

**Flash Note: BABA-SW (09988 HK)**

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6 January 2021

U.S. Executive Order Ban on Transactions with Alipay; The Order Will Go Into Effect 45 Days From Now

美国行政命令禁止与支付宝进行交易; 该命令将从现在起 45 天生效

- **What happened:** On January 5th, 2021 (U.S. Time), U.S. President Donald Trump signed an executive order banning transactions with eight popular Chinese apps including Alipay. Alipay, which is the payment platform owned by Ant Group, an unconsolidated related party of Alibaba-SW (the "Company"). The executive order will go into effect 45 days from now.
- **Comments and views:** We believe that the banning order will have limited impact on the Company's business operations, due to the following reasons; 1) the ban order has blocked transactions with Alipay in the U.S. market, however, Alipay is a payment channel that is mostly linked with the Company's online platforms. People in the U.S. can still use other payment channels to shop on the Company's online platforms. 2) According to the Company's 2QFY2021 results, the Company's international commerce business accounts for 7.3% of total revenues, in which international commerce business counts all commerce businesses outside China (including Southeast Asia, Europe, the United States, among others), indicating that the U.S. market for the Company is relatively small. Even if Alipay is blocked in the U.S, it may not have a significant impact on the Company's business. 3) It is possible that the executive order may face court challenges before it takes effect. If we recall, the U.S. government also sought to ban TikTok and WeChat last year, but federal judges eventually blocked that executive order from going into effect. To conclude, we think the banning of transactions with Alipay in the U.S. will have limited impact on the Company's business as the Company's main revenue contribution is from China.
- **Investment suggestion:** Our current investment rating for the Company is "Buy" with a target price of HK\$360.00.
- **事件描述:** 2021 年 1 月 5 日 (美国时间), 美国总统唐纳德·特朗普签署一项行政命令, 禁止与八款中国受欢迎的应用软件进行交易, 其中包括支付宝。支付宝是由蚂蚁集团拥有的支付平台, 而蚂蚁集团是阿里巴巴-SW("公司")的未合并关联方。该行政命令将从现在起 45 天生效。
- **观点评论:** 我们认为禁令将对公司的业务运营产生有限的影响, 原因如下: 1) 禁令禁止了与支付宝在美国市场的交易, 但是支付宝是与公司在线平台相关的付款渠道。美国民众仍然可以使用其他付款渠道在公司的在线平台上购物。2) 根据公司 2021 财年第二季度的业绩, 公司的国际商务业务占总收入的 7.3%, 其中国际商务业务已计入中国以外的所有商务业务(包括东南亚、欧洲、美国等), 表明公司的美国市场相对较小。即使支付宝最终在美国被禁用, 也可能不会对公司业务产生重大影响。3) 行政命令在生效之前有可能面临法院的挑战。回想一下, 美国政府去年还试图禁止 TikTok 和微信, 但联邦法官最终阻止了该行政命令生效。总而言之, 我们认为美国禁止与支付宝进行交易可能对公司业务产生有限的影响, 因为公司的主要收入来自中国。
- **投资建议:** 我们目前对公司的投资评级为"买入", 目标价为 360.00 港元。

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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