

# China / Hong Kong Company Update

## Ganfeng Lithium Co Ltd

Bloomberg: 1772 HK Equity | 002460 CH Equity | Reuters: 1772.HK | 002460.SZ

Refer to important disclosures at the end of this report

DBS Group Research . Equity

6 Nov 2020

### H: BUY

Last Traded Price (H) ( 5 Nov 2020):HK\$55.35(HSI : 25,696)

Price Target 12-mth (H):HK\$60.00 (8.4% upside) (Prev HK\$50.00)

### A: BUY

Last Traded Price (A) ( 5 Nov 2020):RMB72.20(CSI300 Index : 4,885)

Price Target 12-mth (A):RMB77.00 (6.6% upside) (Prev RMB70.00)

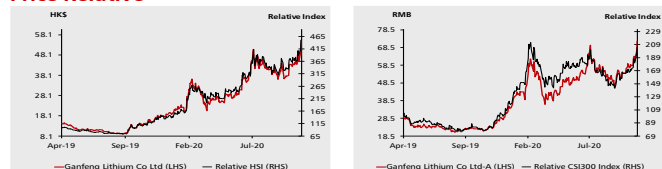
#### Analyst

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#### What's New

- 3Q sales volume benefitted from the EV battery sales rebound; product GP expected to recover on price rebound
- New expansion in TWS capacity to set growth for 2023
- Factored in higher impairment impact for 2020-2021 with a new estimated earnings CAGR of 82% during 2020-2022
- Maintain BUY; new H-share TP of HK\$60/A-share TP of RMB77 at unchanged PE multiples after rolling over to FY22F EPS

#### Price Relative



#### Forecasts and Valuation (H Shares)

| FY Dec (RMBm)                  | 2019A  | 2020F | 2021F | 2022F |
|--------------------------------|--------|-------|-------|-------|
| Turnover                       | 5,246  | 5,524 | 7,508 | 8,600 |
| EBITDA                         | 916    | 1,107 | 2,294 | 2,771 |
| Pre-tax Profit                 | 477    | 658   | 1,777 | 2,193 |
| Net Profit                     | 361    | 500   | 1,350 | 1,667 |
| Net Pft (Pre Ex) (core profit) | 361    | 500   | 1,350 | 1,667 |
| Net Profit Gth (Pre-ex) (%)    | (73.0) | 38.6  | 170.0 | 23.4  |
| EPS (RMB)                      | 0.28   | 0.39  | 1.04  | 1.29  |
| EPS (HK\$)                     | 0.33   | 0.45  | 1.23  | 1.51  |
| EPS Gth (%)                    | (76.3) | 38.6  | 170.0 | 23.4  |
| Diluted EPS (HK\$)             | 0.33   | 0.45  | 1.23  | 1.51  |
| DPS (HK\$)                     | 0.35   | 0.14  | 0.37  | 0.45  |
| BV Per Share (HK\$)            | 7.59   | 7.90  | 8.76  | 9.82  |
| PE (X)                         | 169.0  | 121.9 | 45.2  | 36.6  |
| P/Cash Flow (X)                | 91.1   | 31.8  | 49.2  | 33.7  |
| P/Free CF (X)                  | nm     | 98.7  | 256.2 | 75.4  |
| EV/EBITDA (X)                  | 69.3   | 56.9  | 27.5  | 22.7  |
| Net Div Yield (%)              | 0.6    | 0.2   | 0.7   | 0.8   |
| P/Book Value (X)               | 7.3    | 7.0   | 6.3   | 5.6   |
| Net Debt/Equity (X)            | 0.3    | 0.2   | 0.2   | 0.2   |
| ROAE (%)                       | 4.4    | 5.9   | 14.7  | 16.3  |
| Earnings Rev (%):              |        | (18)  | (8)   | New   |
| Consensus EPS (RMB)            |        | 0.45  | 1.10  | 1.72  |
| Other Broker Recs:             |        | B:9   | S:1   | H:2   |

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

### Multiple growth avenues

#### Investment Thesis

**Secured sales backlog order growth.** Gangeng Lithium's (GLi) lithium hydroxide capacity is expected to increase by >80% by 2020. It has secured sales orders for the next 12 months' production, supporting our optimistic hydroxide revenue growth forecast of 45% in 2021.

**Higher-margin product launch.** We expect product GP margin to recover to 35% in FY22F from 23% in FY19, on better ASP and launch of higher-margin product (True Wireless Stereo).

**Room to for further expansion.** With its improved operating cash inflow plus the proceeds from its H-share placement (in Sep-20), GLi should be able to fully fund the capex for its overseas mine project and TWS expansion, while keeping net gearing stable at <20%.

#### Valuation:

GLi is trading at an undemanding FY22F price-earnings (PE) valuation multiple of 32.1x, compared to its historical range of 19-59x since its listing in 4Q18. Our H-share target price (TP) of HK\$60.0 (raised from HK\$50.0) is based on its historical mean of 40x PE, applied to FY22F EPS. Our TP for A-share is RMB77 (up from RMB70) on 60x PE, based on its historical mean during 2010-2019.

#### Where we differ:

We have an above-consensus earnings CAGR estimate of 82% for 2020-2022, as we are more positive on market recovery and higher-margin product launches.

#### Key Risks to Our View:

Unexpected ASP decline on stronger market supply of lithium products.

#### At A Glance

|   |                  |
|---|------------------|
| Issued Capital - H shares (m shs)           | 240              |
| - Non H shrs (m shs)                        | 1,092            |
| H shs as a % of Total                       | 18               |
| Total Mkt Cap (HK\$m/US\$m)                 | 105,851 / 13,654 |
| Major Shareholders (%)                      |                  |
| Li (Liang Bin)                              | 24.7             |
| Wang (Xiao Shen)                            | 9.2              |
| Major H Shareholders (As % of H shares)     |                  |
| Rosefinch Fund Management Co., Ltd.         | 24.1             |
| Samsung SDI Co Ltd                          | 10.4             |
| Pacific Asset Management Co., Ltd.          | 5.9              |
| H Shares-Free Float (%)                     | 59.7             |
| 3m Avg. Daily Val. (US\$m)                  | 20.55            |
| GLICS Industry: Materials / Metals & Mining |                  |



Live more, Bank less

**WHAT'S NEW****Multiple growth avenues**

**Guidance was largely on track.** We deem the company's 3Q20 results to have met its overall guidance. In January-September 2020, net profit was flattish yoy at RMB330m, narrowing the decline in the first six months, or growing 421% y-o-y to RMB173m in 3Q20. In the third quarter, revenue expanded on strong rebound in lithium carbonate sales volume to an estimated 7,000 tons LCE (1H20: 7,000 tons), on keen market demand for lithium iron phosphate. Sales volume for lithium hydroxide reached 8,000 tons LCE (1H20: 14,000 tons). By crosschecking with market benchmark price levels of lithium carbonate and hydroxide, Ganfeng could have delivered >30% GP margin for hydroxide products and break even for carbonate products. Meanwhile, blended GPM is estimated at 17.7% in 3Q (1H20: 19.4%).

**Further earnings improvement alert.** We assume stable 4Q20 sales volume in lithium carbonate and lithium hydroxide, sufficient to meet its full-year targets of 20,000 and 30,000 tons respectively. In mid-October 2020, we saw a price rebound in lithium carbonate (+1%) and hydroxide price (+4%) from their year-lows in early-October, which should also support a rebound in product margins. The company's latest guidance for full-year earnings to reach RMB400-500m also implies a better outlook for 4Q20. We expect the company's lithium compound sales volumes to grow 25%/36% in FY20F/FY21 on average price changes of -15%/+6%.

**Growth drivers in 2021-2023.** Management stated that it has secured the new sales orders (indicated growth >80%) with its existing blue-chip manufacturers, including Tesla, LG Chem, Volkswagen, BMW, Samsung, Panasonic. Moreover, according to the company's development plan, it aims to increase production capacity by sixfold for its True Wireless Stereo (TWS) batteries by 2023. Potential clients include Vivo, OPPO, JBL, and EDIFIER. Lithium batteries accounted for about 20% of total revenue. This is earnings positive because the product offers above-group-average GP margin of >30%, which has yet to be factored into our estimates.

**Optimistic lithium market outlook.** Overall, the lithium market has stabilised, following the 27% and 41% declines since beginning of this year in the prices of China's lithium carbonate and lithium hydroxide products. Meanwhile, demand should be boosted by a rebound in electric vehicles sales. On the supply front, the market expects more companies to get into liquidations following that of Australia

miner Altura. Moreover, lithium carbonate and hydroxide inventories saw continuous drawdown to about less than one month's supply in 3Q20. We believe the company will benefit from the expected rebound in lithium market prices.

**Project earnings CAGR of 82% during 2020-2022.** As the company has reported an impairment of RMB80-100m for its investment in the electric vehicle venture which we did not expect, we have thus lowered our earnings estimate to reflect the higher impairment impact in the corresponding period. Despite this setback, we see: (1) revenue growth estimated at 45% in FY21F, on its hydroxide sales expansion, and (2) product GP margin recovery on better ASP and higher-margin product launches, estimated to rise to 35% in FY22F from 23% in FY19. Our forecasts are above the Bloomberg consensus figures.

**Room for further expansion.** As of end-September 20, gross borrowings increased 45.3% to RMB6,089m from RMB4,188m as at end-December 2019. With its improved operating cash inflow plus the proceeds from its H-share placement (in September 2020), GFLi should have sufficient to fund the capex for its overseas mine project and TWS expansion. On 29 October 2020, the company decided to terminate the cooperation agreement in Jiangxi Jiangte. We believe the withdrawal may lead to Jiangxi Jiangte going bankruptcy and it will benefit GFLi from market share gains. Based on the company's development plan, we project net gearing to remain stable at <20% in the next few years.

**Raise TPs for both H-share and A-share; maintain BUY calls.** GFLi is trading at an attractive FY22F price-earnings (PE) valuation multiple of 36.8x, compared to its historical range of 19-59x since its listing in 4Q18. Our H-share target price (TP) of HK\$60.0 (raised from HK\$50.0) is based on its historical mean of 40x PE, applied to FY22F EPS. Our TP for A-share is RMB77 (up from RMB70) on 60x PE, based on its historical mean during 2010-2019.

**Company Background**

Ganfeng Lithium (GFLi) is the world's third-largest and China's largest lithium compound producer. It is also the world's largest lithium metal supplier. In 2019, the company's sales volumes of lithium compound and lithium metal were 44,151 and 1,435 tonnes respectively, based on lithium carbonate equivalent (LCE) tonne. Its shares are dual-listed on

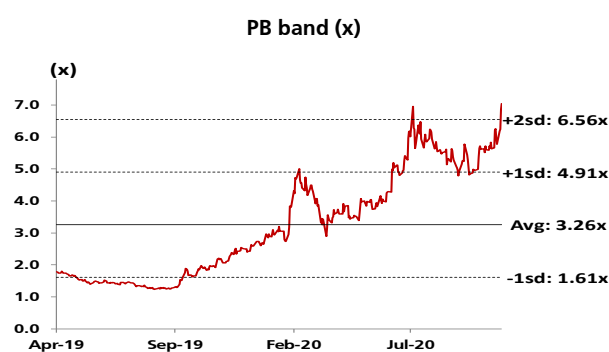
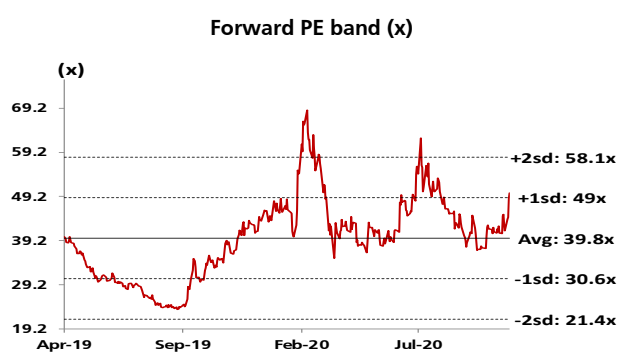
the Hong Kong Stock Exchange (October 2018) and Shenzhen Stock Exchange (August 2010).

#### Quarterly Income Statement (RMBm)

| FY Dec                  | 3Q2019     | 2Q2020     | 3Q2020     | % chg yoy    | % chg qoq   |
|-------------------------|------------|------------|------------|--------------|-------------|
| Revenue                 | 1,388      | 1,296      | 1,506      | 8.5          | 16.2        |
| Cost of Goods Sold      | (1,098)    | (1,039)    | (1,240)    | 12.9         | 19.3        |
| <b>Gross Profit</b>     | <b>290</b> | <b>257</b> | <b>266</b> | <b>-8.1</b>  | <b>3.6</b>  |
| Other Oper. (Exp)/Inc   | (61)       | (91)       | (68)       | 11.3         | -25.2       |
| <b>Operating Profit</b> | <b>228</b> | <b>166</b> | <b>198</b> | <b>-13.3</b> | <b>19.5</b> |
| Other Non Opg (Exp)/Inc | (137)      | 53         | 24         | nm           | nm          |
| Associates & JV Inc     | (13)       | 4          | 15         | -219.6       | 257.4       |
| Net Interest (Exp)/Inc  | (40)       | (55)       | (16)       | -60.5        | -70.8       |
| Exceptional Gain/(Loss) | 0          | 0          | 0          | nm           | nm          |
| <b>Pre-tax Profit</b>   | <b>38</b>  | <b>168</b> | <b>221</b> | <b>478.0</b> | <b>31.8</b> |
| Tax                     | (6)        | (16)       | (43)       | 665.2        | 169.8       |
| Minority Interest       | 1          | (2)        | (4)        | nm           | nm          |
| <b>Net Profit</b>       | <b>33</b>  | <b>150</b> | <b>174</b> | <b>421.3</b> | <b>16.0</b> |
| Net profit bef Except.  | 33         | 150        | 174        | 421.3        | 16.0        |
| EBITDA                  | 140        | 302        | 316        | 124.9        | 4.5         |
| <b>Margins (%)</b>      |            |            |            |              |             |
| Gross Margins           | 20.9       | 19.8       | 17.7       |              |             |
| Opg Profit Margins      | 16.5       | 12.8       | 13.1       |              |             |
| Net Profit Margins      | 2.4        | 11.6       | 11.6       |              |             |

Source: Company, DBS HK

#### Historical PE and PB band



Source: Thomson Reuters, DBS HK

**Key Assumptions**

| FY Dec  | 2018A    | 2019A    | 2020F    | 2021F    | 2022F    |
|---|----------|----------|----------|----------|----------|
| Sales volume for lithium metal and compound (LCE tonne) | 30,826.3 | 45,586.5 | 56,853.7 | 77,135.5 | 84,271.2 |
| ASP for lithium metal and compound (Rmb/tonne)          | 103.2    | 91.1     | 77.9     | 83.1     | 88.3     |
| GPM for lithium metal and compound (%)                  | 35.9     | 23.6     | 24.9     | 33.1     | 35.3     |
| <i>Source: Company, DBS HK</i>                          |          |          |          |          |          |

**Segmental Breakdown (RMB m)**

| FY Dec                          | 2018A        | 2019A        | 2020F        | 2021F        | 2022F        |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenues (RMB m)</b>         |              |              |              |              |              |
| Lithium compound                | 4,153        | 4,152        | 4,430        | 6,414        | 7,439        |
| Lithium metal                   | 737          | 1,095        | 1,095        | 1,095        | 1,160        |
| <b>Total</b>                    | <b>4,890</b> | <b>5,246</b> | <b>5,524</b> | <b>7,508</b> | <b>8,600</b> |
| <b>Gross profit (RMB m)</b>     |              |              |              |              |              |
| Lithium compound                | 1,643        | 1,092        | 1,196        | 2,309        | 2,827        |
| Lithium metal                   | 111          | 147          | 179          | 179          | 209          |
| <b>Total</b>                    | <b>1,754</b> | <b>1,239</b> | <b>1,375</b> | <b>2,488</b> | <b>3,036</b> |
| <b>Gross profit Margins (%)</b> |              |              |              |              |              |
| Lithium compound                | 39.6         | 26.3         | 27.0         | 36.0         | 38.0         |
| Lithium metal                   | 15.1         | 13.4         | 16.3         | 16.3         | 18.0         |
| <b>Total</b>                    | <b>35.9</b>  | <b>23.6</b>  | <b>24.9</b>  | <b>33.1</b>  | <b>35.3</b>  |

*Source: Company, DBS HK*

**Income Statement (RMB m)**

| <b>FY Dec</b>              | <b>2018A</b> | <b>2019A</b> | <b>2020F</b> | <b>2021F</b> | <b>2022F</b> |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue                    | 4,890        | 5,246        | 5,524        | 7,508        | 8,600        |
| Cost of Goods Sold         | (3,136)      | (4,009)      | (4,149)      | (5,021)      | (5,564)      |
| <b>Gross Profit</b>        | <b>1,754</b> | <b>1,238</b> | <b>1,375</b> | <b>2,488</b> | <b>3,036</b> |
| Other Opng (Exp)/Inc       | (443)        | (432)        | (455)        | (618)        | (708)        |
| <b>Operating Profit</b>    | <b>1,311</b> | <b>806</b>   | <b>920</b>   | <b>1,870</b> | <b>2,328</b> |
| Other Non Opng (Exp)/Inc   | 156          | (277)        | (281)        | (201)        | (230)        |
| Associates & JV Inc        | 123          | 153          | 127          | 232          | 232          |
| Net Interest (Exp)/Inc     | (90)         | (205)        | (108)        | (124)        | (136)        |
| Dividend Income            | 0            | 0            | 0            | 0            | 0            |
| Exceptional Gain/(Loss)    | 0            | 0            | 0            | 0            | 0            |
| <b>Pre-tax Profit</b>      | <b>1,500</b> | <b>477</b>   | <b>658</b>   | <b>1,777</b> | <b>2,193</b> |
| Tax                        | (163)        | (121)        | (165)        | (444)        | (548)        |
| Minority Interest          | (1)          | 5            | 6            | 18           | 22           |
| Preference Dividend        | 0            | 0            | 0            | 0            | 0            |
| <b>Net Profit</b>          | <b>1,337</b> | <b>361</b>   | <b>500</b>   | <b>1,350</b> | <b>1,667</b> |
| Net Profit before Except.  | 1,337        | 361          | 500          | 1,350        | 1,667        |
| EBITDA                     | 1,733        | 916          | 1,107        | 2,294        | 2,771        |
| <b>Growth</b>              |              |              |              |              |              |
| Revenue Gth (%)            | 17.2         | 7.3          | 5.3          | 35.9         | 14.5         |
| EBITDA Gth (%)             | (31.6)       | (47.1)       | 20.8         | 107.2        | 20.8         |
| Opg Profit Gth (%)         | (8.3)        | (38.5)       | 14.2         | 103.2        | 24.5         |
| Net Profit Gth (%)         | (36.2)       | (73.0)       | 38.6         | 170.0        | 23.4         |
| <b>Margins &amp; Ratio</b> |              |              |              |              |              |
| Gross Margins (%)          | 35.9         | 23.6         | 24.9         | 33.1         | 35.3         |
| Opg Profit Margin (%)      | 26.8         | 15.4         | 16.7         | 24.9         | 27.1         |
| Net Profit Margin (%)      | 27.3         | 6.9          | 9.1          | 18.0         | 19.4         |
| ROAE (%)                   | 22.1         | 4.4          | 5.9          | 14.7         | 16.3         |
| ROA (%)                    | 12.4         | 2.6          | 3.4          | 8.4          | 9.4          |
| ROCE (%)                   | 13.3         | 5.0          | 5.3          | 9.9          | 11.1         |
| Div Payout Ratio (%)       | 29.5         | 107.5        | 30.0         | 30.0         | 30.0         |
| Net Interest Cover (x)     | 14.5         | 3.9          | 8.5          | 15.1         | 17.1         |

Source: Company, DBS HK

**Balance Sheet (RMB m)**

| FY Dec                        | 2018A         | 2019A         | 2020F         | 2021F         | 2022F         |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Net Fixed Assets              | 2,620         | 3,008         | 3,967         | 4,574         | 5,133         |
| Invts in Associates & JVs     | 1,854         | 3,680         | 3,680         | 3,680         | 3,680         |
| Other LT Assets               | 1,251         | 1,809         | 1,809         | 1,809         | 1,809         |
| Cash & ST Invts               | 3,602         | 1,700         | 2,168         | 3,001         | 3,309         |
| Inventory                     | 1,905         | 2,334         | 1,592         | 1,926         | 2,134         |
| Debtors                       | 1,598         | 1,159         | 1,254         | 1,616         | 1,815         |
| Other Current Assets          | 809           | 525           | 525           | 525           | 525           |
| <b>Total Assets</b>           | <b>13,639</b> | <b>14,213</b> | <b>14,993</b> | <b>17,129</b> | <b>18,405</b> |
| ST Debt                       | 1,356         | 1,969         | 1,969         | 2,439         | 2,439         |
| Creditors                     | 1,364         | 559           | 995           | 1,204         | 1,334         |
| Other Current Liab            | 1,112         | 731           | 731           | 731           | 731           |
| LT Debt                       | 1,420         | 2,219         | 2,219         | 2,749         | 2,749         |
| Other LT Liabilities          | 292           | 324           | 324           | 324           | 324           |
| Shareholder's Equity          | 8,042         | 8,355         | 8,705         | 9,650         | 10,817        |
| Minority Interests            | 54            | 55            | 49            | 31            | 9             |
| <b>Total Cap. &amp; Liab.</b> | <b>13,639</b> | <b>14,213</b> | <b>14,993</b> | <b>17,129</b> | <b>18,405</b> |
| Non-Cash Wkg. Capital         | 1,837         | 2,727         | 1,643         | 2,131         | 2,408         |
| Net Cash/(Debt)               | 826           | (2,488)       | (2,020)       | (2,187)       | (1,879)       |
| Debtors Turn (avg days)       | 30.0          | 32.9          | 33.9          | 33.9          | 33.9          |
| Creditors Turn (avg days)     | 39.3          | 43.4          | 44.4          | 44.4          | 44.4          |
| Inventory Turn (avg days)     | 30.7          | 33.4          | 34.4          | 34.4          | 34.4          |
| Asset Turnover (x)            | 0.5           | 0.4           | 0.4           | 0.5           | 0.5           |
| Current Ratio (x)             | 2.1           | 1.8           | 1.5           | 1.6           | 1.7           |
| Quick Ratio (x)               | 1.4           | 0.9           | 0.9           | 1.1           | 1.1           |
| Net Debt/Equity (X)           | CASH          | 0.3           | 0.2           | 0.2           | 0.2           |
| Net Debt/Equity ex MI (X)     | CASH          | 0.3           | 0.2           | 0.2           | 0.2           |
| Capex to Debt (%)             | 42.7          | 18.1          | 31.0          | 19.3          | 19.3          |
| Z-Score (X)                   | NA            | NA            | NA            | NA            | NA            |

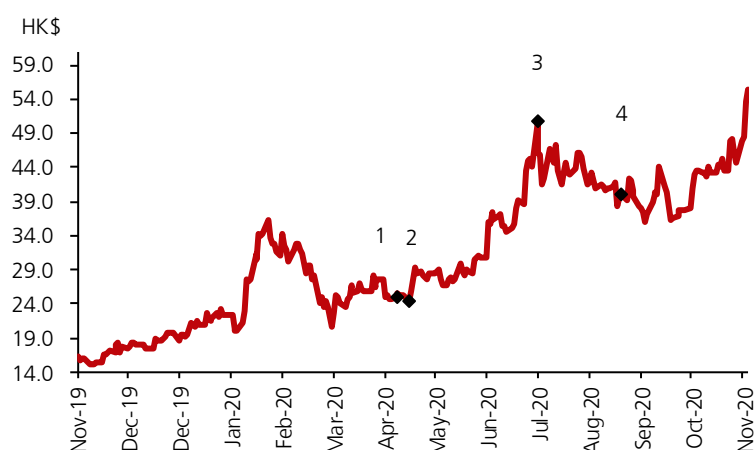
Source: Company, DBS HK

**Cash Flow Statement (RMB m)**

| FY Dec                         | 2018A          | 2019A          | 2020F          | 2021F          | 2022F          |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Pre-Tax Profit                 | 1,500          | 477            | 658            | 1,777          | 2,193          |
| Dep. & Amort.                  | 143            | 234            | 341            | 393            | 441            |
| Tax Paid                       | (224)          | (337)          | (273)          | (568)          | (685)          |
| Assoc. & JV Inc/(loss)         | (123)          | (212)          | (127)          | (232)          | (232)          |
| (Pft)/ Loss on disposal of FAs | 0              | 0              | 0              | 0              | 0              |
| Chg in Wkg.Cap.                | (1,356)        | (163)          | 1,084          | (488)          | (277)          |
| Other Operating CF             | 745            | 670            | 235            | 356            | 368            |
| <b>Net Operating CF</b>        | <b>685</b>     | <b>669</b>     | <b>1,918</b>   | <b>1,238</b>   | <b>1,808</b>   |
| Capital Exp.(net)              | (1,185)        | (758)          | (1,300)        | (1,000)        | (1,000)        |
| Other Invts.(net)              | 1,167          | 434            | 0              | 0              | 0              |
| Invts in Assoc. & JV           | (1,790)        | (1,044)        | 0              | 0              | 0              |
| Div from Assoc & JV            | 0              | 0              | 0              | 0              | 0              |
| Other Investing CF             | (553)          | (1,454)        | 0              | 0              | 0              |
| <b>Net Investing CF</b>        | <b>(2,360)</b> | <b>(2,823)</b> | <b>(1,300)</b> | <b>(1,000)</b> | <b>(1,000)</b> |
| Div Paid                       | (293)          | (388)          | (150)          | (405)          | (500)          |
| Chg in Gross Debt              | 495            | 1,322          | 0              | 1,000          | 0              |
| Capital Issues                 | 0              | 0              | 0              | 0              | 0              |
| Other Financing CF             | 2,519          | (693)          | 0              | 0              | 0              |
| <b>Net Financing CF</b>        | <b>2,721</b>   | <b>241</b>     | <b>(150)</b>   | <b>595</b>     | <b>(500)</b>   |
| Currency Adjustments           | 0              | 0              | 0              | 0              | 0              |
| Chg in Cash                    | 1,046          | (1,913)        | 468            | 833            | 308            |
| Opg CFPS (RMB)                 | 1.80           | 0.64           | 0.65           | 1.33           | 1.61           |
| Free CFPS (RMB)                | (0.44)         | (0.07)         | 0.48           | 0.18           | 0.63           |

Source: Company, DBS HK

## H Share - Target Price &amp; Ratings History

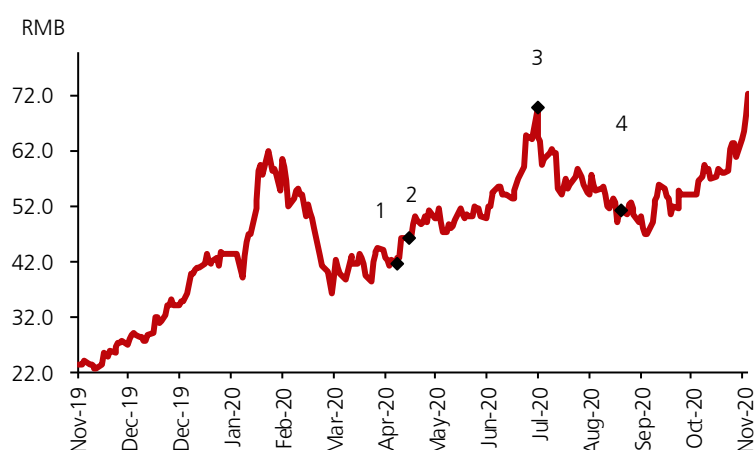


| S.No. | Date      | Closing Price | 12-mth Target Price | Rating |
|-------|-----------|---------------|---------------------|--------|
| 1:    | 27-Apr-20 | HK\$24.80     | HK\$30.00           | Buy    |
| 2:    | 4-May-20  | HK\$25.30     | HK\$30.00           | Buy    |
| 3:    | 13-Jul-20 | HK\$36.40     | HK\$50.00           | Buy    |
| 4:    | 28-Aug-20 | HK\$39.95     | HK\$50.00           | Buy    |

Source: DBS HK

Analyst: Duncan CHAN

## A Share - Target Price &amp; Ratings History



| S.No. | Date      | Closing Price | 12-mth Target Price | Rating |
|-------|-----------|---------------|---------------------|--------|
| 1:    | 27-Apr-20 | RMB42.30      | RMB45.00            | Hold   |
| 2:    | 4-May-20  | RMB42.90      | RMB45.00            | Hold   |
| 3:    | 13-Jul-20 | RMB54.50      | RMB70.00            | Buy    |
| 4:    | 28-Aug-20 | RMB51.40      | RMB70.00            | Buy    |

Source: DBS HK

Analyst: Duncan CHAN

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: 6 Nov 2020 10:55:33 (HKT)

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

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