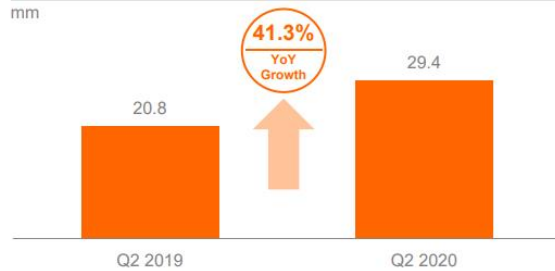
JOYY stock analysis, Bigo's target market – Source: [JOYY Investor relations](#)

Bigo Live is what they call their 'growth platform' but the number of users isn't staggering at 29.4 million in Q2 2020 and according to the [last earnings \(Q4 2020\)](#), actually declining to 28.7 million. This means that after the Covid-19 boom, the growth is not 'exponential' anymore and not even growth.

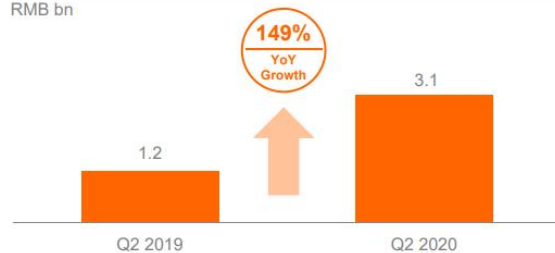
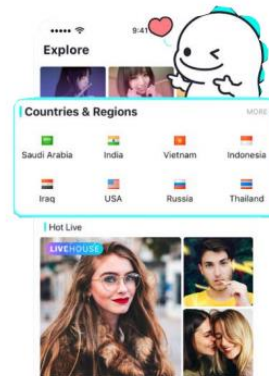
Bigo Live: exponential growth, deepening penetration in more markets

Joyy**MAU**

mm

**Revenue¹**

RMB bn

**Key Drivers****30+**

Regional operations centers

Extensive global presence

Strong localization capabilities

Source: Company filings

Notes: 1. Referring to the revenue generated from Bigo segment in 2Q20 from company filings.

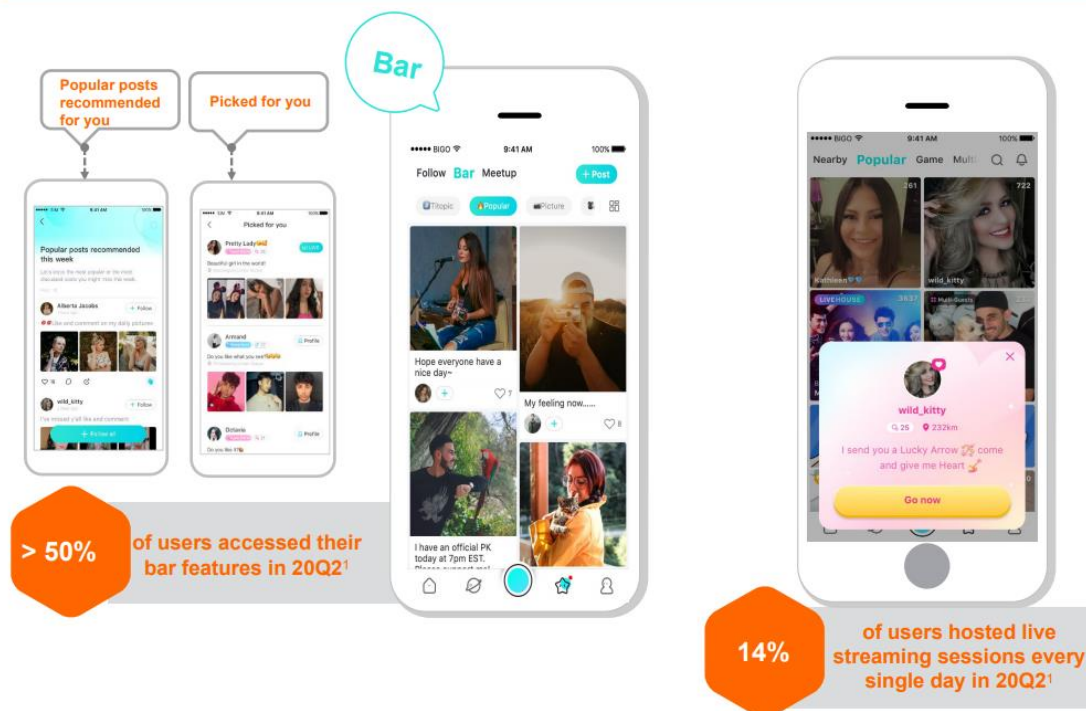
7

JOYY stock analysis, streaming platforms – Source: [JOYY Investor relations](https://investor.joyy.com/)

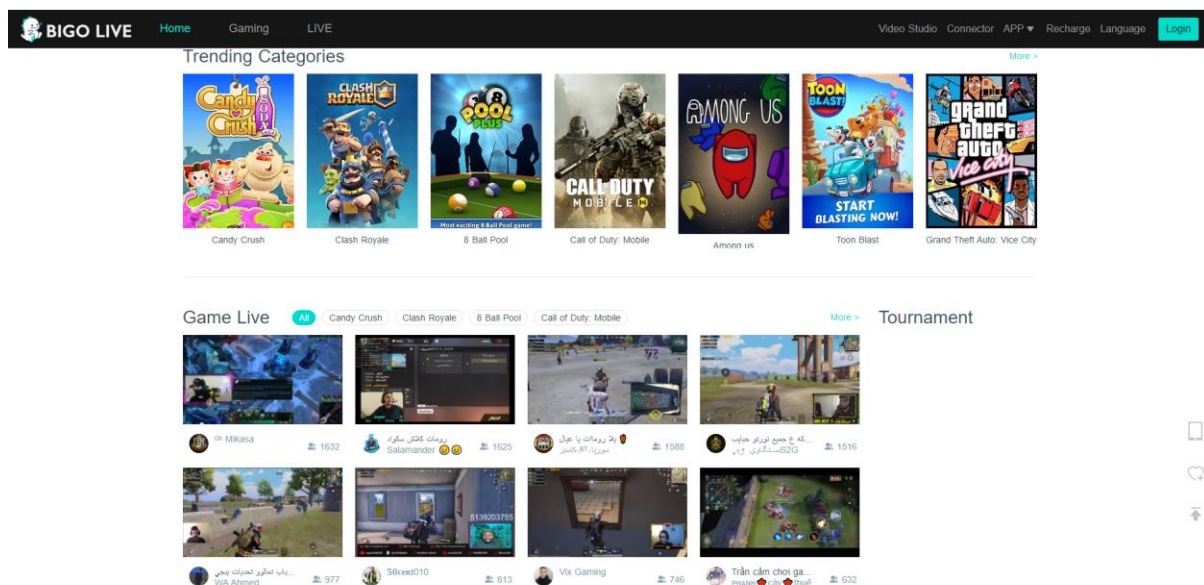
The average mobile MAUs of Hago decreased by 49.9% to 16.5 million from 33.0 million in the corresponding period of 2019 primarily due to the impact of the Indian government's measures to block Chinese-owned apps in its local market.

As they sold YY Live, they are now going global and thus competing with Facebook, TikTok, YouTube and other platforms. The main question I focus on as an investor are related to the differentiating factors and moats.

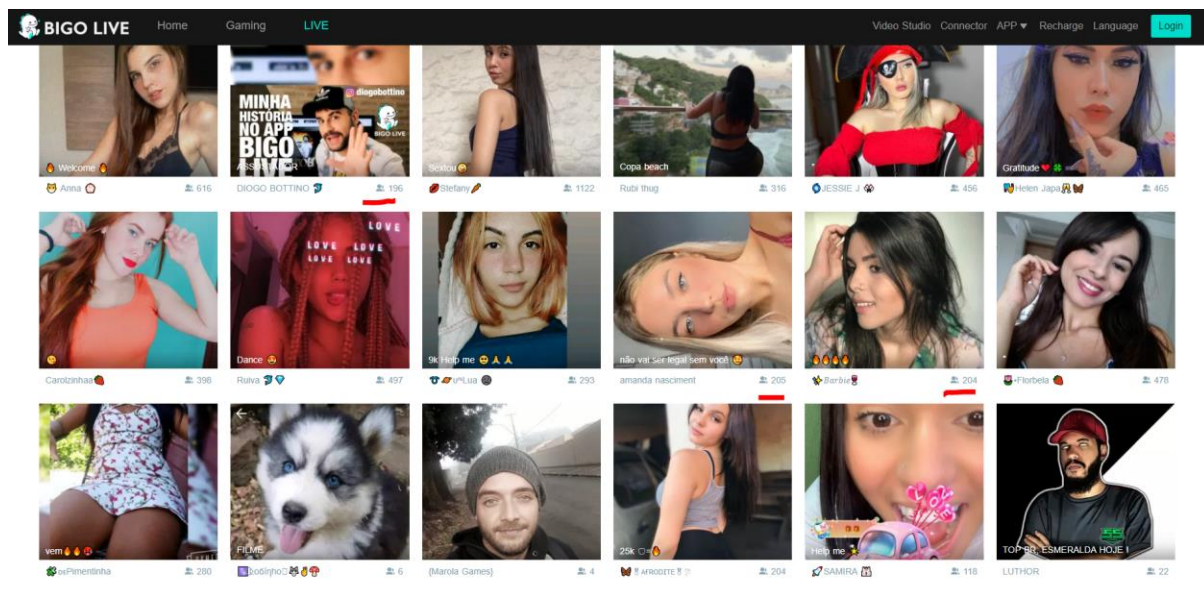
Bigo Live: more exciting social features and prevalent user participation

JOYYJOYY stock analysis – Bigo Live - Source: [JOYY Investor relations](#)

From a web search perspective Bigo seems like a gaming interactive platform and a dubious platform for girls collecting beans which is the currency broadcasters get paid with.

JOYY stock analysis – Bigo Live - Source: [BIGO TV](#)

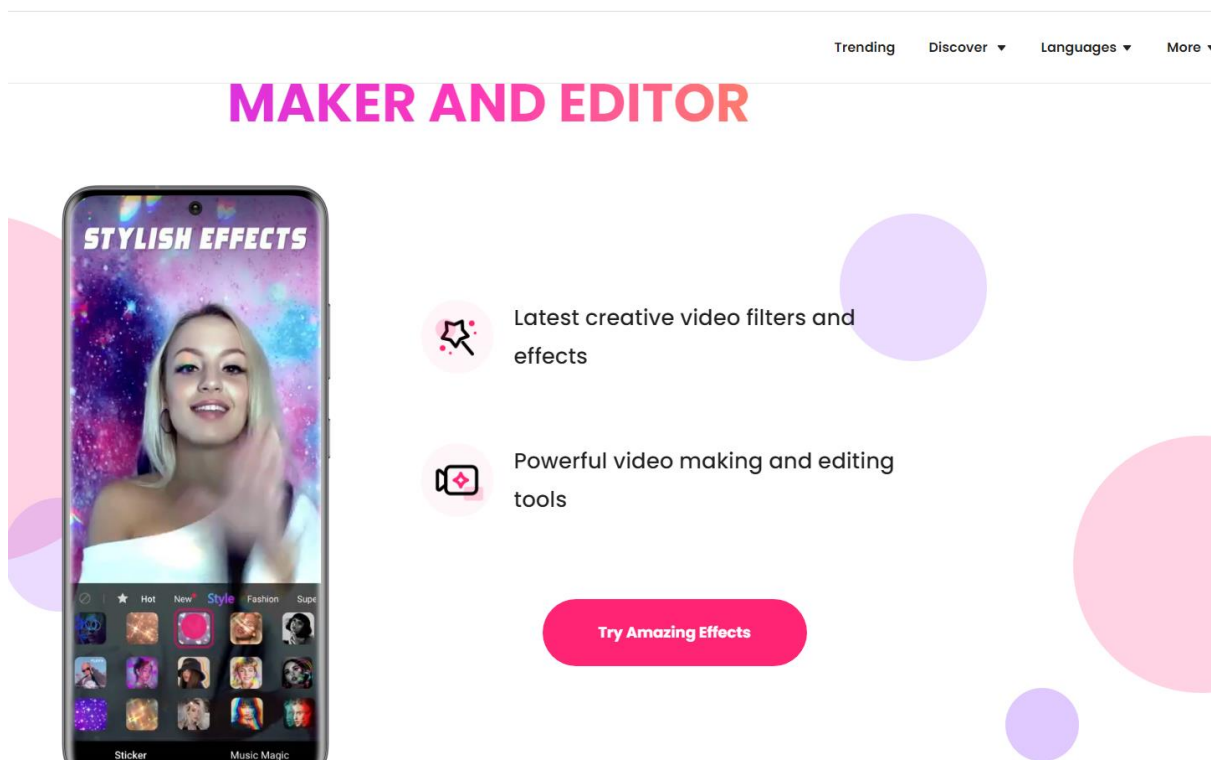
The live entertaining part of Bigo.



JOYY stock analysis – Bigo Live - Source: [BIGO TV](http://BIGO.TV)

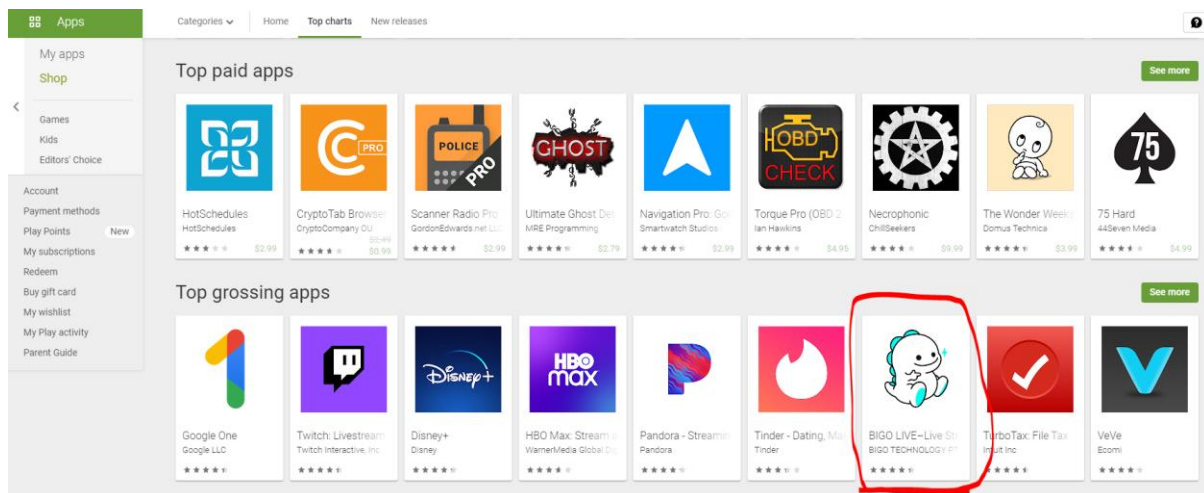
Of course, scantily clad girls will always attract a public, but if you look at the average number of views, the views and the number of performers area actually low and lower than 1,000.

Likee seems to be competing with Instagram or TikTok.



Likee platform – Source: Likee

What is positive about Bigo is its ranking on the Google Play. Bigo Live is the 7th global grossing app.



[Bigo Live grossing position on Google Play – Source: Google Play](#)

Also, the company's market reach seems working as if I just look globally, Bigo Live is the top grossing app in the US, second in Saudi Arabia, fifth in Australia and tenth in France.

Google Play Rankings

Top rankings

Rank	Country	Category	List
2	Saudi Arabia	Overall	Top Grossing
1	United States	Social	Top Grossing
2	Saudi Arabia	Applications	Top Grossing
9	Germany	Overall	Top Grossing
7	United States	Applications	Top Grossing
5	Australia	Overall	Top Grossing
5	Switzerland	Overall	Top Grossing
10	France	Overall	Top Grossing
6	Indonesia	Overall	Top Grossing
6	South Korea	Overall	Top Grossing

[Bigo Live grossing position on Google Play – Source: Google Play](#)

App Brain has Bigo as the sixth grossing app in Italy too.

Make your Android app more popular Advertise on Google Play with AppBrain app promotion [Check it out](#) x

AppBrain Search for apps or developers Dashboard Statistics Documentation [Sign up](#) [Log in](#)

Android Statistics > Google Play Ranking > Italy > Overall > Top Grossing Last updated: April 12, 2021

Google Play Ranking: The Top Grossing Overall in Italy

Track the rankings of your Android apps for free with AppBrain. The rankings are refreshed daily from Google Play.

CSV Top Grossing Italy Overall

Rank	App	Category	Rating	Installs	Recent
1	Disney+ by Disney	Entertainment	★★★★★ 4.3	100 M+	PREMIUM
2	DAZN: Live Sports Streaming by DAZN	Sports	★★★★★ 3.7	10 M+	PREMIUM
3	Google One by Google LLC	Productivity	★★★★★ 4.4	100 M+	PREMIUM
4	Twitch: Livestream Multi... by Twitch Interactive, Inc.	Entertainment	★★★★★ 4.4	100 M+	PREMIUM
5	Tinder - Dating, Make Frien... by Tinder	Lifestyle	★★★★★ 3.3	100 M+	PREMIUM
6	BIGO LIVE-Live Stream, Liv... by BIGO TECHNOLOGY PTE. LTD.	Social	★★★★★ 4.4	100 M+	PREMIUM
7	TikTok by TikTok Pte. Ltd.	Social	★★★★★ 4.5	1 B+	PREMIUM
8	iDates - Chat, Flirt with Sing... by Boranu Online B.V	Dating	★★★★★ 4.2	5 M+	PREMIUM

Corriere della Sera DE

[Bigo Live – Source: AppBrain](#)

The app Likee has more than 500 million downloads on Google and more than 10 million very positive reviews.

Google Play Search

Apps Categories Home Top charts New releases

My apps Shop Games Kids Editors' Choice Account Payment methods Play Points New My subscriptions Redeem Buy gift card My wishlist My Play activity Parent Guide

Likee - Let You Shine

LIKEME PTE.LTD. Video Players & Editors ★★★★★ 10,389,777

Teen

Offers in-app purchases You don't have any devices

Add to Wishlist Install

Stylish Exclusive effects make your video stand out

Create Edit your life into a blockbuster

Customize Define your own video styles

LIVE Put your Super fan to test

[Likee – Source: Google Play](#)

The company also reported Likee has more than 140 million active monthly users at the end of 2020.

So, it looks all great, the cash is coming, the apps are growing fast and therefore thanks to that the stock should be a bargain.

YY stock likely fraud perspective

I wanted to see whether the numbers showed by the company and on Google ranking are correct or perhaps manipulated. My findings indicate that a lot of the numbers above are fabricated in one way or another. I am not saying it is fraud because you are allowed to use bots to entice real users to more engagement, but it is a shady practice and it should actually be banned. Using advertising to rank better on Google is also something not illegal, but investors should know about the source of the growth. From an investing perspective, the business model is not sustainable and actually worthless. Let's start with the real look at YY.

1) Nobody knows about Bigo in the US or Europe but the app is the top grossing app? Something is wrong there.

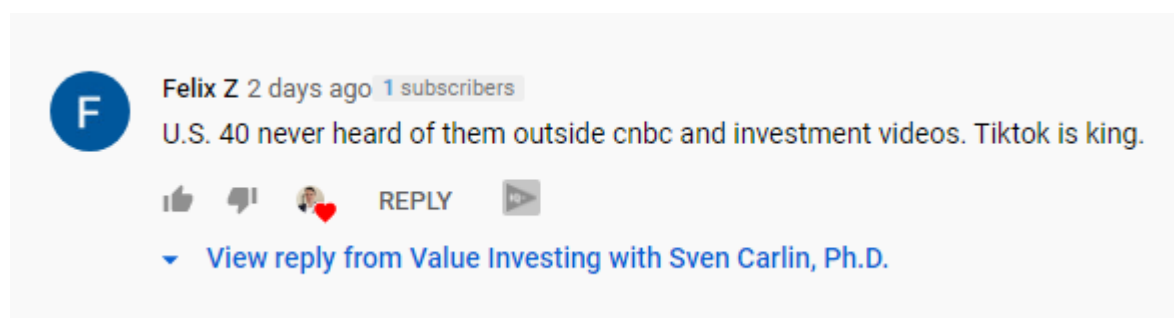
I have made an introductory video discussing YY and shared the bullish thesis the investment banks analysis have while also discussing the bearish thesis from Muddy Waters. I have asked my viewers to comment or send me insights into the business and their knowledge about it.

The video was published on Sunday 11th of April 2021 and by the time of writing this, the 13th of April, the video had 17,000 views and 520 comments.



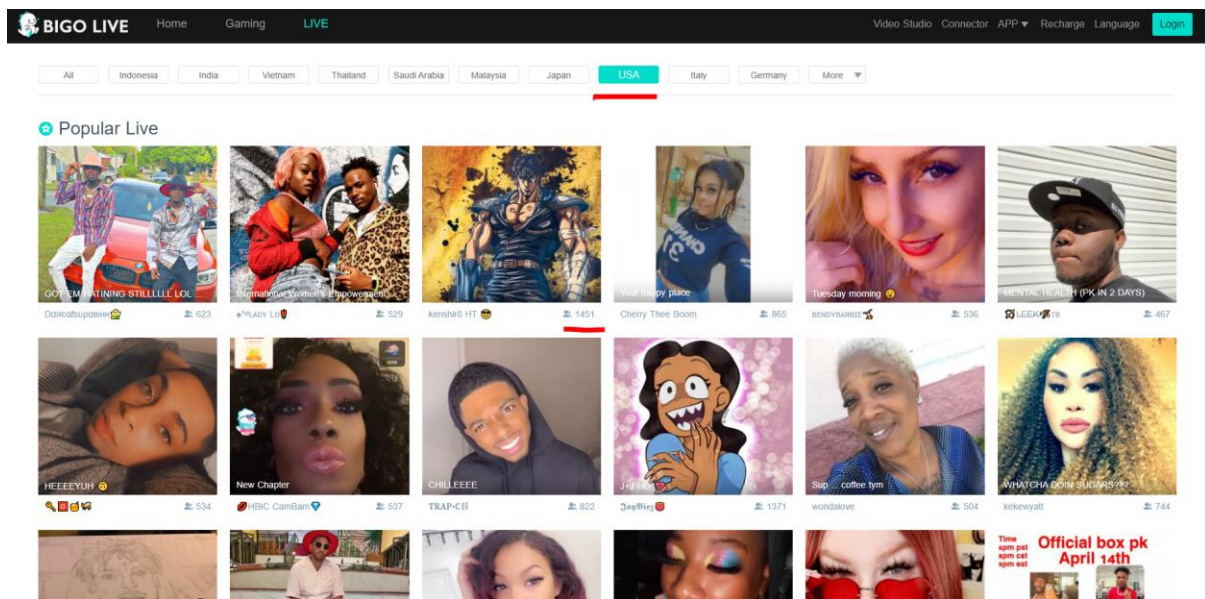
[YY stock analysis video 1 by Sven Carlin](#)

Of those comments, none from US or Italian users ever heard of Bigo or Likee. Here is just one example. You can check the comments in my video for yourself, nobody from the US or Europe had anyone that knows the app.



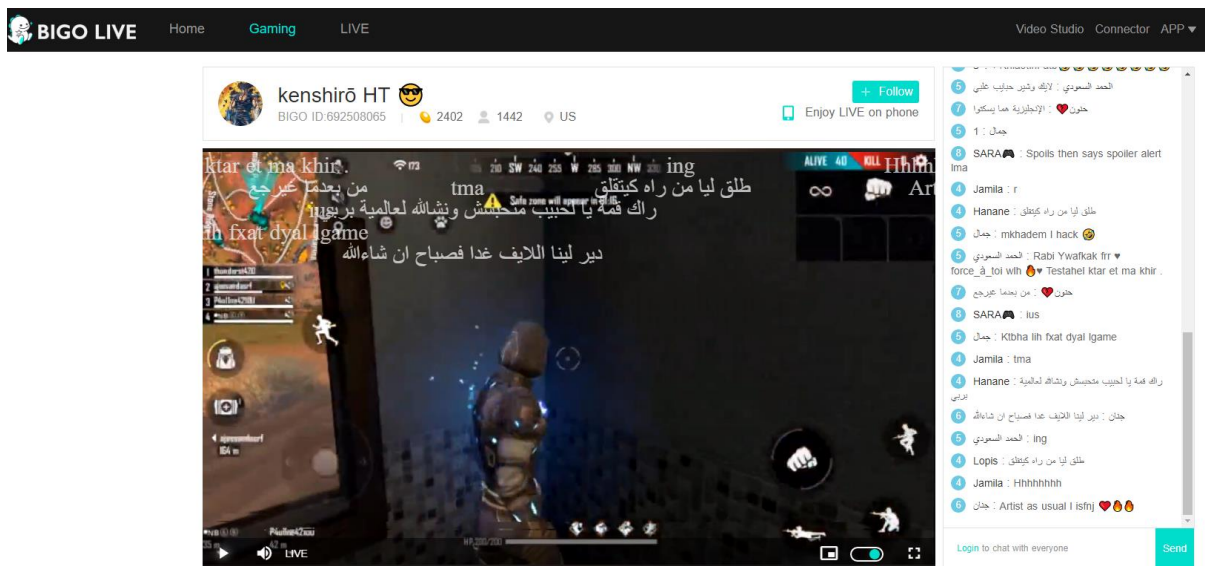
[YY stock analysis video 1 by Sven Carlin](#)

Further, I went onto the Bigo Live site for the US and found the following:



Source: Bigo Live USA – Snip made on 13 April 2021 15:00 ET

On Bigo Live USA there was a total of 24 broadcasters that a number of viewers between 100 and 1,500 and only Kenshiro had more than 1,000 views. Further, when I checked Kenshiro's channel, none of the language was English.

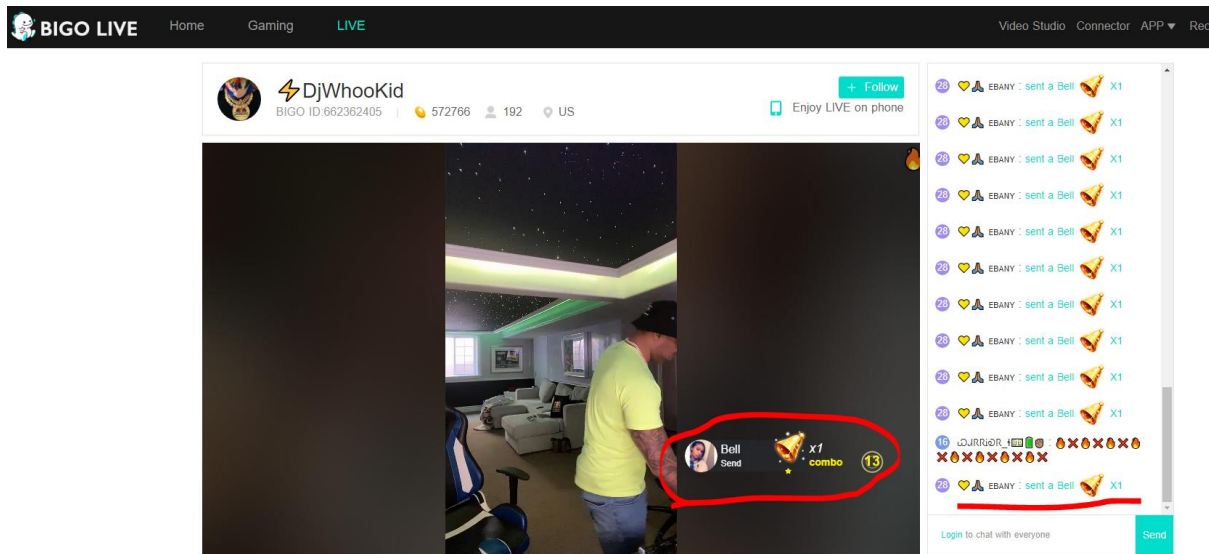


Source: [Bigo TV](https://www.bigo.tv)

So, for Bigo TV, I am looking at the sixth top grossing app in the US, but the total number of live views streamers allegedly in the US have around 15:00 Eastern Time is less than 24,000. Plus, the top US streamer is not from the US and most of the comments are in a writing I don't understand.

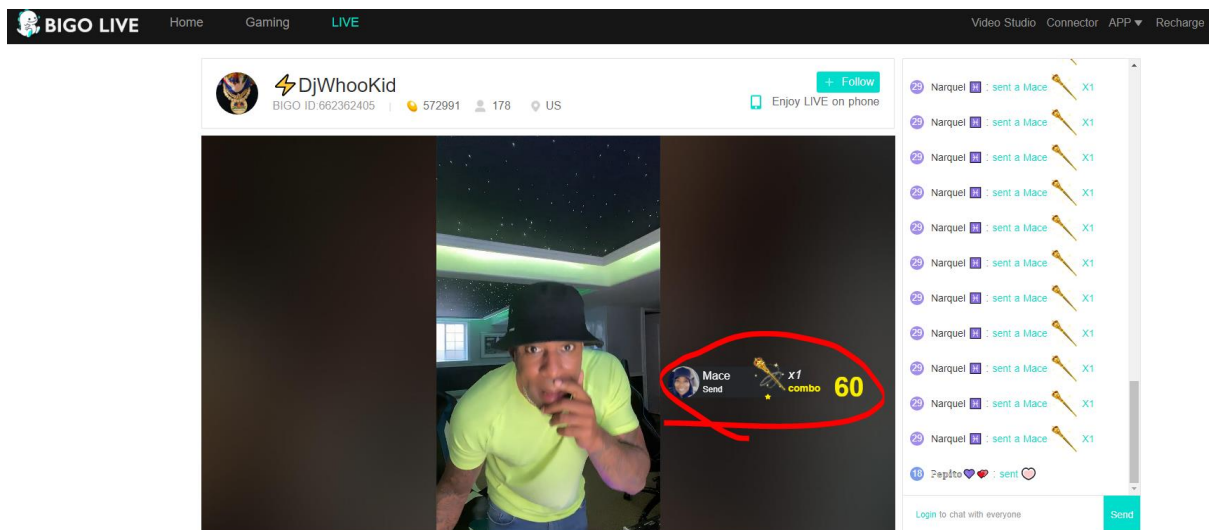
Then I checked DJWooKid and with just 192 live viewers, in the 15 seconds I managed to force myself to do research on what is going on with DJWooKid, he got a ton of comments

and a ton of gifts from various people. The amount of beans (currency within Bigo) he received was just going up and up while I was watching.



Source: BIGO TV

Just 30 seconds later, more gifts and the number of beans received automatically increased at staggering speed.



Source: BIGO TV

After looking at the above, and I urge you to test it yourself if you don't trust me, my assumption is that most of the traffic is fabricated through bots in a push to make the app popular globally. Thus, as it is common with apps that have gifting incorporated, the app itself creates gifts to incentivize real viewers, if there are any, to gift. If the company counts these fake gifts or the gifts that performers have to give to other performers thanks to their contracts, the also the financials are fabricated and Muddy Waters is correct. I suggest you

spend 15 minutes on your country's Bigo, I am sure you will agree with Muddy Waters on the value of Bigo's business.

Thus, I would argue that Bigo Live's top grossing position on Google play is mostly fabricated by bots creating fake revenues. I cannot figure how can a live app with maybe 20,000 live views, of which we don't know the share of real views, with terrible content, be among the top grossing apps in the US.

I checked the same for Italy, nobody of my Italian viewers ever heard of it but the app is the 6th grossing in Italy.

Comments on a video by Value Investing with Sven Carlin, Ph.D.:

- Riccardo Paolini** • 19 hours ago
Italy - 21 - never heard of Bigo
REPLY 1 reply 1 like
- Walt Kowalski** • 19 hours ago
Italy - Rome. I'm 45 and I never heard this app. I have asked to my sons (13 and 15) and never them know Bigo. The app more common is twitch.
REPLY 1 reply 4 likes
- Antonio Alejandro Gzz Castillo** • 19 hours ago
Never Here of it. Im from México 🇲🇪
REPLY 1 reply 1 like

Each comment is followed by a reply from "Value Investing with Sven Carlin, Ph.D." saying "grazie!" (thank you!).

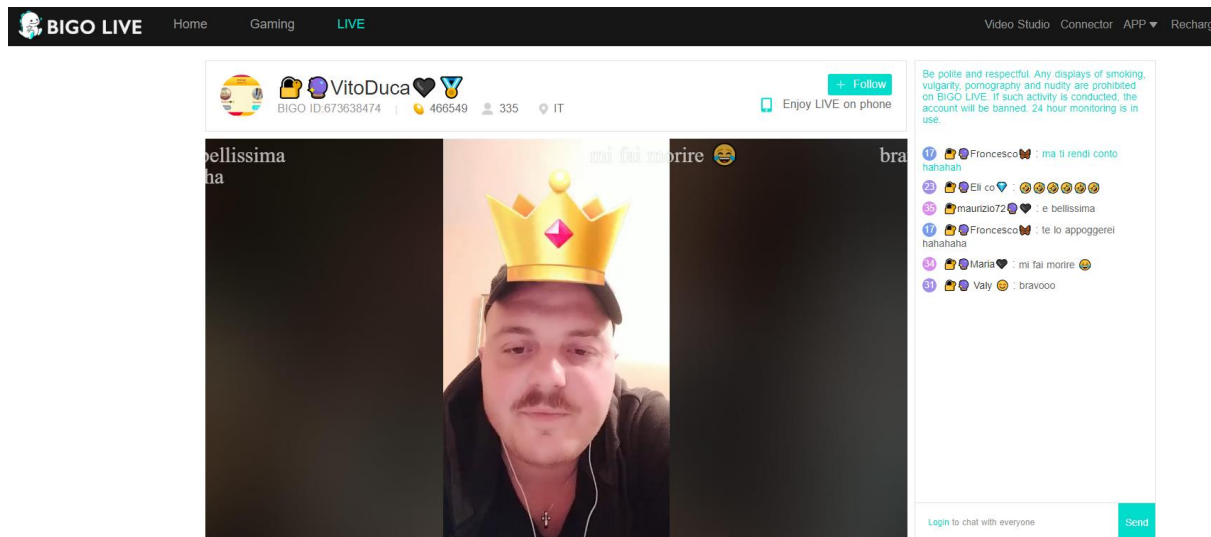
[YY stock analysis video 1 by Sven Carlin](#)

I have checked Bigo Live for Italy at 21:30 CET, which is prime time in Italy, and the situation is even worse than in the US. The number of channels live was similar, 24, but the maximum number of views for a channel was 366.

The screenshot shows the Bigo Live app interface. At the top, there's a navigation bar with "Home", "Gaming", and "LIVE" tabs. Below the navigation bar, there's a list of countries to filter by: All, Indonesia, India, Vietnam, Thailand, Saudi Arabia, Malaysia, Japan, USA, Italy (selected), Germany, and More. The main content area displays a grid of 24 live streaming channels. Each channel shows a thumbnail image, the channel name, and the number of viewers. The channels are arranged in three rows of eight. The first row includes channels like "Jamal El aboudi", "08:30 pm (Round 1)", "siamo alla frutta", "LOX il ZONA", "Re Scorpion", and "Lady_eleni". The second row includes "holaaa", "Chapoo", "Ruffoni", "international pk tale - 9:20 - 9:30 in 8", "Kata Sana", and "Lady Crea". The third row includes "BE DRACULA", "09:10 pm (Round 1)", and several other channels.

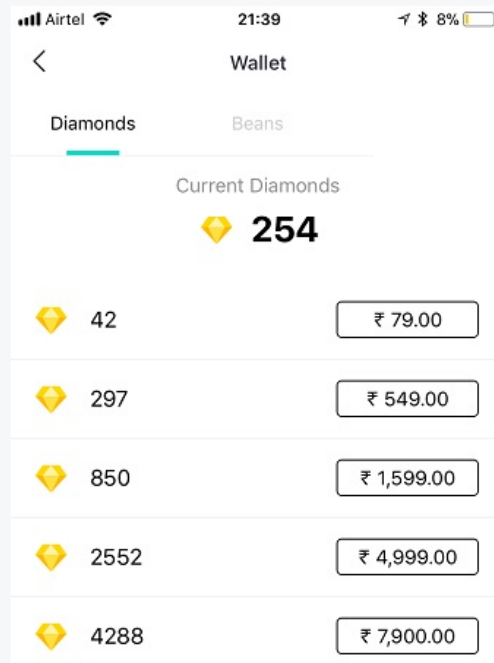
Source: Bigo

I checked the performer with the maximum number of live views and he was even interrupted by his grandmother while streaming. A little bit later, he and other performers were discussing how many gifts they gave to each other and whether they have reached their targets. The most ridiculous conversation I ever listened to but it showed me how the grossing data for Bigo is likely fabricated through a gifting loop broadcasters must adhere too.



From my research it seems that anyone who is live on Bigo gets a lot of gifts, which means it is all through bots or the company is actually paying people to be live. Secondly, I haven't seen the contracts, but it seems performers are forced to pay others to create a circle of payments that is likely what makes Bigo a top grossing app. I have found here a good [article discussing](#) how the Bigo financial ecosystem works.

Monetization is Bigo live is driven by the purchase of Diamonds, its Hard Currency. The store looks like this: (I have a balance of 254 diamonds).



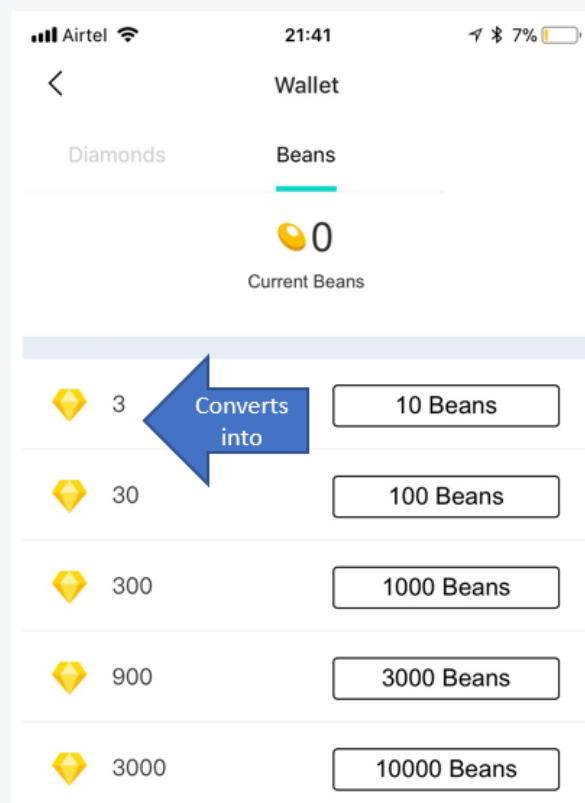
Diamonds enable viewers to buy gifts for broadcasters. Say a gift worth 100 diamonds is given to a broadcaster, he/she would receive 100 **beans**. *It is a 1 for 1 transaction* and the diamonds are turned into Beans. The 100 Beans can be withdrawn into USD

Source: [Akash](#)

Some quick math:

- Lets assume I spent \$100 in the app
- This got me about 3402 diamonds
- I gave gifts and all my 3402 diamonds turned into 3402 Beans
- The broadcaster withdrew this and got \$16 (210 beans = \$1)
- So from the \$100, the broadcaster made 16%, the platform took its 30% cut and **Bigo nets 54%**

Now it gets even better. Bigo has figured out how to increase this 54% figure.
The next screen should give you a clue



Broadcasters then can use again the currency to purchase vip status and further increase Bigo's revenues.

	VIP tier 1	VIP tier 2	VIP tier 3
Cost to Buy (diamonds)	49000	19000	3000
Cost to Renew (diamonds)	19600	7600	1200

Source: [Akash](#)

The following picture summarized Bigo's initial loop that allows it to be the top grossing app.



Source: [Akash](#)

Apart from the above way of inflating grossing revenues, the next step is advertising in order to reach a high Google download ranking.

2) Bigo is pumping numbers by paid social advertisement in cheap advertising countries

According to Mobile Action, Bigo is among the top advertisers in the world. The revenue loop explains the grossing rankings the advertising explains the download rankings. The usage here doesn't really matter as long as numbers can be fabricated.

AD INTELLIGENCE - TOP ADVERTISERS

Please select a segment Save as...

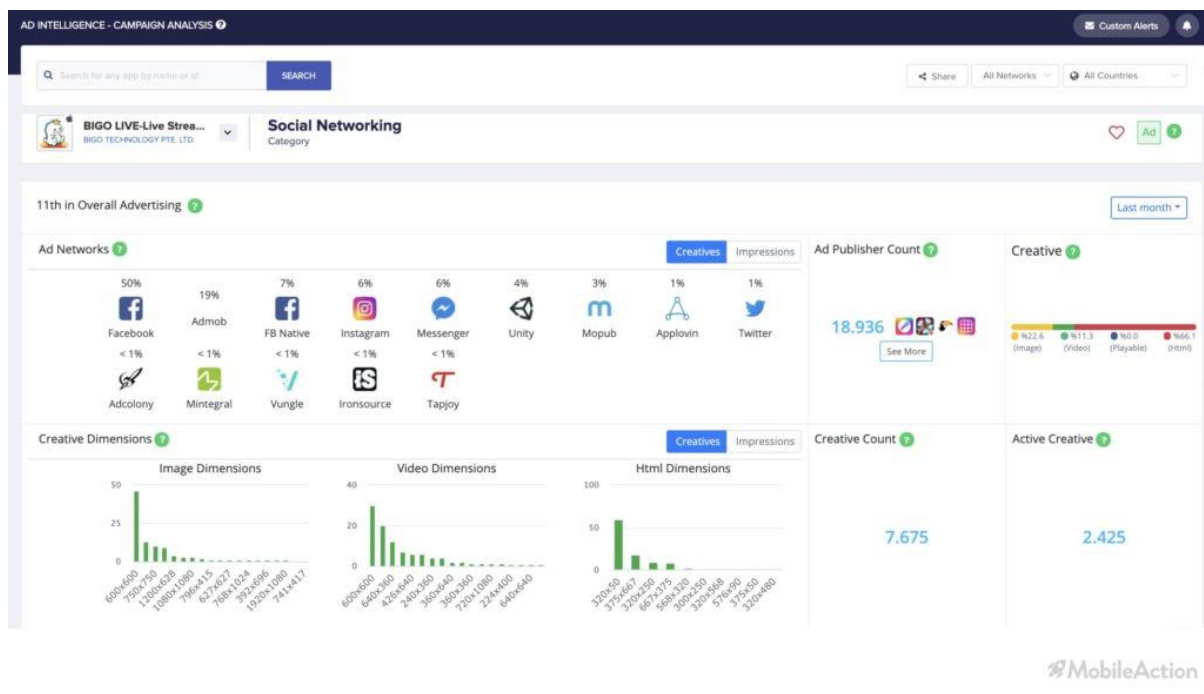
Last week 1 items filtered Export as csv

#	Icon	App Name	Type	App Publisher	Ad Networks	Category	Unique Creatives	Impression Score
1st		Toon Blast	AD	Peak Games	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	879	721.834
2nd		Homescapes	AD	Playrix	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	1069	638.151
3rd		Fishdom	AD	Playrix	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	764	477.274
4th		Gardenscapes	AD	Playrix	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	1224	460.653
5th		Toy Blast	AD	Peak Games	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	701	390.371
6th		Word Collect: Word Games	AD	Super Lucky Games LLC	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	278	352.732
7th		Happy Color - Color by Number	AD	X-Flow	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	316	344.320
8th		Solitaire Cube: Card Game	AD	Tether Studios	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	560	333.173
9th		Blackout Bingo	AD	Big Run Studios Inc.	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	563	312.925
10th		Top War: Battle Game	AD	Topwar Studio	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	1057	310.021
11th		BIGO LIVE-Live Stream, Go Live	AD	BIGO TECHNOLOGY PTE. LTD.	Facebook, YouTube, AdMob, IronSource, Tapjoy	Social Networking	2715	306.212
12th		Lords Mobile: Kingdom Wars	AD	IGG.COM	Facebook, YouTube, AdMob, IronSource, Tapjoy	Games	815	304.261

MobileAction


Bigo's global advertising ranking – Source: Mobile action

Bigo is spending money to advertise on 19,000 apps. Given the terrible quality of the app and content, they will have to constantly spend more on advertising to keep their numbers and rankings up. Not something sustainable at all in my opinion.



Bigo's global advertising ranking – Source: Mobile action


The only geography that I have had more than one viewer say they heard about Bigo was Saudi Arabia but they said they heard about it only through advertising.



Alhobab Khalawi • 20 hours ago

Bigo is widely used in Saudi Arabia, also I have seen their advertisements in YouTube more than here in my garage 😊


REPLY 1 reply



Value Investing with Sven Carlin, Ph.D. • 1 second ago


finally one positive about them - but it is growth through advertisements, not organic - thus we don't know if sustainable business model!

REPLY



JOYY
Stock price: \$1.00 (NASDAQ)
NASDAQ: JOYY
Target \$160


YY Stock To Buy (Nasdaq: YY) JOYY - Growing Streaming App With Cash ...



Mahmoud Alsaif • 7 hours ago

31 year old from Saudi Arabia (supposed target market for this company). I checked with several 20-30 year olds as well. Most of us have seen mobile ads for these apps but none of us have used them and don't know much about them.


REPLY 1 reply



Value Investing with Sven Carlin, Ph.D. • 1 second ago


thanks for sharing, really helpful!

REPLY



JOYY
Stock price: \$1.00 (NASDAQ)
NASDAQ: JOYY
Target \$160


YY Stock To Buy (Nasdaq: YY) JOYY - Growing Streaming App With Cash ...



Moath Alzahrani • 1 day ago

I am from saudi I know few friends who have bigo but it is not that famous. In Saudi the most famous live are on instagram where people will watch celebrities make live.


REPLY 1 reply



Value Investing with Sven Carlin, Ph.D. • 1 second ago


thanks!!!! Really helpful!

REPLY



JOYY
Stock price: \$1.00 (NASDAQ)
NASDAQ: JOYY
Target \$160


YY Stock To Buy (Nasdaq: YY) JOYY - Growing Streaming App With Cash ...



Bahaa Al-Deen Mohammed • 1 day ago

33 years old living in Saudi Arabia,
The like app appears alot as an advertisement in my games and feed, they had an ad in one of my games and downloaded it, many young people in there i would understand why it might grow in the future since it reminds me alot of tik tok


REPLY 1 reply



Value Investing with Sven Carlin, Ph.D. • 1 second ago

thanks for sharing!

REPLY

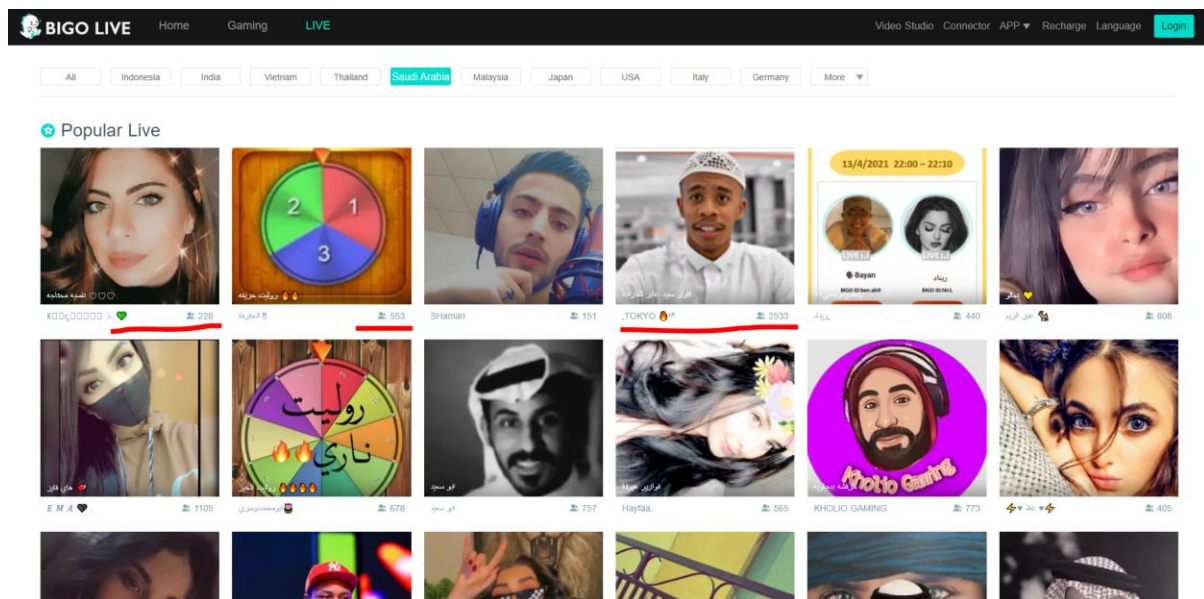


JOYY
Stock price: \$1.00 (NASDAQ)
NASDAQ: JOYY
Target \$160

YY Stock To Buy (Nasdaq: YY) JOYY - Growing Streaming App With Cash ...

The key here is that in Saudi Arabia Bigo grows through advertising. If the advertising stops, it is likely the app will simply disappear because it can't compete with real apps like TikTok, Facebook, Twitch.

I have checked Saudi Arabia and the number of channels is 10 times the number in Italy or the US, but the number of live viewers is very low, approximately 100 per channel. What is interesting is that the views are distributed unanimously across channels which is something I find very hard to believe is real.

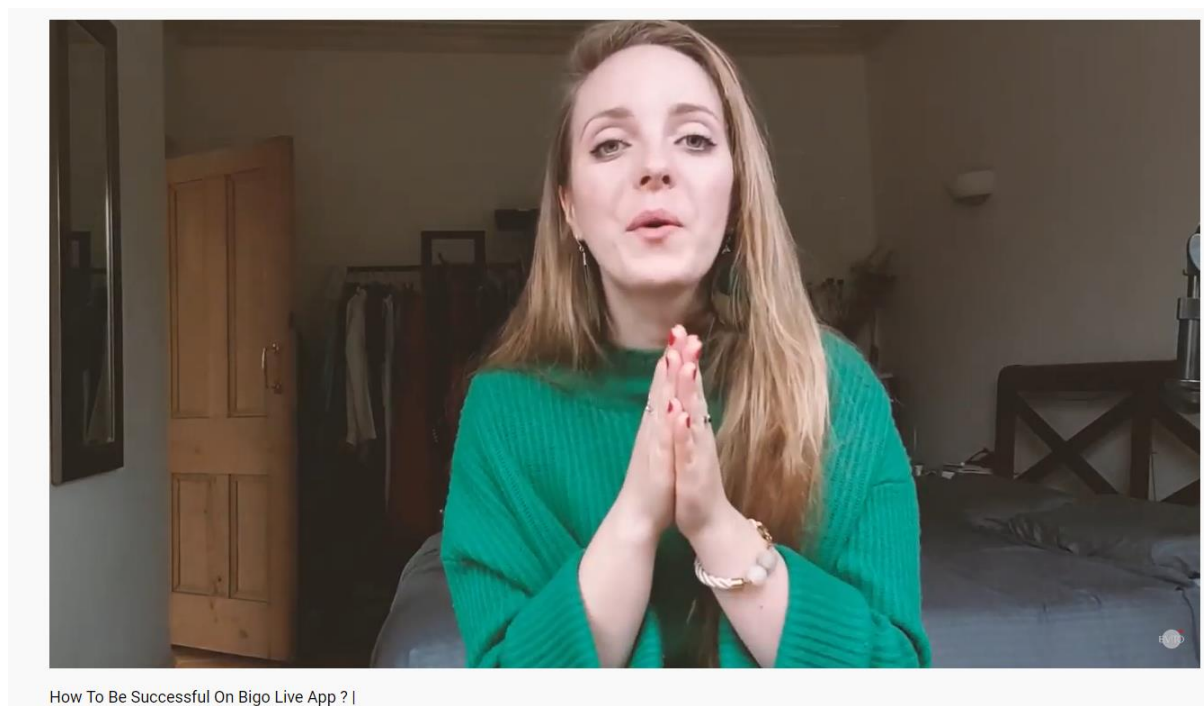


All the channels that you check, constantly receive gifts from various people, even if the number of people watching is low.

After spending half an hour looking at Bigo TV, I am concluding it is impossible this is an app that would genuinely rank anywhere on Google. The content is terrible, the traffic is likely created by bots and the company is probably financing it all.

3) I haven't found a clear contract with Bigo available online for broadcasters

I have found one video on [YT explaining](#) how to be successful on Bigo and it says how you need to have an agency that pays you if you want to properly work for Bigo. So, Bigo is financing the agencies that consequently finance the performers, by setting an intermediary in between, Bigo isn't related to what is going on.



How [to be successful on BIGO TV](#).

If you go look at the reviews of the app, you will find some patterns (praise, issue, praise) within them which again suggest even the reviews are written by bots or paid by agencies.

The screenshot shows the Appgrooves website interface. On the left sidebar, there are sections for 'Age Rating' (Teen), 'In-App Purchases' (Yes), and 'Developer Contact' with a 'SEE ALL INFORMATION' button. Below this is a 'Popular Coupons By Category' section with filters for Shopping, Food & Drink, and Travel & more. It lists several coupons: 66% Off on Sam's Club Membership Packages, 20% Off on Walgreens All Contacts from Walgreens, \$15 Credit on Amazon New Amazon Gift Card Buyers, \$12 Off on GrubHub For New Grubhub Customers, and 20% Off on Walgreens Pickup Orders from Walgreens. The main content area features the 'Likee - Let You Shine' app page. It includes a 'Share' button, a 'Save' button, and download links for Google Play and the App Store. The app has 10.8M+ ratings and a 1-star rating. The 'Write a Review' section shows three reviews. The first review, dated Dec 13, 2019, by user T1506441, gives 5 stars and praises the app's content. The second review, dated Jul 5, 2019, by user TurboMa5ter, gives 5 stars and mentions the app's design and levels. The third review, dated Mar 29, 2021, by user Muhammad ikram khan, gives 5 stars and mentions the app's popularity and security concerns. The bottom banner shows '6 Free Coupons For You'.

Source: [Appgrooves](#), Likee review

Mar 24, 2021



By B. Spring911

Having Great time learning the ropes,I have had a few challenges along the way but nothing too crazy that wasn't able to be rectified really quick the app is very user friendly it's seen worldwide and it seems to be easy to grasp a following or a foothold as long as you have content that people would like to watch enjoy be funny serious dramatic whatever the case may be there is something for everybody within the confines of likey so come join the lucky family they'll be happy to have you,

Fksjfjsjcsjxj

Jul 22, 2020



By Why did i get this game olivia

I loveeee the app!!! It's so fun and you can make so many creative videos!! But this is what I hate, bots (I hate them mostly because half of my likes and comments are bots and it's SO annoying), toxic ness (mostly I see someone do a video and all the comments are "ewwww" "fatty" and I get SO mad at that like DUDE and I especially hate how you can get banned from going live for NO reason one time I went live and I was playing roblox then I got banned for NO REASON &0 Here's what you should add!! A green screen (i know that you can do that in 4D magic but it takes

Mar 26, 2021



By Angela Richardson

This app is really fun to be on and it's really easy to make videos. Takes a bit to figure out how to do some things on it but after u had it for a while it's easy to use. Should make it so anyone can go live and more edit options. But, other then that it's still 5 stars.

It's a awesome app!! ❤️

Oct 9, 2020



By hisser17

So I have been doing Likee for about two weeks now I would say, and it's great!! Even though I'm only nine I still think that this is great! The fact that you can make a private account just in case is great because or else my parents would make me delete this app. I think that there is some things that could improve like the recording when I record I tap on the recording button and it just flashes and does not start recording and then all the progress I had made before on the video

About Likee Sep 29, 2020

★★★★★ By Brianna 🍷🍷

Hey likee users I love this app so much it's even better than tictok you guys have changed my life a lot when I new tictok was getting taken down I was like sad and this ad came on and I watched itAnd I was like this is just like TickTock and I got on there and made my first videos like this is some like good like I love it but now I am are used to be like a TikTok fan but now I'm like a Likee fan but it's the best thing I get it you could ever done to meThere's a Likee app I'm on Likee right now isn't it crazy like he's even better than a TikTok but TickTock like it won't let me get into it like

Apr 6, 2021

★★★★★ By Nicole Phanish

This app is amazing I love it I think a lot of people should get the app I don't see anything wrong except for the fact that it may lag just a tiny bit but I think it's just my internet so yeah the app is really good

Mar 28, 2021

★★★★★ By Imani McCreath

I love it but there is a problem the language is not in English so i don't know what there saying ok so change it so the other people can understand in there own language ok .and those who are reading this download today ok .I LOVE THIS APP AND U WILL TOO .

Likee reviews – Source: Google

Applyzer shows where Bigo is most popular with downloaded apps too, but it is so in countries like Cambodia, Vietnam, Nigeria, Algeria, Pakistan, Malaysia et.

Country		Top Apps	Social/Networking	Top Overall
Cambodia	📈 +4	47	6	60
Vietnam	📉 -1	65	6	78
Italy	📈 +574	69	41	89
Nigeria	📈 +11	71	13	75
Algeria	📈 +21	74	10	100
Pakistan	📈 +5	77	9	89
Malaysia	📈 +2	80	10	87
St. Vincent and The Grenadines	📈 +839	95	65	170
Laos	📈 +9	96	13	121
Thailand	📈 +3	99	11	119
Nepal	📈 +29	105	11	125
Saudi Arabia	📈 +4	106	13	126
Jordan	📉 -6	110	16	137
Philippines	📈 +2	116	16	143
Brunei	📈 +307	120	12	170
Uzbekistan	📈 +22	123	13	174
Niger	📈 +198	128	9	169
Indonesia	📈 +3	134	13	148
Egypt	📈 +14	135	16	184
Turks and Caicos	📈 +248	136	16	212

Bigo appl ranking - Source: [Applyzer](https://www.applyzer.com/)

The thing is that advertising on social media in the above countries is extremely cheap and you can get a lot of downloads. The downloads lead to a high ranking on google which makes

good numbers, the sponsored or fake traffic adds to it and analysts that likely never checked the app, are excited which leads to high stock price targets. This is how a scam is made in these days, nothing illegal but, all you need to do to believe it is not creating value for shareholders is to check the app and the live performances on Bigo.

When starting to look at the YY stock investment thesis I have also summarized the financials and sum of parts valuations that the investment banks analysts made alongside Muddy's report. You can find that below but my conclusion is that the value of YY, is likely to be the net cash you are going to receive through dividends when they get the money from Baidu and that is it. We will see how much will that be, but certainly not \$8 billion, so the most likely outcome for YY stock is that it is going down. Of course, if bots aren't the ones inflating the price too.

Before considering YY stock, please check the Bigo app so that when the stock crashes you don't ask yourself 'why why' have you invested in YY stock.

[JOYY stock analysis – financials](#)

JOYY has a lot of cash on the balance sheet which makes it a value investment with 23.5 billion RMB or \$3.69 billion in cash.

BALANCE SHEET AND CASH

As of December 31, 2020, the Company had cash and cash equivalents, restricted cash and cash equivalents, short-term deposits, restricted short-term deposits and short-term investments of RMB23,503.6 million (US\$3,602.1 million).

SHARES OUTSTANDING

As of December 31, 2020, the Company had a total of 1,598.9 million common shares, or the equivalent of 79.9 million ADSs, outstanding.

JOYY stock analysis – cash position - Source: [2020 Earnings report](#)

However, most of the cash there emerged after share issuances and other financial transactions as Tencent exercised its options to buy Huya.

In 2019, compared to 2018, short term deposits and short term investments increased by 14 billion RMB. Goodwill increased by 13 billion RMB while total liabilities increased by 9.5 billion RMB.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2019
(All amounts in thousands, except share, ADS, per share and per ADS data)

	As of December 31,		
	2018	2019	2019
	RMB	RMB	US\$
			(Note 2(e))
Assets			
Current assets			
Cash and cash equivalents	6,004,231	3,893,538	559,272
Restricted cash and cash equivalents	—	4,892	703
Short-term deposits	7,326,996	16,770,885	2,408,987
Restricted short-term deposits	—	653,014	93,802
Short-term investments	979,053	5,622,189	807,577
Accounts receivable, net	196,428	762,018	109,457
Amounts due from related parties	193,559	17,262	2,480
Financing receivables, net	768,343	105,344	15,132
Prepayments and other current assets	1,015,010	970,807	139,447
Total current assets	16,489,629	28,799,969	4,136,857
Non-current assets			
Long-term deposits	1,000,000	—	—
Deferred tax assets	70,834	127,635	18,334
Investments	4,591,524	2,362,907	339,410
Property and equipment, net	1,296,319	2,256,360	324,086
Land use rights, net	1,784,639	1,736,544	249,439
Intangible assets, net	74,685	3,179,863	456,759
Right-of-use assets, net	—	275,607	39,588
Goodwill	11,763	12,947,192	1,859,748
Financing receivables, net	224,793	129,380	18,584
Other non-current assets	223,859	394,026	56,598
Total non-current assets	9,276,416	23,409,514	3,362,566
Total assets	25,766,045	52,209,483	7,499,423
Liabilities, mezzanine equity and shareholders' equity			
Current liabilities			
Convertible bonds (including convertible bonds of the consolidated variable interest entities ("VIEs") without recourse to the Company of nil and nil as of December 31, 2018 and 2019, respectively)	6,863	—	—
Accounts payable (including accounts payable of the consolidated VIEs without recourse to the Company of RMB112,167 and RMB90,764 as of December 31, 2018 and 2019, respectively)	114,589	124,551	17,891
Deferred revenue (including deferred revenue of the consolidated VIEs without recourse to the Company of RMB190,816 and RMB1,272,819 as of December 31, 2018 and 2019, respectively)	953,616	1,343,308	192,954
Advances from customers (including advances from customers of the consolidated VIEs without recourse to the Company of RMB101,690 and RMB150,091 as of December 31, 2018 and 2019, respectively)	101,690	150,091	21,559
Income taxes payable (including income taxes payable of the consolidated VIEs without recourse to the Company of RMB162,118 and RMB119,888 as of December 31, 2018 and 2019, respectively)	235,561	451,623	64,872
Accrued liabilities and other current liabilities (including accrued liabilities and other current liabilities of the consolidated VIEs without recourse to the Company of RMB2,207,138 and RMB2,657,811 as of December 31, 2018 and 2019, respectively)	2,414,371	4,673,000	671,234
Amounts due to related parties (including amounts due to related parties of the consolidated VIEs without recourse to the Company of RMB28,336 and RMB208,833 as of December 31, 2018 and 2019, respectively)	28,336	222,281	31,929
Lease liabilities due within one year (including lease liabilities due within one year of the consolidated VIEs without recourse to the Company of nil and RMB34,292 as of December 31, 2018 and 2019, respectively)	—	115,564	16,600
Short-term loans (including short-term loans of the consolidated VIEs without recourse to the Company of nil and RMB270,565 as of December 31, 2018 and 2019, respectively)	—	557,203	80,017
Total current liabilities	3,853,026	7,637,621	1,097,076
Non-current liabilities			
Convertible bonds (including convertible bonds of the consolidated VIEs without recourse to the Company of nil and nil as of December 31, 2018 and 2019, respectively)	—	5,008,571	719,436
Lease liabilities (including lease liabilities of the consolidated VIEs without recourse to the Company of nil and RMB31,105 as of December 31, 2018 and 2019, respectively)	—	162,779	23,382
Deferred revenue (including deferred revenue of the consolidated VIEs without recourse to the Company of RMB86,977 and RMB228,111 as of December 31, 2018 and 2019, respectively)	91,710	240,541	34,552
Deferred tax liabilities (including deferred tax liabilities of the consolidated VIEs without recourse to the Company of nil and RMB85,479 as of December 31, 2018 and 2019, respectively)	27,505	264,639	38,013
Other non-current liabilities (including other non-current liabilities of the consolidated VIEs without recourse to the Company of nil and RMB11,495 as of December 31, 2018 and 2019, respectively)	—	11,495	1,651
Total non-current liabilities	119,215	5,688,025	817,034
Total liabilities	3,972,241	13,325,646	1,914,110

F-6

Additional paid in capital increased by almost 11 billion RMB while the net increase of earnings was 3 billion RMB.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2018 AND 2019 (CONTINUED)
(All amounts in thousands, except share, ADS, per share and per ADS data)

	As of December 31,		
	2018	2019	2019
	RMB	RMB	US\$
			(Note 2(e))
Commitments and contingencies (Note 29)			
Mezzanine equity	418,673	466,071	66,947
Shareholders' equity			
Class A common shares (US\$0.00001 par value; 10,000,000,000 and 10,000,000,000 shares authorized, 981,740,848 shares issued and outstanding as of December 31, 2018; 1,301,845,404 shares issued and 1,293,162,504 shares outstanding as of and December 31, 2019, respectively)	59	80	11
Class B common shares (US\$0.00001 par value; 1,000,000,000 and 1,000,000,000 shares authorized, 288,182,976 and 326,509,555 shares issued and outstanding as of December 31, 2018 and December 31, 2019, respectively)	21	24	3
Treasury Shares (US\$0.00001 par value; nil and 8,682,900 shares held as of December 31, 2018 and December 31, 2019, respectively)	—	(168,072)	(24,142)
Additional paid-in capital	11,168,866	21,921,562	3,148,835
Statutory reserves	101,725	149,961	21,541
Retained earnings	6,913,469	10,272,122	1,475,498
Accumulated other comprehensive income	336,152	890,209	127,871
Total JOYY Inc.'s shareholders' equity	18,520,292	33,065,886	4,749,617
Non-controlling interests	2,856,839	5,351,880	768,749
Total shareholders' equity	21,377,131	38,417,766	5,518,366
Total liabilities, mezzanine equity and shareholders' equity	25,766,045	52,209,483	7,499,423

The accompanying notes are an integral part of these consolidated financial statements.

F-7

Source: [2019 20-F](#)

Therefore, the cash is likely there somewhere but not created through business operations, just financial operations which is a minus when analysing the sustainability of the live streaming business model.

However, JOYY just sold YY Live and \$3.7 billion in cash is expected to arrive from the sale of YY Live, pushing JOYY's cash position is to \$7.4 billion.

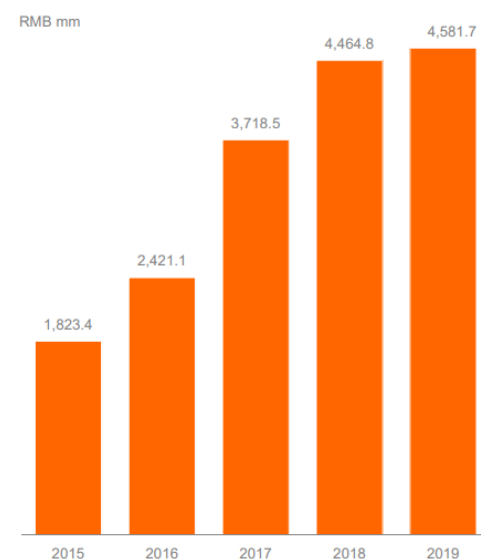
The company is also seeing positive operating cash flows but not positive free cash flows and the theory is that as the remaining platforms are still in the growth phase, net profits are logically negative.

Strong cash generating capabilities

Jooy

Key Balance Sheet Items		As of June 30, 2020
RMB mm		
Cash and cash equivalents		4,756.6
Restricted cash and cash equivalents		3.5
Short-term deposits		10,172.0
Restricted short-term deposits		503.0
Short-term investments		3,925.3
Total cash		19,360.4
Total current assets		20,972.3
Total assets		52,730.7
Total current liabilities		5,708.6
Total liabilities		11,460.2
Total liabilities, mezzanine equity and shareholders' equity		52,730.7

Operating Cash Flow



Note: The Company has deconsolidated Huya's financial results starting from this quarter and Huya's historical financial results are and will be reflected in the Company's consolidated financial statements as discontinued operations accordingly.

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JOYY stock analysis – balance sheet Q2 2020 – operating profits before selling YY

From the above operating cash flow, I have to deduct YY Live operating cash flows. As YY's cash flows in 2020 were 3 billion RMB, we could conclude other remaining platforms have 1.5 billion RMB in operating cash flows or \$229 million. That is if the accounting is proper.

Liquidity and Capital Resources

As of December 31, 2020, YY Live had RMB206.2 million (US\$31.6 million) cash and cash equivalents. YY Live's cash and cash equivalents consist of cash on hand and investments in interest bearing liquid investments. During the Track Record Period, YY Live have financed its operations primarily through cash flows from operations.

Cash Flows

The following table sets forth a summary of YY Live's cash flows for the periods indicated:

	Year ended December 31,			
	2018	2019	2020	
	RMB	RMB	RMB	US\$
	(in thousands)			
Net cash provided by operating activities	3,787,985	3,815,151	3,093,275	474,066
Net cash (used in) provided by investing activities	(26,404)	(192,783)	45,208	6,928
Net cash used in financing activities	(3,723,605)	(3,600,884)	(3,002,014)	(460,079)
Net increase in cash and cash equivalents	37,976	21,484	136,469	20,915
Cash and cash equivalents at the beginning of the year	10,262	48,238	69,722	10,685
Cash and cash equivalents at the end of the year	48,238	69,722	206,191	31,600

YY Live financials – Source: [Baidu's listing prospectus](#)

If Baidu paid \$3.7 billion for 3.09 billion RMB (\$474.1 million) in operating cash flows, the operating cash flow valuation for such a business is 7.8. Thus, the remaining \$229 million in operating cash flows for JOYY could be valued at \$1.78 billion from that perspective. However, given the countries the company is operating in, I would attach a much lower valuation and given the above business overview I made, I actually give it a valuation of zero.

Further, yes Bigo has seen growing revenues but also growing costs in line with revenue growth. Not something I would call scalable and we have seen how paying terrible performers to perform is something I don't think will ever be profitable.

Mr. Bing Jin, Chief Financial Officer of JOYY, further commented, "During the fourth quarter of 2020, we grew our total revenues by 77.5% year over year to RMB3,783.5 million (US\$579.9 million), with revenues from Bigo grew by 87.9% year over year to RMB3,389.8 million (US\$519.5 million), mostly driven by an uptick in its live streaming revenues. Due to its improved product monetization capabilities, BIGO has achieved a positive non-GAAP operating margin for the second consecutive quarter. Going forward, we will continue to invest in our business development initiatives to further expand our global market reach, cultivate our highly engaged user community, and grow our high-quality content offerings. We will also actively explore flexible ways to return value to our shareholders and maximize shareholder value."

Fourth Quarter 2020 Financial Results

NET REVENUES

Net revenues increased by 77.5% to RMB3,783.5 million (US\$579.9 million) in the fourth quarter of 2020 from RMB2,131.9 million in the corresponding period of 2019, primarily driven by the growth of live streaming revenues from BIGO.

Live streaming revenues increased by 93.3% to RMB3,593.9 million (US\$550.8 million) in the fourth quarter of 2020 from RMB1,859.1 million in the corresponding period of 2019, primarily attributable to continued user base growth and enhanced monetization capabilities of BIGO.

Other revenues decreased by 30.5% to RMB189.6 million (US\$29.1 million) in the fourth quarter of 2020 from RMB272.8 million in the corresponding period of 2019, primarily due to the decrease in other revenues in all other segment.

COST OF REVENUES AND GROSS PROFIT

Cost of revenues increased by 76.6% to RMB2,674.7 million (US\$409.9 million) in the fourth quarter of 2020 from RMB1,514.5 million in the corresponding period of 2019. Revenue-sharing fees and content costs increased to RMB1,693.1 million (US\$259.5 million) in the fourth quarter of 2020 from RMB708.6 million in the corresponding period of 2019 as a result of the increase in live streaming revenues of the Company. Bandwidth costs decreased to RMB179.5 million (US\$27.5 million) in the fourth quarter of 2020 from RMB221.8 million in the corresponding period of 2019, primarily related to the Company's improved efficiency and the termination of bandwidth usage for users in India after its measures to block certain Chinese mobile apps in late June 2020, partially offset by the continued user base expansion outside India.

Gross profit increased by 79.6% to RMB1,108.9 million (US\$169.9 million) in the fourth quarter of 2020 from RMB617.4 million in the corresponding period of 2019. Gross margin improved to 29.3% in the fourth quarter of 2020 from 29.0% in the corresponding period of 2019.

JOYY stock analysis – Financials – Source: [2020 Earnings report](#)

The remaining businesses are not profitable and depend on further monetization. This represents a risk because what often happens with the high-flying apps is that as soon as you try to monetize, you start losing members as we have seen above with JOYY's apps in the past.

Going forward they expect fast growth and they even declared a dividend.

Business Outlook

For the first quarter of 2021, the Company expects net revenues to be between USD\$590 million and USD\$605 million, representing a year-over-year growth of 72.5% to 76.9%. This guidance excludes the revenue contribution from Huya and YY Live in the same period of last year. This forecast considers the potential impact of the COVID-19 pandemic and reflects the Company's current and preliminary views on the market and operational conditions, which are subject to changes, particularly as to the potential impact of the COVID-19 on the global economy and users' paying capabilities.

Quarterly Dividend

On August 11, 2020, the Company's board of directors approved a quarterly dividend policy for the next three years commencing in the third quarter of 2020. Aggregating such quarterly cash dividend under another adopted quarterly dividend policy with the quarterly cash dividend announced on November 16, 2020, the board of directors has accordingly declared a dividend of US\$0.51 per ADS, or US\$0.0255 per common share, for the fourth quarter of 2020, which is expected to be paid on April 30, 2021 to shareholders of record as of the close of business on April 19, 2021. The ex-dividend date will be April 20, 2021. Under the policy, the board of directors of the Company reserves the discretion relating to the determination to make dividend distributions and the amount of such distributions in any particular quarter, depending on the Company's operations and earnings, cash flow, financial condition and other relevant factors.

JOYY stock analysis – Forecast – Source: [2020 Earnings report](#)

YY stock analysis – conference call and short selling reports

Whenever I look at a business, I always like to look at the conference calls, you get a better feeling of the numbers and the analysts usually ask the questions that emphasize the key risks and developments.

As usual, the management is banking on the growth potential with Bigo, promising 4 times the scale of YY Live in terms of revenue.

Going forward, we will remain focused on filling our live streaming and show from video growth engines. Accelerating our overseas expansion, including JOYY into our inclusively, vibrant, diverse and engaging social entertainment ecosystem. We firmly believe that Bigo Live has the potential to create at least four times the scale of YY Live in terms of revenue.

Although this year's gala was held entirely online, due to travel and social gathering restrictions, BIGO's influential brand attracted approximately 4 million views globally, and over 20 million viewer's votes for their favorite performances.

JOYY Q4 2020 conference call

Likee just started monetization and they expect good things, but discussing the moat or differentiating factor compared to others, they mention they content creators and user interaction.

Hi. This is David. Let me answer your question. As I mentioned in the previous speech, Likee just started modernization recently and in the past three years of development, we have focused on user expansion and also community cultivation. I believe that in the long run, we expect some changes to Likee's long term strategy in the following aspects, especially on in terms of – understanding of the competitive landscape, would like to prioritize key features of our Likee.

First one is, the social community and user interaction. Second, it's our content creators.

I believe that if we continue to cultivate our social community, improve user interaction and continue to empower our content creators in all aspects, we'll be able to achieve a differentiated competitive advantage against our competitors, especially, based on our understanding and our knowledge, we believe that a lot of our competitors are still having a very completely different ecosystem, whereby it's more like a media feature, whereby the KOLs are dominated platforms, while Likee is more content on -- it's more a community which emphasizes user interactions and also content creator focus.

So I believe that on based on such a long-term strategy, we'd be able to have differentiated competitive advantage in the global industry and that would also help the company and Likee to achieve a long-term sustainable growth. Thank you.

JOYY Q4 2020 conference call

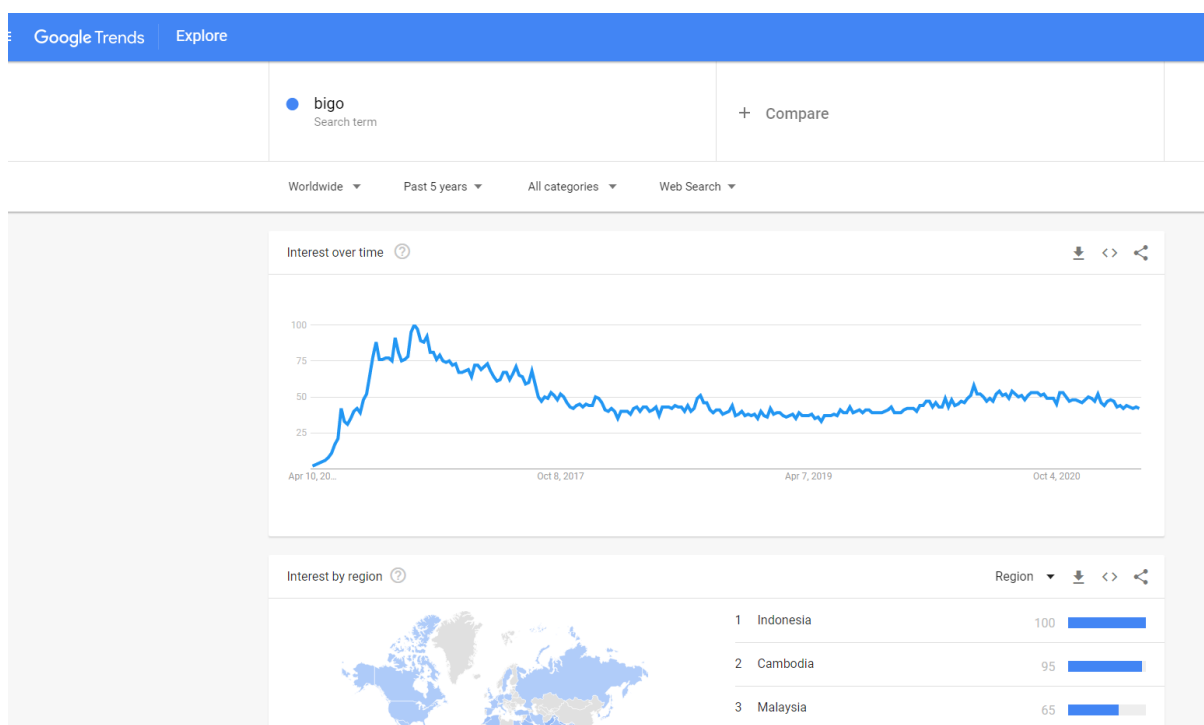
We will see how will this develop over time, it is a risk but if things develop well and Bigo reaches 4 times the scale of YY Live, you can then expect 4 times the value, thus around \$14 billion. But I feel the 'IF' there is pretty big!

I have looked at app and search numbers, I see no growth and actually JOYY's apps are not in the top positions. According to Applyzer, Bigo's top position is in Cambodia and Vietnam, where it is still the number 6 on the social networking app ranking. Globally it is well spread but no position in the top 5.

Country		Top Apps	Social/Networking	Top Overall
Cambodia	+4	47	6	+5 60
Vietnam	-1	65	+1 6	78
Italy	+574	69	-2 41	+801 89
Nigeria	+11	71	+3 13	+13 75
Algeria	+21	74	+3 10	+31 100
Pakistan	+5	77	9	+5 89
Malaysia	+2	80	10	+1 87
St. Vincent and The Grenadines	+839	95	+10 65	+1291 170
Laos	+9	96	-2 13	+13 121
Thailand	+3	99	11	+6 119
Nepal	+29	105	+1 11	+38 125
Saudi Arabia	+4	106	-1 13	+3 126
Jordan	-6	110	-2 16	-11 137
Philippines	+2	116	16	+3 143
Brunei	+307	120	+20 12	+464 170
Uzbekistan	+22	123	+2 13	+30 174
Niger	+198	128	+15 9	+265 169
Indonesia	+3	134	13	+4 148
Egypt	+14	135	-2 16	+13 184
Turks and Caicos	+248	136	+13 16	+389 212

Bigo appl ranking - Source: [Applyzer](https://www.applyzer.com/)

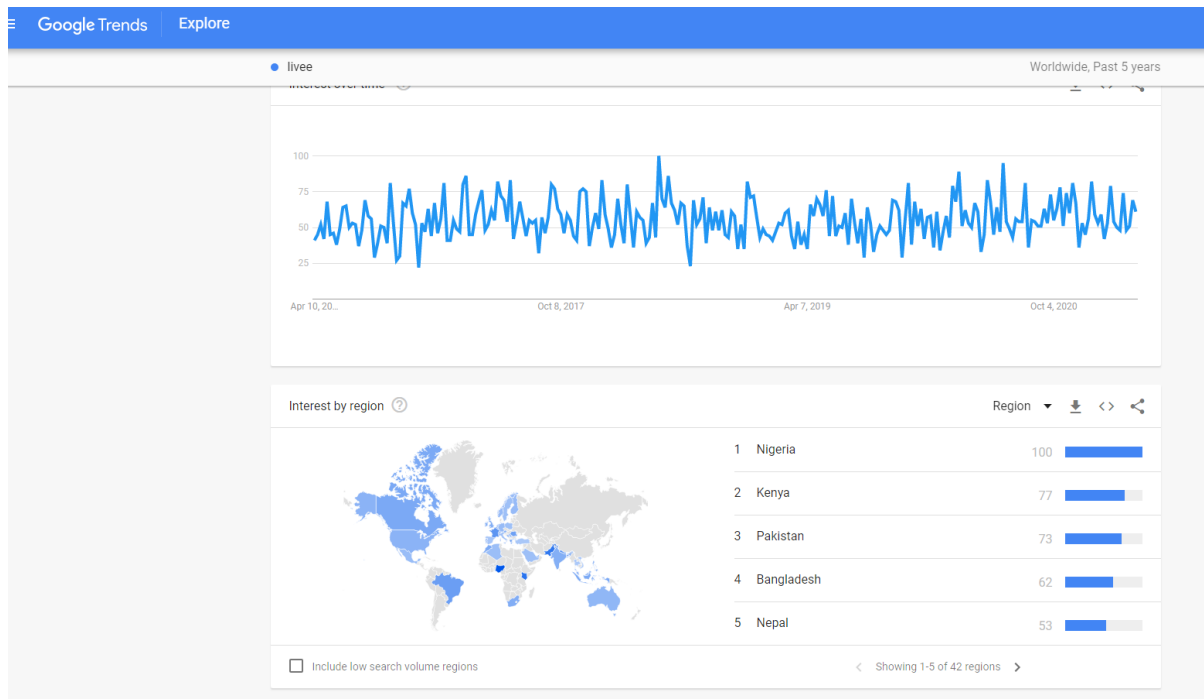
By taking a look at Google trends, there has been some increased search activity during lockdowns, but the trend is actually declining for Bigo. Countries with the highest search volume are Indonesia, Cambodia and Malaysia.



Search trends for 'bigo' – Source: [Google Trends](https://www.google.com/trends/)

Similarly, the situation doesn't look much better for Livee. search trends have been declining and top countries are Nigeria, Kenya and Pakistan. I don't think that will be easy to monetize

and make profitable long-term. Plus, given you are not the top app, people will likely easily switch to something else.



Search term 'livee' trend – Source: [Google trends](https://trends.google.com/trends/explore?q=livee)

Competition is tough, and actually even Bigo on its own page where it discusses how to make money on Bigo, has a YouTube video explaining it.

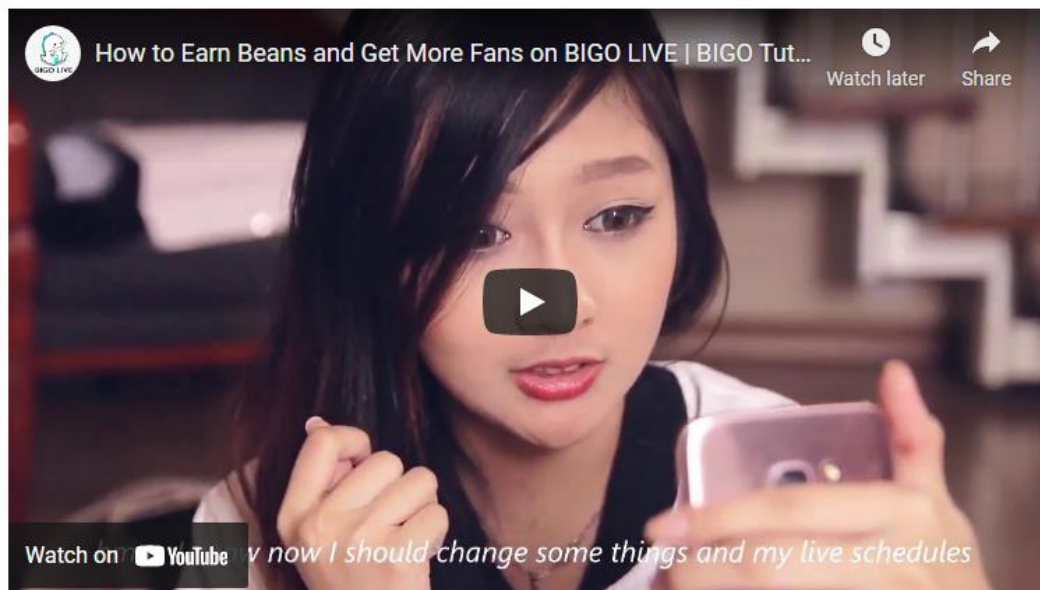
drop of followers. Additionally, pay attention to audio quality, especially if you are streaming music.

- **Support Other Broadcasters**

Find other successful broadcasters that you like and follow them. Be active in their broadcasts. Get to know them. Some of them will follow you back and return the love when you go live.

- **Schedule and Promote your broadcast**

The more viewers you can get onboard ahead of time, the better. If you've got some good content to share with the world, let them know when to expect it. Additionally, you can send out promotional materials on your social profiles.



Final Thoughts

Due to [Covid-19](#), unemployment is unprecedented in many countries right now. Bigo Live hopes to provide an option for broadcasters and influencers to earn revenue via the platform.

How to make money on Bigo, - Source: [Bigo](#)

So, the remaining apps might not be that valuable but the cash most likely is, or isn't it?

JOYY \$7.4 billion cash pile

There has been more clarity on what their plans are with the cash during the most recent conference call; they will repay the \$1 billion convertible note, invest in organic growth and pay a special dividend or do buybacks.

Bing Jin

Thanks, Zhang Lei. Let me address those two questions. First is regarding the use of proceeds. We had a good cash balance right now and obviously after Baidu's acquisition of Wireless [ph] is completely down we have additional use of coming in, and then we will have several matters of utilize this cash. One is, obviously, we still need to organic grow our business, particularly given the global overseas market is much bigger potential, so we will continue to invest in terms of sales marketing, R&D, artificial intelligence, et cetera.

Secondly, we had a \$1 billion convertible bond outstanding. So, at the right time we will pay back that convertible bond, so that's another \$1 billion cash usage. Typically, as we mentioned in the prepared remarks, we are thinking about a potential dividend or additional share buyback programs, albeit depending on the share price of returning more values to shareholders, so we'll keep flexible in terms of the cash usage. We will not do big scale M&A at this stage. So in general we will make sure that we generate good value for the shareholders.

Certainly, in terms of investment for Bigo, there are two parts, one, is Bigo Live. Bigo Live is already very profitable over 20% margin profile. So I think the margin of Bigo Live will continue to improve given that we will further enhance the overseas payment channel efficiency, and then with the rapid revenue growth scale, we will achieve more operating leverage on various expense and cost items.

JOYY Q4 2020 conference call

Thus, if I deduct \$1 billion to repay the convertible note, then another billion for organic growth investing, another billion for the 25% tax rate among other things, and the net cash position should be \$4.4 billion leaving \$4 billion of free space to arrive to the current market capitalization of \$8.26 billion.

I would also be very careful when using the available cash at face value. In 2019 JOYY used its cash to acquire BIGO, where the founder and owner was of course JOYY's chairman. JOYY paid \$1.5 billion where Mr.Li got part of the \$343 million in cash payment.

Mar 04, 2019

YY Announces Completion of Acquisition of BIGO

GUANGZHOU, China, March 05, 2019 (GLOBE NEWSWIRE) -- YY Inc. (NASDAQ: YY) ("YY" or the "Company"), a leading live streaming social media platform in China, today announced its recent acquisition of the remaining approximately 68.3% of all the issued and outstanding shares of Bigo Inc ("Bigo") from the other shareholders of Bigo, including Mr. David Xuelling Li, Chairman and acting CEO of YY, for an aggregate purchase price of US\$1,452,778,383, comprising of US\$343,061,583 in cash, 38,326,579 Class B common shares of YY issued to Mr. Li and 313,888,496 Class A common shares of YY issued to Mr. Li and other selling shareholders of Bigo. Prior to the transaction, the Company owned approximately 31.7% of all the issued and outstanding shares of Bigo on a fully diluted and as-converted basis. Mr. Li's total voting power in YY remains largely the same before and after the transaction. The amount and form of the purchase price was discussed and agreed upon between YY and all the selling shareholders of Bigo in the recent months. YY negotiated other terms of the transaction with the shareholders of Bigo unrelated to YY. The transaction was approved by the independent audit committee of YY's board of directors, which considered the arms length negotiation background as well as the fairness analysis conducted by its advisor China Renaissance Securities (Hong Kong) Limited, and was approved by YY's board of directors. The transaction was completed today after satisfaction of all the closing conditions. Lazard is acting as financial advisor to the Company.

 [PDF Version](#)

Bigo is a fast-growing global tech company. Headquartered in Singapore, Bigo owns BIGO LIVE, a leading global live streaming platform excluding China, LIKE, a leading short form video social platform worldwide, and other social apps. Bigo has created a video-based online community for global young generation users. It has established footprints with a strong presence in South-Eastern Asia, Southern Asia, the Middle East and America, paving the way for further global expansion.

Mr. David Xuelling Li, Chairman and acting Chief Executive Officer of YY, stated, "We are very excited to announce the completion of the acquisition of Bigo. It is an important milestone for YY group which demonstrated our confidence and commitment to the globalization strategy. Bigo has delivered both rapid user growth and significant monetization progress in 2018, making it one of the fastest growing internet companies worldwide. While BIGO LIVE is consolidating its leadership in entertainment live streaming market outside China, LIKE also experiences tremendous user growth and user time spent increase in short form video market. The combination of YY's and Bigo's unparalleled businesses and content in both China and overseas will enable us to more enhanced live streaming content, expand our global

JOYY's BIGO acquisition – Source: [JOYY Investor relations](#)

These transactions are terrible because when the CEO has various stakes in different related businesses, you never know whether his focus is to create value for himself or for other shareholders. This creates another significant risk when it comes to investing in YY stock. Yes, if the cash is fairly distributed to investors, and if the management's predictions about Bigo are correct, the stock deserves to hit the mentioned price targets, but if not, it can get really ugly. Let's first make a sum of parts valuation and then, speaking of ugly, Muddy Waters recently called the company a total fraud.

YY stock sum of parts valuation

The available cash is \$4.4 billion. There is also a 31% stake in Huya (NYSE: HUYA) where we should get another billion.

HUYA Inc - ADR

18,52 USD

-0,27 (1,44%) ↓

9 Apr, 14:19 GMT-4 · Disclaimer

NYSE: HUYA

+ Follow

1 day | 5 days | 1 month | 6 months | YTD | 1 year | 5 years | **Max**

Huya stock price

Thus, the remainder is valued at \$3 billion which could be a fair valuation for the apps and would be at a price to sales ratio of 1.5. Interesting, but not a bargain. The remaining part of JOYY is really hard to value as it is so differentiated across the globe, competes with much more powerful entities and is actually not profitable. I don't think the monetization process is comparable with YY Live because of the competition (Facebook and others are not allowed in China).

If Bigo and Livee decline in popularity as the company tries to monetize them more, there goes your \$3 billion in value. Thus, the situation can get ugly for investors, and according to Muddy Waters, it is all a fraud.

JOYY stock analysis – Muddy Waters report

Just after the Q3 2020 earnings, Muddy Waters published its short report on JOYY stating how 90% of YY Live is fraudulent and how Bigo isn't much better.

MUDDY WATERS
RESEARCH

HOME ABOUT

MW is Short Joyy Inc. (YY US)

While trawling the sewers of the world's capital markets over the past 10 years, irony has never been in short supply. And yet, nothing could prepare us for the surreality of Baidu announcing its intention to buy YY Live from JOYY, which happened just as we were preparing to reveal that our year-long investigation shows YY Live is about 90% fraudulent.

It was clear to us from early on that YY Live was almost entirely fake. YY Live is an ecosystem of mirages. Its supposedly high-earning performers in reality take home only a fraction of their reported totals. The purportedly independent channel owners are largely controlled by YY in order to facilitate continuous sham transactions. The legions of benefactor fans are almost entirely bots operating from YY's internal network (~50% of YY Live gift volume), bots operating from external bot farms, and performers roundtripping gifts to themselves. We conclude that YY Live is ~90% fraudulent. YY's international livestreaming business, Bigo, seems barely more real.

JOYY stock analysis – [Muddy Waters Report](#)

Here is the summary of the report but I urge you to go through it if you are interested in JOYY stock or just for investing education.

Summary

We are short JOYY Inc. (YY) because we conclude that YY is a multibillion-dollar fraud. We conclude that YY's component businesses are a fraction of the size it reports, and that the company's reported user metrics, revenues, and cash balances are predominantly fraudulent. Our conclusions apply not only to the legacy YY Live business, but also to Bigo, YY's online dating business, and really everything these people have touched.

- Approximately 84% of YY's reported consolidated revenue appears to be fraudulent. Changing our base case assumptions to more company-favorable / conservative assumptions yields consolidated fraudulent revenue of approximately 73%.
- We have observed three primary methods through which YY commits fraud:
 - Paying User ("PU") bots from YY's own servers – in our data sample, gifts associated with YY's own servers, disguised as PUs, constituted roughly half of the total value of all gifts sent.
 - Performers whose gifts are recycled into the system through alter ego PU accounts. We understand that the top performers, who purportedly earn tens of millions of RMB per year, are in fact often on fixed salaries paying them no more than 2.5 million RMB per year (~\$350,000).
 - Channel owners, which manage performers, are part of the scheme. The large channel owners are primarily owned by former YY employees who are clearly "in on" the scam. PRC credit bureau report financial statements for the five largest channel owners show combined 2018 revenue of only ~15% of what YY claims.
- We conclude that YY Live, Bigo, and YY's online dating business are substantially fraudulent:
 - We conclude that ~90% of YY Live's livestreaming revenue is fraudulent. Livestreaming accounts for ~95.8% of purported Q3 2020 YY Live revenue.
 - We conclude that ~80% of YY Live's online dating revenue is fraudulent. Online dating accounts for ~20% of purported YY Live revenue.
 - We estimate that ~80% of Bigo revenue is fraudulent. Using more company-favorable assumptions yields a fraudulent revenue contribution of ~60%.
 - Bigo's Singapore parent changed auditors three times in its first four years. Bigo also received three consecutive going concern opinions from its auditor in 2016-2018. Bigo made a major restatement of its 2017 financials in August of 2019, months after the acquisition by YY was complete. These fact patterns support our conclusion that Bigo is also substantially fraudulent.

JOYY stock analysis – [Muddy Waters Report](#)

The summary of the thesis is that the numbers are inflated by bots, how the revenues are overstated and even the channel owners are related to the company. Their fraudulent estimation for Bigo is that 60% of is simply fake. To note, Bigo changed 3 auditors before they were bought out by YY and the CEO got his money. Muddy Waters states how actually YY founded Bigo and the acquisition was just a way for the Chairman Li to get money.

- Bigo's rot stems from its inception. YY claims that it purchased Bigo from Chairman David Li. This is a lie that enabled Chairman Li to take at least \$156.1 million of real money from YY shareholders and for YY to fraudulently report remeasurement gains in its profits. In reality, YY founded Bigo – not Chairman Li.
- Bigo consolidates a significant amount of revenue from Mainland China. Bigo tacked on a mainland China business Hello that we believe to be almost entirely fake, per our primary diligence and discussions with former Bigo employees. As of Q3 2020, we estimate this overwhelmingly fraudulent PRC unit was still 13.4% of Bigo's reported revenues.

JOYY stock analysis – [Muddy Waters Report](#)

The Bigo Acquisition Was a Multiyear, Multilevel Scam Benefiting YY Insiders

We believe YY's 2010 buyout of Bigo for \$1.45 billion in cash and stock was a scheme to bilk investors by buying another fraudulent company from the chairman.⁷¹ We obtained local Singapore filings for Bigo, which showed that YY, and not David Li, founded Bigo in the first place: Bigo was only transferred later to Chairman Li later. We also found that Bigo retroactively added mainland China revenues that we believe to be largely fraudulent to make Bigo seem like a larger acquisition for YY—and justify a larger payday for Chairman Li.

We believe that Bigo was set up to scam investors from inception. Since 2015, management has been misleading investors, telling the public that David Li set up and controls Bigo.⁷² However, this is a lie: Singapore filings show that Bigo Technology Pte. Ltd. was incorporated on September 11, 2014 with only one shareholder, YY's BVI entity, Duowan Entertainment Corp.⁷³

⁷¹ YY, 6-K, March 4, 2019, "YY Inc. ...today announced its recent acquisition of the remaining approximately 68.3% of all the issued and outstanding shares of Bigo Inc ("Bigo") from the other shareholders of Bigo, including Mr. David Xueling Li, Chairman and acting CEO of YY, for an aggregate purchase price of US\$1,452,778,383, comprising of US\$343,061,583 in cash, 38,326,579 Class B common shares of YY issued to Mr. Li and 313,888,496 Class A common shares of YY issued to Mr. Li and other selling shareholders of Bigo."

⁷² YY 2014 20-F, p.114 et alia: "In October 2014, we entered into an agreement to inject our free voice- over IP service, Weihui, into Bigo Technology Pte. Limited, or Bigo, a company set up and controlled by our chief executive officer, Mr. David Xueling Li. Following two independent third- party valuation assessments and a capital injection from other investors of Bigo, including Mr. Li, we retained a 27.8% ownership stake in Bigo."

⁷³ Lawyers can debate whether it is a lie of omission or a lie of commission, regardless the crafting of this narrative displays an intent to deceive. We believe this reveals a dangerous tendency for Chairman and CEO David Li to view company assets as personal assets.

JOYY stock analysis – [Muddy Waters Report](#)

Bigo was founded in September 2014 and the Chairman invested in December.

<p>COMPANY REGISTRATION NO. M1426994D</p> <hr/> <p>THE COMPANIES ACT, (CAP. 50) REPUBLIC OF SINGAPORE</p> <hr/> <p>COMPANY LIMITED BY SHARES</p> <hr/> <p>MEMORANDUM AND ARTICLES OF ASSOCIATION OF BIGO TECHNOLOGY PTE. LTD.</p> <hr/> <p>Incorporated on the 11th day of September 2014</p> <hr/>	<table> <tr> <th data-bbox="737 248 1134 309">NAME, ADDRESS AND OCCUPATION OF SUBSCRIBER(S)</th><th data-bbox="1134 248 1294 309">Number of share(s) Allotted</th></tr> <tr> <td data-bbox="737 309 1134 907"> <p>DUOWAN ENTERTAINMENT CORP. P.O. BOX 957, OFFSHORE INCORPORATIONS CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS REGISTRATION NO.: 1442144 OCCUPATION: CORPORATE</p> </td><td data-bbox="1134 309 1294 907"> <p>***</p> </td></tr> <tr> <td data-bbox="737 907 1134 958">TOTAL</td><td data-bbox="1134 907 1294 958">***</td></tr> </table>	NAME, ADDRESS AND OCCUPATION OF SUBSCRIBER(S)	Number of share(s) Allotted	<p>DUOWAN ENTERTAINMENT CORP. P.O. BOX 957, OFFSHORE INCORPORATIONS CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS REGISTRATION NO.: 1442144 OCCUPATION: CORPORATE</p>	<p>***</p>	TOTAL	***
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TOTAL	***						

Dated this 11th day of September 2014

In contrast, David Li did not personally invest in Bigo until December 14, 2014.⁷⁴

<p>SHARE SUBSCRIPTION AGREEMENT</p> <p>by and among</p> <p>BIGO TECHNOLOGY PTE. LTD.</p> <p>DUOWAN ENTERTAINMENT CORP.</p> <p>XUELING LI (李学凌)</p> <p>and</p> <p>YYME LIMITED</p> <p>Dated as of 19 DECEMBER, 2014</p> <hr/>
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JOYY stock analysis – [Muddy Waters Report](#)

This is pretty big and the company hasn't actually said the above is not true. The just refuted the report and said they will do more buybacks to show their conviction in the cash flows.

Nov 19, 2020 << Back

JOYY Refutes Muddy Waters' Report

GUANGZHOU, China, Nov. 19, 2020 (GLOBE NEWSWIRE) -- JOYY Inc. (Nasdaq: YY) ("JOYY" or the "Company"), a global video-based social media platform, today issued the following statement in response to allegations made in a report by Muddy Waters.

Yesterday, Muddy Waters issued a short seller report on JOYY, causing anxiety and market disturbance, leading to abnormal share price movements. The Company believes that the report contains numerous errors, unsubstantiated statements, and misleading conclusions and interpretations regarding information relating to the Company.

Muddy Waters' report shows its lack of a basic understanding of the live streaming industry in China. The operating metrics disclosed by JOYY are commonly used and publicized by its industry peers. Live streaming has become a key revenue engine for companies in the internet sector, including a number of public companies listed in the U.S. and Hong Kong.

JOYY has solid cash balance and has consistently generated strong cash flow. To conclusively refute the report's false allegation regarding the authenticity of JOYY's profit figures, the Company is open to cash verification and diligence to be conducted by competent third-party advisers. The Company's dividend policy of US\$300 million announced in August 2020, with US\$25 million already paid out in the third quarter of 2020, is also testament to the Company's confidence in its operating cash flow.

JOYY's acquisition of BIGO strictly followed the necessary corporate governance procedures and obtained all requisite approvals. In the 20 months since the acquisition, BIGO witnessed rapid revenue growth, with its top-line increasing from US\$181 million in the second quarter of 2019 to US\$490 million in the third quarter of 2020. Bigo Live ranked as the sixth highest grossing non-game mobile app in the world in September 2020, according to App Annie.

To demonstrate the Company's confidence in its long-term prospects, JOYY will continue to execute on its US\$300 million share repurchase program.

About JOYY Inc.
JOYY Inc. is a global social media platform. The Company's highly engaged users contribute to a vibrant social community by creating, sharing, and enjoying a vast range of entertainment content and activities. JOYY enables users to interact with each other in real time through online live audio and video content, which includes and extends beyond entertainment content. JOYY also BIGO, a fast growing global live

JOYY stock analysis – [Company statement](#)

They recently released a statement saying how an audit committee checked the Muddy Waters remarks and obviously said nothing has been found.

- Changes in Management Composition

Mr. Bing Jin is pursuing a new job opportunity and will leave his position as the **Company's Chief Financial Officer** at the end of April 2021. Mr. Jin has served as the Company's Chief Financial Officer since 2017 and in that role made significant contributions to the Company's business, finance, and corporate governance. The Company greatly appreciates Mr. Jin's many contributions and wishes him well. Although leaving the Chief Financial Officer position, Mr. Jin has agreed to continue on as an advisor to JOYY to assist with transition through April 2022. The Company has commenced a search process for a new Chief Financial Officer in which Mr. Jin will actively participate.

- Independent Review Conclusion

As noted in the Company's February 8, 2021 Form 6-K, the Company's audit committee previously commenced an independent review of allegations raised in **a November 18, 2020 short seller report targeting JOYY**. With the assistance of independent counsel, working with a team of experienced forensic auditors and data analytics experts, the audit committee previously concluded that the allegations raised and conclusions reached in the report about the YY Live business were not substantiated. The audit committee has now also concluded its work as to the handful of claims in the report unrelated to the YY Live business (concerning BIGO) and likewise found the short seller allegations unsubstantiated. The audit committee's review has thus concluded, with no adverse findings.

- Share Repurchase Program

On May 2020, the Company announced that its board of directors has authorized to extend its existing share repurchase program, as previously approved by the board of directors in August 2019, for another 12-month period upon its original expiry date under which the **Company may repurchase up to US\$300 million of its shares between August 2019 and August 2021.** As of December 31, 2020, the Company **had repurchased approximately US\$139.5 million of its shares.**

JOYY stock analysis – Forecast – Source: [2020 Earnings report](#)

I went and checked the Form 6-K where I expected a detailed rebuttal of Muddy's thesis. The form is equal to the statement above.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of February 2021

Commission File Number: 001-35729

JOYY INC.

Building B-1 North Block of Wanda Plaza
No. 79 Wanbo Er Road, Nancun Town
Panyu District, Guangzhou 511442
People's Republic of China
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

JOYY stock analysis – Muddy Waters Rebuttal – Source: [JOYY 6-K](#)

Baidu has backed the above statement but we haven't seen the actual audit reports.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT

RECENT DEVELOPMENTS

regulatory enforcement actions in connection with such allegations. Any adverse outcome as a result of the short seller report, or any class action or regulatory enforcement action in connection thereof, could have a material adverse effect on YY Live's business, financial condition, results of operation, cash flows, and reputation, and we may record impairment charges or write-offs of intangible assets and goodwill in connection with the acquisition in the future. For more information on related risk, see "Risk Factors—Risks Related to Our Business and Industry—We face risks associated with our acquisition of YY Live and its online live streaming business."

In relation to YY Live, the Joint Sponsors with the assistance of counsels, have conducted relevant due diligence work, including but not limited to, (i) reviewing the summary of the key findings of the independent review of the allegations led by the audit committee of JOYY; (ii) interviewing the industry consultant of the Company, to understand the general practice of China's livestreaming industry; and (iii) discussing with the senior management team of JOYY and YY Live, and the management of the Company, to understand the views of them on the acquisition of YY Live, the business of YY Live, and the MW Report, as applicable.

Having considered the due diligence work conducted by the Company, and the independent due diligence conducted by the Joint Sponsors, nothing material has come to the Joint Sponsors' attention that the due diligence work conducted by the Company to be insufficient or unreasonable, and to disagree with the Directors' assessment and view in relation to YY Live and the allegations contained in the MW Report which conclude that it is in the interest of the Company to proceed with the acquisition of YY Live.

Baidu's Muddy Waters perspective - Source: [Baidu's listing prospectus](#)

I have looked a bit across the web and all the Muddy Waters rebuttals were related to how the market doesn't agree with Muddy. Well, the market might be blind to fraud for a long time

before something actually happens. It took 14 years for the Wirecard fraud to materialize itself.

Wirecard AG

0,38 EUR

–0,0071 (1,82%) ↓

9 Apr, 19:58 CEST · Disclaimer

FRA: WDI

+ Follow

1 day | 5 days | 1 month | 6 months | YTD | 1 year | 5 years | **Max**



Open	0,39	Mkt cap	48,36M	Prev close	0,39
High	0,40	P/E ratio	0,099	52-wk high	141,10
Low	0,38	Div yield	51,56%	52-wk low	0,30

JOYY stock investment thesis

We will see whether Muddy is right or not sometime in the future, but for me the risk of owning second grade apps that compete with Facebook or Google on a global scale, is too much given that I have to discount the cash and the value of the apps might actually be zero. For me, this is not a value investment.

Given the search trends on Google, the terrible quality content on JOYY's apps, the growth financed by looping revenues and high advertisement spend, I would not invest in JOYY because I feel the risk there is huge. It might materialize, it might not, but why not go for more certainty when it comes to investing.

I don't disagree with the price targets investment banks have on JOYY. If the company announces fast growth in traffic and revenue on its apps in the coming earnings calls alongside a big fat dividend when the YY Live money comes in, the stock might easily go to \$150.

YY STOCK PRICE TARGETS END OF MARCH 2021

▪ \$145	J.P.Morgan
▪ \$167	citibank
▪ \$137	招銀国际 CMB INTERNATIONAL 招商银行全资附属机构 A Wholly Owned Subsidiary Of China Merchants Bank
▪ \$97	HTSC

**JOYY STOCK ANALYSIS
(NASDAQ: YY)
VALUE STOCK TO BUY!**

- 1) **YY STOCK PRICE OVERVIEW AND PRICE TARGETS!**
- 2) **JOYY BUSINESS OVERVIEW** (global streaming platform)
- 3) **JOYY FINANCIALS** (huge cash pile)
- 4) **INVESTMENT THESIS**

YY stock price targets – Source: Bank reports

However, that is not investing for me. I am a long-term investor and I seek businesses that will be still doing business in 10 to 20 years with a high degree of certainty, that have the possibility to grow and are fairly priced. YY stock might be fairly priced but the risk of Bigo and Livee being worthless in the future is too big to call this a value investment. Alongside the potential fraud in revenue growth numbers, number of downloads and active users.