

China / Hong Kong Company Update

Zijin Mining

Bloomberg: 2899 HK EQUITY | 601899 CH Equity | Reuters: 2899.HK | 601899.SS

Refer to important disclosures at the end of this report

DBS Group Research . Equity

20 Oct 2020

H: BUY

Last Traded Price (H) (19 Oct 2020):HK\$5.51(HSI : 24,542)

Price Target 12-mth (H):HK\$6.10 (10.7% upside) (Prev HK\$5.90)

A: HOLD

Last Traded Price (A) (19 Oct 2020):RMB6.68(CSI300 Index : 4,755)

Price Target 12-mth (A):RMB6.60 (1.2% downside) (Prev RMB6.40)

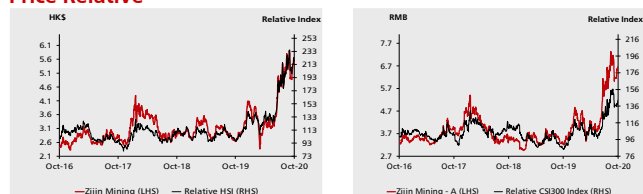
Analyst

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What's New

- 3Q20 earnings beat our initial expectation by a big margin supported by P & Q growth
- Ample growth potential supported by M&As
- Copper's profitability stands out on positive sector outlook
- Raise TP to HK\$6.1 and retain BUY call for H-share; raise TP to RMB6.6 and retain HOLD call for A-share

Price Relative



Forecasts and Valuation (H Shares)

FY Dec (RMBm)	2019A	2020F	2021F	2022F
Turnover	136,098	174,003	185,423	176,563
EBITDA	14,528	17,495	19,664	20,869
Pre-tax Profit	6,974	9,915	12,153	13,675
Net Profit	4,284	6,091	7,465	8,400
Net Pft (Pre Ex) (core profit)	4,284	6,091	7,465	8,400
Net Profit Gth (Pre-ex) (%)	4.6	42.2	22.6	12.5
EPS (RMB)	0.18	0.24	0.28	0.31
EPS (HK\$)	0.21	0.28	0.32	0.36
EPS Gth (%)	3.5	30.5	15.9	12.5
Diluted EPS (HK\$)	0.21	0.28	0.32	0.36
DPS (HK\$)	0.12	0.12	0.12	0.12
BV Per Share (HK\$)	2.33	2.50	2.82	3.07
PE (X)	25.9	19.8	17.1	15.2
P/Cash Flow (X)	10.4	7.4	7.4	6.6
P/Free CF (X)	nm	12.6	12.8	10.3
EV/EBITDA (X)	10.4	9.3	8.3	7.6
Net Div Yield (%)	2.1	2.1	2.1	2.1
P/Book Value (X)	2.4	2.2	2.0	1.8
Net Debt/Equity (X)	0.6	0.5	0.3	0.2
ROAE (%)	9.3	11.5	12.4	12.3
Earnings Rev (%)		21	18	New
Consensus EPS (RMB)		0.23	0.34	0.46
Other Broker Recs:		B:20	S: 0	H: 2

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

Copper stands out

Investment Thesis

Earnings growth larger-than-expected from strong copper and gold prices, raise TPs for A- and H-shares. We raise our target prices (TPs) for A- and H-shares to RMB6.6 and HK\$6.1 respectively, and maintain our HOLD call on A-share and BUY call on H-share. This is following upward revisions to our FY20F/FY21F EPS forecasts by 21%/18% respectively, factoring strong 3Q20 results and higher copper and gold price forecasts. We raise our copper and gold price forecasts for 2020 by 2% each to US\$5,930/ton and US\$1,774/oz respectively.

Ample growth potential supported by M&As. We are positive on Zijin's long-term growth potential from its M&As of Tibet Julong Copper, Guyana Goldfields and Continental Gold in 2019-20, which are expected to expand its copper/gold resources by 18%/28% y-o-y in 2020. Production ramp-up from the acquired mines in 2018 including Zijin Bor and Timok Mine is materialising to the current earnings growth.

Strong copper profitability with positive industry outlook. In 3Q20, 13% y-o-y ASP hikes in mined copper led to a whopping gross margin of 51.4%, up from 41.4% in 3Q19. We expect profitability from copper to remain high aided by strong copper prices from demand growth particularly in China.

Valuation:

Our TP for its A-share is derived from DCF model using 8.1% WACC and 2% terminal growth rate. Our TP for its H-share is derived by factoring in a 15% discount to its A-share to account for its historical discounted trading. Our TP implies 19x PE and 2.2x P/BV based on 2021 earnings forecast.

Where we differ:

We are more optimistic on Zijin's resource expansions through ambitious M&As as we are less concerned on its financial burden given the strong support from major shareholders and financing capability from the issuance of RMB6bn worth of A-share convertible bonds.

Key Risks to Our View:

Volatility in metal prices, mine exploration and project execution risks, geopolitical risks and financial burden arising from M&As. Potential loss of stake in Porgera gold mine to the PNG government may also be a risk.

At A Glance

Issued Capital - H shares (m shs)	5,737
- Non H shrs (m shs)	19,222
H shs as a % of Total	23
Total Mkt Cap (HK\$m/US\$m)	182,954 / 23,607
Major Shareholders (%)	
MinxiXinghang State-owned Investment & Operation Co., Ltd.	31.0
Major H Shareholders (As % of H shares)	
Van Eck Associates Corporation	6.0
H Shares-Free Float (%)	94.0
3m Avg. Daily Val. (US\$m)	39.12
GLCS Industry: Materials / Metals & Mining	



Live more, Bank less

WHAT'S NEW

Strong earnings growth defying negative from COVID-19

Record-high quarterly results in 3Q20 again driven by P & Q. Zijin registered RMB47.3bn revenue (+37.4% y-o-y, +0.7% q-o-q) and RMB4.34bn operating profit (OP) (+103.8% y-o-y, +34.7% q-o-q) in 3Q20, refreshing the record-high quarterly OP as we had previously expected. The strong operating results were largely attributable to (i) sales volume growth in mined copper (+18.7% y-o-y) and refined copper (+21.9% y-o-y), and (ii) outstanding profitability of mined gold and copper. ASP hikes of mined gold (+21.5% y-o-y) and mined copper (+13.0% y-o-y) led to whopping gross margins of 51.6% and 51.4% respectively. As a result, the group's 3Q20 net profit surged 86.7% y-o-y and 55.8% q-o-q to RMB2.15bn.

Outstanding copper segment and positive sector outlook. Copper prices have risen 9.7% YTD to US\$6,755/ton on 19 October, 46% up from the trough of US\$4,618/ton on 23 March, supported by economic recovery in China. Chinese fiscal policy will remain supportive of the infrastructure and construction sectors going into 2021, buoying copper prices despite slight corrections expected in the short term. The company has guided for mined copper output in 2021/2022 at 500-560k/670-740k tons and refined copper output at 580-730k/610-750k tons. Copper's P & Q growth will support Zijin's earnings growth and copper's contribution to Zijin's gross profit will rise to 42%/43%/51% in 2020/2021/2022 from 39% in 2019.

Robust earnings outlook in 4Q20 supported by strong metal prices, revise up FY20F/FY21F EPS. We expect 4Q20 earnings to remain robust on strong copper and gold prices. We revise up our FY20F/FY21F EPS forecasts by 21%/18% respectively, factoring in strong 3Q20 results and higher copper and gold price forecasts. We raise our copper and gold price forecasts for 2020 by 2% each to US\$5,930/ton and US\$1,774/oz respectively. Note that copper and gold accounted for 24% and 69% of Zijin's revenue and 45% and 33% of gross profit, respectively, in 3Q20.

Ample growth potential supported by M&As. We expect positive long-term growth potential from the M&As of: i) a 50.1% stake in Tibet Julong Copper for RMB3.9bn (c. US\$550m), adding c.18% to Zijin's copper resources; ii) a 100% stake in Guyana Goldfield for RMB1.7bn (c. US\$241m), which has 69.7 tons of reserves and 178 tons of resources for gold or c.9% of Zijin's gold resources in 2019. Along with the addition of Continental Gold's Buritica mine,

Zijin is expected to expand its gold resources by 28% y-o-y in 2020. The company has a capex plan of RMB8bn for 2021 and RMB4-5bn for 2022 including investment in Kamoakakula copper mine and Timok copper-gold mine.

Ongoing discussions on Porgera gold mine with the PNG government. The government of Papua New Guinea (PNG) denied an application to extend the lease of the Porgera mine to Barrick Niugini Ltd (BNL). Instead, the government intends to grant a 20-year lease to the state-owned company Kumul Minerals Holdings. BNL, a 50-50 joint venture between Zijin Mining and Barrick Gold, holds a 95% stake in the Porgera gold mine. The Prime Minister of PNG, following discussions with the CEO of Barrick Gold, stated that they have agreed that PNG will take a major share of the Porgera mine and BNL will retain its operatorship with a fair sharing of the economic benefits. Accordingly, this may have less negative impact on Zijin's gold business than expected. Of note, Porgera gold mine accounted for 22% (8.83 tons) of Zijin's mined gold production volume (40.8 tons) in 2019.

Raise TPs for A- and H- shares while maintaining HOLD call for A-share and BUY call for H-share. Accordingly, after revising up our FY20F/FY21F EPS by 21%/18%, we raise our TPs for A- and H-shares to RMB6.6 and HK\$6.1 respectively while retaining our HOLD call for A-share and BUY call for H-share. Our TP for its A-share is derived from DCF model using 8.1% WACC and 2% terminal growth rate. Our TP for its H-share is derived by factoring in a 15% discount to its A-share to account for its historical discounted trading. Our TP implies 19x PE and 2.2x P/BV based on 2021 earnings forecast.

Company Background

Established in 2000, Zijin Mining (Zijin) is a local state-owned enterprise in Shanghang County and a dominant base metal producer in China. It ranks No.1 for copper and No.3 for zinc in terms of mineral reserves and resources in China. The company was listed on The Stock Exchange of Hong Kong Limited in December 2003 and on the Shanghai Stock Exchange in April 2008.

Quarterly Income Statement (RMBm)

FY Dec	3Q2019	2Q2020	3Q2020	% chg_yoy	% chg_qoq
Revenue	34,429	46,980	47,291	37.4	0.7
Cost of Goods Sold	(30,459)	(41,780)	(41,443)	nm	nm
Gross Profit	3,970	5,201	5,849	47.3	12.5
Other Oper. (Exp)/Inc	(1,837)	(1,975)	(1,504)	nm	nm
Operating Profit	2,132	3,226	4,344	103.8	34.7
Other Non Opg (Exp)/Inc	23.0	(261)	(365)	nm	nm
Associates & JV Inc	44.1	67.9	50.8	15.2	(25.3)
Net Interest (Exp)/Inc	(365)	(449)	(308)	nm	nm
Exceptional Gain/(Loss)	0.0	0.0	0.0	nm	nm
Pre-tax Profit	1,822	2,285	3,301	81.2	44.5
Tax	(486)	(520)	(596)	nm	nm
Minority Interest	(184)	(383)	(555)	nm	nm
Net Profit	1,152	1,381	2,151	86.7	55.8
Net profit bef Except.	1,152	1,381	2,151	86.7	55.8
EBITDA	4,287	4,846	5,771	34.6	19.1
Margins (%)					
Gross Margins	11.5	11.1	12.4		
Opg Profit Margins	6.2	6.9	9.2		
Net Profit Margins	3.3	2.9	4.5		

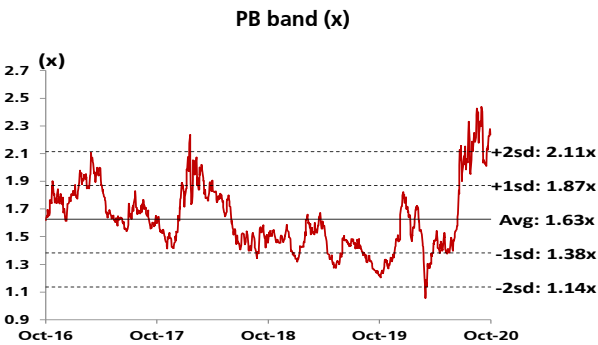
Source: Company, DBS HK

Quarterly Segment Breakdown

FY Dec	3Q2019	2Q2020	3Q2020	% chg yoy	% chg qoq
Revenue (RMB m)					
Mine-produced gold	3,092	3,326	3,232	4.5	-2.8
Refinery and processed gold	20,323	29,516	29,339	44.4	-0.6
Mine-produced silver	143	197	257	80.0	30.4
Mine-produced copper	3,359	3,882	4,506	34.1	16.1
Refinery copper	5,033	5,825	6,821	35.5	17.1
Mine-produced zinc	776	692	895	15.3	29.3
Refinery zinc	923	903	799	-13.5	-11.5
Total	33,650	44,34	45,848	36.3	3.4
Sales volume					
Mine-produced gold (kg)	9,701	9,188	8,344	-14.0	-9.2
Refinery and processed gold (kg)	61,510	76,788	70,814	15.1	-7.8
Mine-produced silver (kg)	52,712	78,903	65,347	24.0	-17.2
Mine-produced copper (tons)	93,552	117,776	111,014	18.7	-5.7
Refinery copper (tons)	123,052	150,011	150,029	21.9	0.0
Mine-produced zinc (tons)	84,904	85,778	81,013	-4.6	-5.6
Refinery zinc (tons)	55,435	61,544	46,914	-15.4	-23.8
ASP					
Mine-produced gold (RMB/g)	318.8	362.0	387.4	21.5	7.0
Refinery and processed gold (RMB/g)	330.4	384.4	414.3	25.4	7.8
Mine-produced silver (RMB/g)	2.7	2.5	3.9	45.2	57.4
Mine-produced copper (RMB/ton)	35,905	32,963	40,587	13.0	23.1
Refinery copper (RMB/ton)	40,903	38,828	45,462	11.1	17.1
Mine-produced zinc (RMB/ton)	9,142	8,069	11,046	20.8	36.9
Refinery zinc (RMB/ton)	16,658	14,673	17,035	2.3	16.1
Gross profit (RMB m)					
Mine-produced gold	1,354	1,762	1,667	23.1	-5.4
Refinery and processed gold	139	204	247	78.4	21.4
Mine-produced silver	59	90	162	173.5	80.7
Mine-produced copper	1,390	1,601	2,316	66.6	44.7
Refinery copper	103	328	303	195.6	-7.5
Mine-produced zinc	251	118	358	42.7	202.0
Refinery zinc	66	104	111	67.7	6.7
Total	3,361	4,206	5,165	53.7	22.8
Gross margins (%)					
Mine-produced gold	43.8	53.0	51.6		
Refinery and processed gold	0.7	0.7	0.8		
Mine-produced silver	41.6	45.6	63.2		
Mine-produced copper	41.4	41.2	51.4		
Refinery copper	2.0	5.6	4.4		
Mine-produced zinc	32.3	17.1	40.0		
Refinery zinc	7.2	11.5	13.9		

Source: Company, DBS HK

Historical PE and PB band



Source: Thomson Reuters, DBS HK

Key Assumptions

FY Dec	2018A	2019A	2020F	2021F	2022F
Mined gold sales volume(ton)	36.1	39.2	37.0	40.0	40.0
Mined copper sales volume(k ton)	249.5	371.1	450.0	476.0	578.9
Refined copper sales volume(k ton)	436.0	501.2	590.0	637.8	637.8
Gold prices(US\$/oz)	1,269.1	1,393.4	1,774.0	1,809.5	1,628.5
LME Copper prices(US\$/ton)	6,523.0	6,000.0	5,930.0	6,048.6	6,078.8

Source: Company, DBS HK

Segmental Breakdown (RMB m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Revenues (RMB m)					
Mine-produced gold	9,108	11,634	13,981	15,417	13,870
Refinery and processed gold	55,600	80,824	111,132	113,355	98,174
Mine-produced silver	505	658	854	770	755
Mine-produced copper	8,820	13,143	15,753	16,997	20,774
Refinery copper	18,964	20,898	23,619	26,042	27,344
Mine-produced zinc	4,012	3,889	2,401	2,889	2,976
Total	105,994	136,098	174,003	185,423	176,563
Gross Profit (RMB m)					
Mine-produced gold	2,857	4,865	6,953	7,743	6,122
Refinery and processed gold	141	447	1,049	1,070	927
Mine-produced silver	123	281	499	474	458
Mine-produced copper	4,405	5,444	7,552	8,191	9,958
Refinery copper	672	673	999	1,346	1,660
Mine-produced zinc	2,621	1,477	806	1,024	1,074
Total	13,343	15,515	20,227	22,268	22,560
Gross Profit Margins (%)					
Mine-produced gold	31.4	41.8	49.7	50.2	44.1
Refinery and processed gold	0.3	0.6	0.9	0.9	0.9
Mine-produced silver	24.3	42.7	58.4	61.5	60.7
Mine-produced copper	49.9	41.4	47.9	48.2	47.9
Refinery copper	3.5	3.2	4.2	5.2	6.1
Mine-produced zinc	65.3	38.0	33.6	35.5	36.1
Total	12.6	11.4	11.6	12.0	12.8

Source: Company, DBS HK

Income Statement (RMB m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Revenue	105,994	136,098	174,003	185,423	176,563
Cost of Goods Sold	(92,651)	(120,583)	(153,775)	(163,155)	(154,003)
Gross Profit	13,343	15,515	20,227	22,268	22,560
Other Opng (Exp)/Inc	(6,968)	(6,841)	(8,866)	(9,221)	(8,790)
Operating Profit	6,375	8,675	11,362	13,048	13,770
Other Non Opg (Exp)/Inc	(81)	(307)	(300)	(100)	(100)
Associates & JV Inc	373	96	96	96	96
Net Interest (Exp)/Inc	(1,225)	(1,428)	(1,800)	(1,506)	(834)
Dividend Income	687	(62)	557	615	743
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	6,130	6,974	9,915	12,153	13,675
Tax	(1,448)	(1,913)	(2,720)	(3,334)	(3,752)
Minority Interest	(589)	(777)	(1,105)	(1,354)	(1,523)
Preference Dividend	0	0	0	0	0
Net Profit	4,094	4,284	6,091	7,465	8,400
Net Profit before Except.	4,094	4,284	6,091	7,465	8,400
EBITDA	10,824	14,528	17,495	19,664	20,869
Growth					
Revenue Gth (%)	12.1	28.4	27.9	6.6	(4.8)
EBITDA Gth (%)	(3.5)	34.2	20.4	12.4	6.1
Opg Profit Gth (%)	(7.4)	36.1	31.0	14.8	5.5
Net Profit Gth (%)	16.7	4.6	42.2	22.6	12.5
Margins & Ratio					
Gross Margins (%)	12.6	11.4	11.6	12.0	12.8
Opg Profit Margin (%)	6.0	6.4	6.5	7.0	7.8
Net Profit Margin (%)	3.9	3.1	3.5	4.0	4.8
ROAE (%)	10.9	9.3	11.5	12.4	12.3
ROA (%)	3.6	3.5	4.3	4.7	5.1
ROCE (%)	3.1	2.7	3.6	4.4	5.3
Div Payout Ratio (%)	50.6	59.2	41.7	36.0	32.0
Net Interest Cover (x)	5.2	6.1	6.3	8.7	16.5

Source: Company, DBS HK

Interim Income Statement (RMB m)

FY Dec	1H2018	2H2018	1H2019	2H2019	1H2020
Revenue	49,814	56,180	67,198	68,900	83,142
Cost of Goods Sold	(42,717)	(49,935)	(59,642)	(60,940)	(74,016)
Gross Profit	7,097	6,245	7,556	7,959	9,126
Other Oper. (Exp)/Inc	(2,787)	(4,168)	(3,548)	(3,293)	(3,875)
Operating Profit	4,310	2,078	4,008	4,666	5,251
Other Non Opg (Exp)/Inc	3	(55)	(176)	(92)	(265)
Associates & JV Inc	(28)	401	11	85	89
Net Interest (Exp)/Inc	(660)	(594)	(851)	(616)	(918)
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	3,781	2,362	3,040	3,935	4,095
Tax	(712)	(735)	(800)	(1,113)	(1,004)
Minority Interest	(542)	(47)	(386)	(391)	(670)
Net Profit	2,526	1,580	1,853	2,431	2,421
Net profit bef Except.	2,526	1,580	1,853	2,431	2,421
Growth					
Revenue Gth (%)	32.8	(1.5)	34.9	22.6	23.7
Opg Profit Gth (%)	24.9	(39.5)	(7.0)	124.6	31.0
Net Profit Gth (%)	67.8	(21.1)	(26.6)	53.8	30.6
Margins					
Gross Margins (%)	14.2	11.1	11.2	11.6	11.0
Opg Profit Margins (%)	8.7	3.7	6.0	6.8	6.3
Net Profit Margins (%)	5.1	2.8	2.8	3.5	2.9

Source: Company, DBS HK

Quarterly Income Statement (RMB m)

FY Dec	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020
Revenue	34,429	34,471	36,162	46,980	47,291
Cost of Goods Sold	(30,459)	(30,481)	(32,237)	(41,780)	(41,443)
Gross Profit	3,969	3,990	3,925	5,201	5,849
Other Oper. (Exp)/Inc	(1,837)	(1,456)	(1,900)	(1,975)	(1,504)
Operating Profit	2,132	2,534	2,025	3,226	4,344
Other Non Opg (Exp)/Inc	23	(154)	(5)	(261)	(365)
Associates & JV Inc	44	41	21	68	51
Net Interest (Exp)/Inc	(365)	(212)	(470)	(449)	(308)
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	1,822	2,113	1,810	2,285	3,301
Tax	(486)	(627)	(483)	(520)	(596)
Minority Interest	(184)	(207)	(286)	(383)	(555)
Net Profit	1,152	1,278	1,040	1,381	2,151
Net profit bef Except.	1,152	1,278	1,040	1,381	2,151
EBITDA	4,689	4,689	3,684	4,846	5,771

Growth (QoQ)

Revenue Gth (%)	(9.8)	0.1	4.9	29.9	0.7
EBITDA Gth (%)	55.4	9.4	(21.4)	31.5	19.1
Opg Profit Gth (%)	7.4	18.9	(20.1)	59.3	34.7
Net Profit Gth (%)	17.7	10.9	(18.6)	32.8	55.8

Growth (YoY)

Revenue Gth (%)	30.6	15.6	24.5	23.1	37.4
EBITDA Gth (%)	77.6	116.0	31.8	75.7	34.6
Opg Profit Gth (%)	83.8	176.2	0.1	62.5	103.8
Net Profit Gth (%)	71.7	40.6	18.9	41.0	86.7

Margins

Gross Margins (%)	11.5	11.6	10.9	11.1	12.4
Opg Profit Margins (%)	6.2	7.4	5.6	6.9	9.2
Net Profit Margins (%)	3.3	3.7	2.9	2.9	4.5

Source: Company, DBS HK

Balance Sheet (RMB m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Net Fixed Assets	39,500	44,856	47,045	49,218	50,533
Invts in Associates & JVs	7,042	6,924	12,924	14,924	16,924
Other LT Assets	35,889	43,456	43,706	43,646	43,607
Cash & ST Invts	10,090	6,225	12,996	23,767	27,927
Inventory	12,670	14,887	16,915	17,947	16,940
Debtors	1,010	2,263	2,893	3,083	2,935
Other Current Assets	6,679	5,220	5,718	5,718	5,718
Total Assets	112,879	123,831	142,198	158,303	164,585
ST Debt	15,617	14,441	16,000	16,000	16,000
Creditors	4,701	4,803	6,125	6,499	6,134
Other Current Liab	16,905	14,119	16,626	17,228	16,640
LT Debt	21,797	25,793	29,293	30,793	28,793
Other LT Liabilities	6,585	7,596	9,314	10,314	12,314
Shareholder's Equity	40,455	51,186	54,739	65,519	71,234
Minority Interests	6,818	5,894	10,102	11,951	13,470
Total Cap. & Liab.	112,879	123,831	142,198	158,303	164,585
Non-Cash Wkg. Capital	(1,248)	3,448	2,775	3,021	2,819
Net Cash/(Debt)	(27,324)	(34,008)	(32,296)	(23,026)	(16,866)
Debtors Turn (avg days)	3.5	6.1	6.1	6.1	6.1
Creditors Turn (avg days)	19.5	15.3	15.1	15.2	15.2
Inventory Turn (avg days)	52.4	47.4	41.8	41.8	42.1
Asset Turnover (x)	0.9	1.1	1.2	1.2	1.1
Current Ratio (x)	0.8	0.9	1.0	1.3	1.4
Quick Ratio (x)	0.3	0.3	0.4	0.7	0.8
Net Debt/Equity (X)	0.6	0.6	0.5	0.3	0.2
Net Debt/Equity ex MI (X)	0.7	0.7	0.6	0.4	0.2
Capex to Debt (%)	19.9	29.0	14.9	15.4	15.3
Z-Score (X)	NA	NA	NA	NA	NA

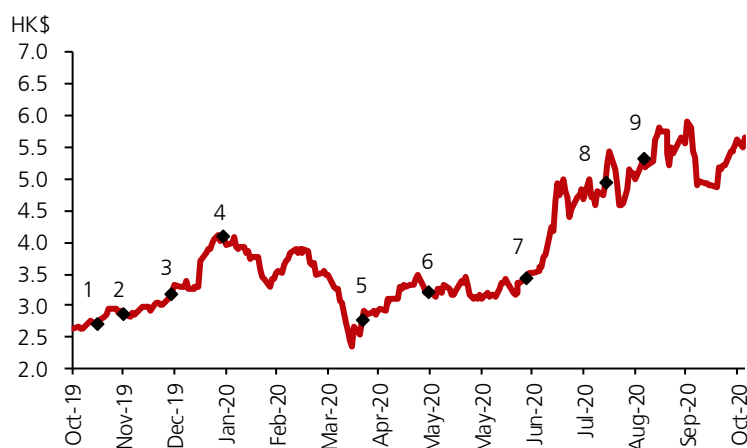
Source: Company, DBS HK

Cash Flow Statement (RMB m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Pre-Tax Profit	6,130	6,974	9,915	12,153	13,675
Dep. & Amort.	4,449	5,853	6,133	6,616	7,099
Tax Paid	(1,448)	(1,913)	(2,720)	(3,334)	(3,752)
Assoc. & JV Inc/(loss)	(373)	(96)	(96)	(96)	(96)
(Pft)/ Loss on disposal of FAs	0	0	0	0	0
Chg in Wkg.Cap.	(6,190)	(780)	999	(246)	202
Other Operating CF	7,664	628	2,096	2,096	2,096
Net Operating CF	10,233	10,666	16,327	17,189	19,224
Capital Exp.(net)	(7,445)	(11,687)	(6,751)	(7,208)	(6,853)
Other Invts.(net)	145	(1,252)	(1,826)	(1,826)	(1,826)
Invts in Assoc. & JV	(7,854)	(107)	(6,000)	(2,000)	(2,000)
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	1,514	(1,058)	0	300	300
Net Investing CF	(13,640)	(14,103)	(14,577)	(10,734)	(10,379)
Div Paid	(4,595)	(5,491)	(2,538)	(2,685)	(2,685)
Chg in Gross Debt	15,710	(688)	7,559	2,000	(2,000)
Capital Issues	0	0	0	6,000	0
Other Financing CF	(3,460)	5,853	0	(1,000)	0
Net Financing CF	7,655	(326)	5,021	4,315	(4,685)
Currency Adjustments	(69)	(84)	0	0	0
Chg in Cash	4,178	(3,847)	6,771	10,770	4,160
Opg CFPS (RMB)	0.71	0.49	0.60	0.65	0.71
Free CFPS (RMB)	0.12	(0.04)	0.38	0.37	0.46

Source: Company, DBS HK

H Share - Target Price & Ratings History

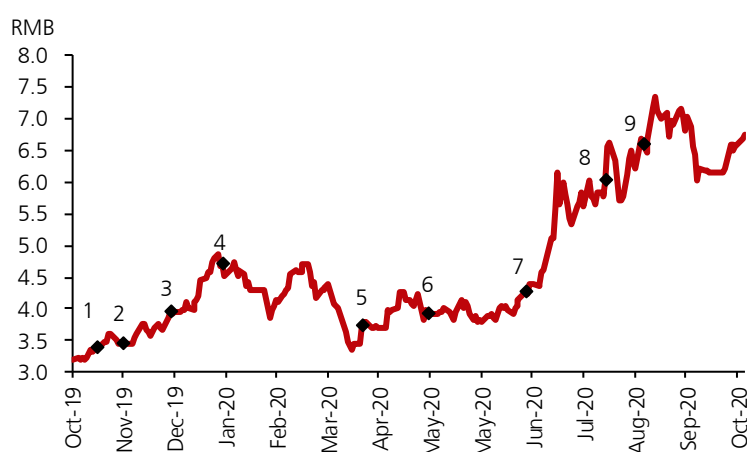


S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	31-Oct-19	HK\$2.74	HK\$3.66	Buy
2:	14-Nov-19	HK\$2.93	HK\$3.66	Buy
3:	10-Dec-19	HK\$3.12	HK\$3.90	Buy
4:	8-Jan-20	HK\$4.02	HK\$4.80	Buy
5:	24-Mar-20	HK\$2.55	HK\$3.50	Buy
6:	29-Apr-20	HK\$3.20	HK\$3.87	Buy
7:	22-Jun-20	HK\$3.42	HK\$4.10	Buy
8:	5-Aug-20	HK\$4.75	HK\$5.10	Buy
9:	25-Aug-20	HK\$5.21	HK\$5.90	Buy

Source: DBS HK

Analyst: LEE Eun Young

A Share - Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	31-Oct-19	RMB3.35	RMB3.33	Hold
2:	14-Nov-19	RMB3.49	RMB3.33	Hold
3:	10-Dec-19	RMB3.85	RMB4.40	Buy
4:	8-Jan-20	RMB4.67	RMB5.40	Buy
5:	24-Mar-20	RMB3.46	RMB3.90	Buy
6:	29-Apr-20	RMB3.92	RMB4.35	Buy
7:	22-Jun-20	RMB4.25	RMB4.70	Buy
8:	5-Aug-20	RMB5.79	RMB5.80	Hold
9:	25-Aug-20	RMB6.70	RMB6.40	Hold

Source: DBS HK

Analyst: LEE Eun Young

DBS HK recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 20 Oct 2020 12:29:38 (HKT)

Dissemination Date: 20 Oct 2020 19:03:34 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

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