

(2809 HK)

Better late than never*Mirae Asset Daewoo Co., Ltd.*

Yongdai Park yongdai.park@miraeasset.com

China in early stages of eco-friendly transition**New commitment to fight climate change****Clean energy-related companies to continue to benefit in the medium and long term****Phenomenal performance continues**

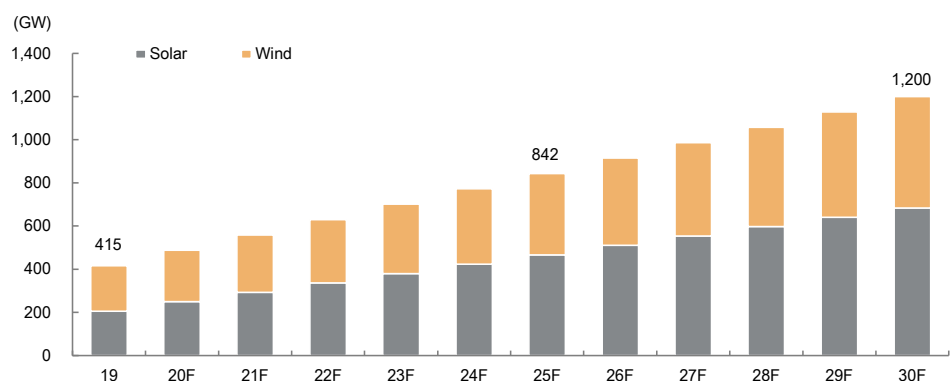
- The Global X China Clean Energy ETF has returned 11% in the past week and 34% in the past month.
- In 2020, the ETF gained 90%, significantly outperforming the SSE Composite Index (+14%) and the Hang Seng Composite Index (+12%).
- Solar PV equipment suppliers have been key contributors to the ETF's phenomenal performance. LONGi Green Energy Technology (601012 CH), Xinyi Solar Holdings (968 HK), and Sungrow (300274 CH) rallied 271%, 266%, and 586%, respectively, in 2020.

China gets serious on carbon neutrality pledge

- In Sep. 2020, Chinese President Xi Jinping announced China's goal to become carbon neutral by 2060, but stopped short of laying out a detailed road map for achieving that aim.
- At last month's United Nations Climate Ambition Summit marking the fifth anniversary of the Paris Agreement, President Xi reiterated China's carbon neutrality pledge, revising three current commitments (1-3) and unveiling one new commitment (4).
 - 1) Cut carbon dioxide emissions per unit of GDP by more than 65% from the 2005 level by 2030 (vs. 60-65% previously)
 - 2) Increase the share of non-fossil fuels in primary energy consumption to 25% by 2030 (vs. 20% previously)
 - 3) Increase forest stock volume by 6bn cubic meters from the 2005 level by 2030 (vs. 4.5bn cubic meters previously)
 - 4) Expand total installed wind and solar power capacity to over 1,200GW by 2030

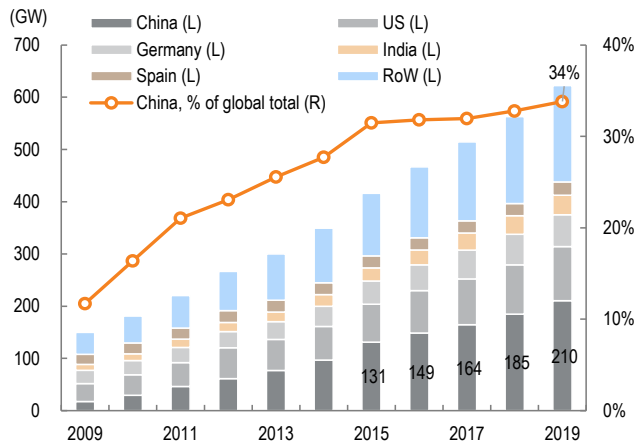
Global X China Clean Energy ETF: All-in-one access to core players

- We believe more detailed clean energy targets and plans will be unveiled when the 14th five-year plan (2021-25) is finalized in March.
- China can achieve its 1,200GW target if it increases wind and solar power capacity by 72GW on average per year until 2030 (based on a simple calculation).
- More bullish outlooks have been presented, with Tsinghua University and the State Grid Research Institute forecasting the annual increase in installed capacity during 2021-25 at 100GW and 80GW, respectively.
- We believe wind and solar PV companies will continue to benefit in the medium and long term. In our view, the Global X China Clean Energy ETF, which invests in 20 core companies operating in China's clean energy industry, is the best ETF to capitalize on this trend.

China: Total installed wind and solar power capacity outlook

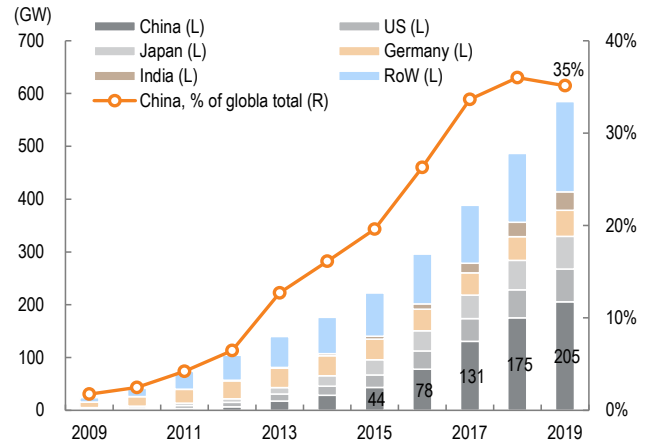
Source: IRENA, Mirae Asset Daewoo Research

Figure 1. China: Total installed wind power capacity and % of global capacity



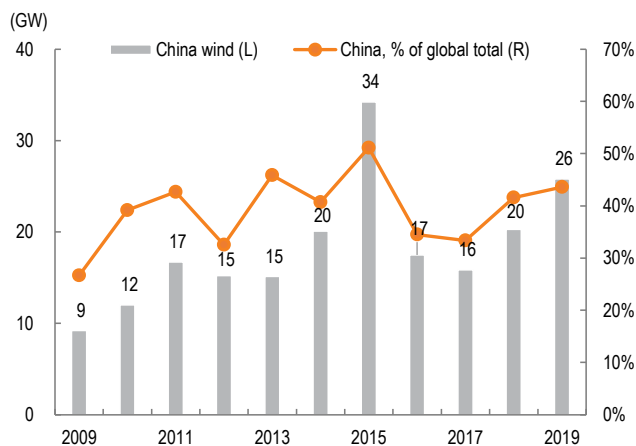
Source: IRENA, Mirae Asset Daewoo Research

Figure 2. China: Total installed solar power capacity and % of global capacity



Source: IRENA, Mirae Asset Daewoo Research

Figure 3. China: Wind power capacity additions and % of global capacity additions



Source: IRENA, Mirae Asset Daewoo Research

Figure 4. China: Solar power capacity additions and % of global capacity additions



Source: IRENA, Mirae Asset Daewoo Research

ETF overview

The Global X China Clean Energy ETF offers a way to invest in China's clean energy theme.

The ETF is comprised of 20 solar, wind, hydro, and nuclear power companies listed in China and Hong Kong. Solar power-related companies have the largest weight at 69%, followed by wind power (12%), hydropower (9%), and nuclear power (3%) companies.

Table 1. ETF overview

Details	
Ticker	2809 HK (HK\$) 9809 HK (US\$)
Board lot size	HK\$: 50 units US\$: 50 units
Exchange	Hong Kong
Listing date	Jan. 17, 2020
Benchmark index	Solactive China Clean Energy Index NTR (SOLCCEIN) Inception date: Jun. 2, 2017 Free-float market cap-weighted index

Source: Global X, Mirae Asset Daewoo Research

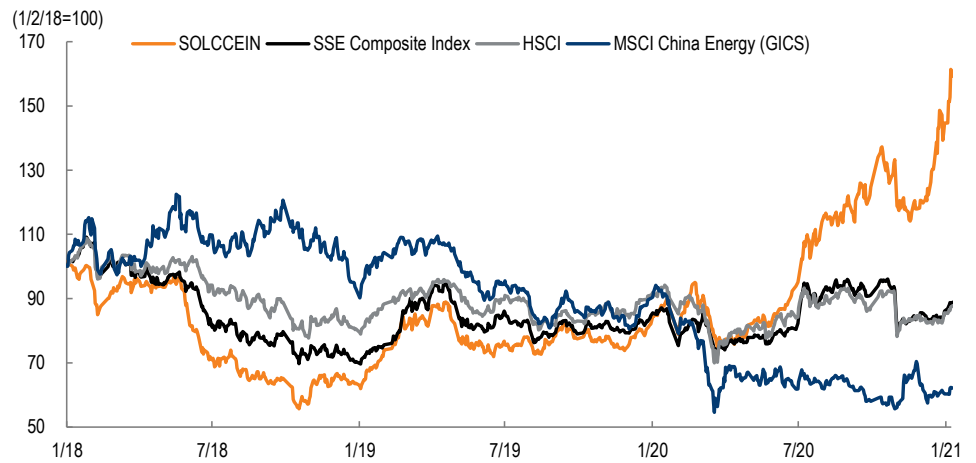
Table 2. Global X China Clean Energy ETF constituents

Company	Ticker	Exchange	Market cap (US\$m)	Weight (%)	Sector	Description
LONGi Green Energy Technology	601012 CH	Shanghai	42,829	18.88	Solar	World's no. 1 solar PV player (no.1 in mono-Si wafers, no. 4 in modules)
Sungrow	300274 CH	Shenzhen	8,455	11.09	Solar	World's no. 1 solar inverter supplier
Xinyi Solar Holdings	968 HK	Hong Kong	15,473	9.96	Solar	Solar glass manufacturer/seller
Tianjin Zhonghuan Semiconductor	002129 CH	Shenzhen	10,578	7.53	Solar	China's no. 2 mono-Si wafer supplier
Weihai Guangwei Composites	300699 CH	Shenzhen	5,118	6.95	Wind	High-quality carbon fiber manufacturer that produces wind turbine blade materials
Zhejiang Jingsheng.	300316 CH	Shenzhen	5,566	6.57	Solar	50% share in China's crystalline growth device (ingot) market
China Yangtze Power	600900 CH	Shanghai	64,431	6.24	Hydro	World's largest hydropower company
Shandong Sinocera Functional Material	300285 CH	Shenzhen	5,902	6.20	Solar	R&D/manufacturing/distribution of ceramic materials and MLCC electronic ceramics
Risen Energy	300118 CH	Shenzhen	2,314	4.24	Solar	Solar cell/module manufacturer/seller that operates solar power systems
Xinjiang Goldwind Science & Tech.	002202 CH	Shenzhen	6,990	3.86	Wind	World's no. 3 and China's no. 1 wind turbine manufacturer; also engaged in wind farm construction/operation/services
SPIC Dongfang New Energy	000958 CH	Shenzhen	3,491	3.29	Other	Electricity and heat producer/distributor focused on production of clean energy
China National Nuclear Power	601985 CH	Shanghai	10,304	3.29	Nuclear	Operator of seven nuclear power plants in China
Hangzhou First Applied Materials	603806 CH	Shanghai	8,735	2.46	Solar	World's no. 1 solar EVA (protection film) manufacturer
CGN Power	003816 CH	Shenzhen	18,437	2.18	Nuclear	Nuclear power plant operator and electricity distributor
Sichuan Chuantou Energy	600674 CH	Shanghai	6,624	1.97	Hydro	Focused on hydropower and clean energy
China Everbright Environment Group	257 HK	Hong Kong	3,090	1.91	Other	China's leading environmental company engaged in the energy/infrastructure business
CSG Holdings	000012 CH	Shenzhen	2,079	1.07	Solar	Solar glass manufacturer/seller
Flat Glass Group	601865 CH	Shanghai	10,511	0.92	Solar	Solar glass manufacturer/seller
Ming Yang Smart Energy Group	601615 CH	Shanghai	3,397	0.86	Wind	World's no. 6 and China's no. 3 wind turbine manufacturer
Guangxi Guiguan Electric Power	600236 CH	Shanghai	5,230	0.46	Hydro	Developer/operator of hydropower plants, thermal power plants, and electricity distribution/transmission facilities

Note: As of Jan. 8, 2021

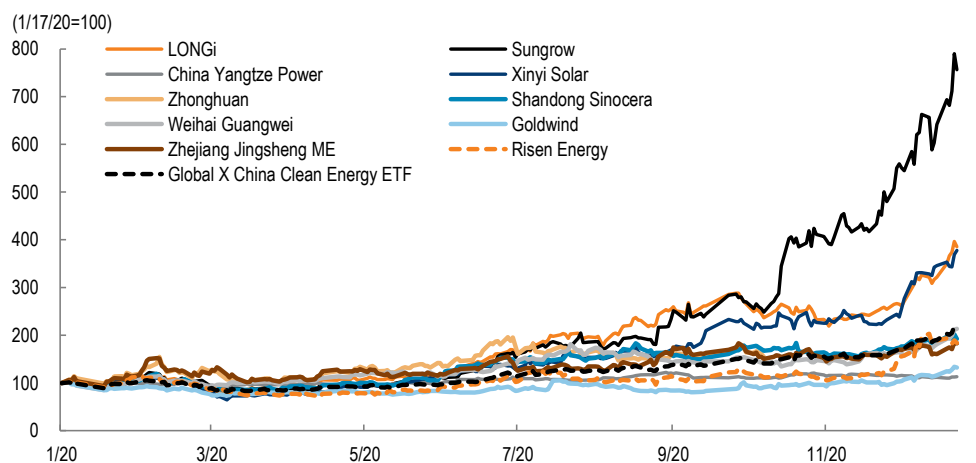
Source: Bloomberg, Mirae Asset Daewoo Research

Figure 5. SOLCCEIN performance



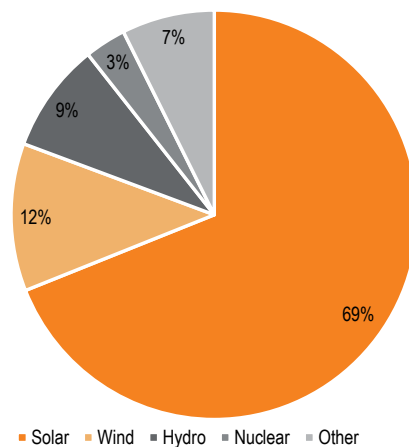
Source: Bloomberg, Mirae Asset Daewoo Research

Figure 6. Performances of Global X China Clean Energy ETF and top 10 constituents



Source: Bloomberg, Mirae Asset Daewoo Research

Figure 7. Global X China Clean Energy ETF: Weighting by sector



Source: Mirae Asset Daewoo Research

Table 3. Valuation: Global X China Clean Energy ETF (2809 HK) constituents

Company	Ticker	Price (LC)	Market cap (US\$m)	P/E (x)		P/B (x)		ROE (%)		EPS growth (%)		Dividend yield (%)	
				20F	21F	20F	21F	20F	21F	20F	21F	20F	21F
LONGi Green Energy Technology	601012 CH	110.7	64,313	38.0	31.0	9.2	7.3	24.8	23.7	29.8	22.3	0.3	0.4
Sungrow	300274 CH	85.2	19,183	46.1	35.1	9.6	7.6	21.8	21.9	45.0	31.5	0.3	0.3
China Yangtze Power	600900 CH	19.3	67,931	18.5	17.9	2.6	2.4	14.1	13.8	(1.8)	3.0	3.7	3.7
Xinyi Solar Holdings	968 HK	22.1	25,104	32.7	28.3	8.1	6.9	26.3	25.2	39.4	15.5	1.5	1.7
Tianjin Zhonghuan Semiconductor	002129 CH	30.3	14,198	49.4	38.1	5.0	4.4	9.7	11.2	37.7	29.5	0.2	0.3
Zhejiang Jingsheng	300316 CH	34.4	6,823	39.8	31.3	7.2	6.1	18.3	19.4	36.1	27.1	0.5	0.6
Shandong Sinocera Functional Material	300285 CH	46.8	7,259	58.6	46.7	9.1	7.8	15.4	16.3	29.7	25.4	0.2	0.4
Weihai Guangwei Composites	300699 CH	105.0	8,406	67.3	54.1	12.7	10.8	18.5	19.5	25.3	24.4	0.7	0.9
SPIC Dongfang New Energy	000958 CH	4.4	3,683	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
China National Nuclear Power	601985 CH	5.0	13,534	12.4	11.3	1.3	1.2	10.9	10.6	10.9	9.9	3.3	3.6
Risen Energy	300118 CH	28.0	3,898	22.7	16.4	2.5	2.2	11.0	13.3	28.8	38.4	n/a	n/a
Xinjiang Goldwind Science & Tech.	002202 CH	16.0	10,485	17.4	15.5	1.9	1.8	10.7	11.1	21.7	12.0	1.7	2.0
CGN Power	003816 CH	2.8	19,558	12.9	12.1	1.4	1.3	10.5	10.7	5.9	6.9	3.0	3.3
Hangzhou First Applied Materials	603806 CH	92.8	11,024	44.1	35.3	7.5	6.4	17.5	19.2	27.2	24.8	0.7	0.9
Sichuan Chuantou Energy	600674 CH	10.0	6,799	13.5	12.6	1.5	1.4	11.1	11.3	2.9	7.2	3.7	3.9
China Everbright Environment Group	257 HK	4.8	3,786	4.3	4.0	0.6	0.6	15.5	14.9	13.8	6.8	6.9	7.3
CSG Holdings	000012 CH	7.0	2,545	19.9	14.9	2.0	1.8	8.9	10.7	18.9	33.5	1.6	2.3
Ming Yang Smart Energy Group	601615 CH	18.4	5,315	14.8	13.9	2.3	1.9	18.0	15.5	41.6	6.4	1.5	1.5
Flat Glass Group	601865 CH	43.0	12,696	35.5	28.1	9.2	7.1	29.1	26.5	59.3	26.6	0.5	0.6
Guangxi Guiguan Electric Power	600236 CH	4.4	5,405	15.1	14.1	2.2	2.1	16.2	16.6	7.3	6.8	5.0	5.4

Note: As of Jan. 8, 2021

Source: Bloomberg, Mirae Asset Daewoo Research

Table 4. Valuation: Global X China Clean Energy ETF (2809 HK) constituents

Company	Ticker	Price (LC)	Market cap (US\$m)	Performance (%)					
				1W	1M	3M	1Y	2Y	3Y
LONGi Green Energy Technology	601012 CH	110.7	64,313	23.2	58.3	51.4	309.8	658.8	428.8
Sungrow	300274 CH	85.2	19,183	23.1	82.4	223.8	666.6	891.1	406.5
China Yangtze Power	600900 CH	19.3	67,931	0.4	-2.9	0.5	6.5	23.6	20.3
Xinyi Solar Holdings	968 HK	22.1	25,104	6.7	66.2	63.1	289.9	671.4	539.6
Tianjin Zhonghuan Semiconductor	002129 CH	30.3	14,198	14.2	20.8	31.5	137.6	313.8	158.2
Zhejiang Jingsheng	300316 CH	34.4	6,823	15.2	16.1	13.1	106.9	242.5	125.5
Shandong Sinocera Functional Material	300285 CH	46.8	7,259	9.1	21.5	32.4	100.0	349.7	291.5
Weihai Guangwei Composites	300699 CH	105.0	8,406	16.9	30.0	45.9	131.7	295.3	124.2
SPIC Dongfang New Energy	000958 CH	4.4	3,683	-3.2	0.9	3.4	-17.7	35.8	-15.0
China National Nuclear Power	601985 CH	5.0	13,534	2.0	5.9	14.4	-1.0	-7.4	-32.3
Risen Energy	300118 CH	28.0	3,898	0.1	58.7	70.0	69.2	369.1	135.5
Xinjiang Goldwind Science & Tech.	002202 CH	16.0	10,485	15.0	32.2	60.2	29.2	75.9	-3.7
CGN Power	003816 CH	2.8	19,558	-1.1	0.4	-2.8	-23.1	12.0	12.0
Hangzhou First Applied Materials	603806 CH	92.8	11,024	13.5	35.5	32.6	172.0	382.3	399.9
Sichuan Chuantou Energy	600674 CH	10.0	6,799	-0.4	-1.4	2.0	2.5	19.3	-5.4
China Everbright Environment Group	257 HK	4.8	3,786	6.4	4.5	2.2	-22.1	-37.0	-57.1
CSG Holdings	000012 CH	7.0	2,545	-1.6	8.8	29.2	48.8	93.4	3.2
Ming Yang Smart Energy Group	601615 CH	18.4	5,315	2.9	12.6	15.4	45.5	311.2	311.2
Flat Glass Group	601865 CH	43.0	12,696	12.6	42.5	50.1	203.2	2,145.5	2,145.5
Guangxi Guiguan Electric Power	600236 CH	4.4	5,405	-1.1	-2.2	-7.9	-10.0	5.0	-0.3

Note: As of Jan. 8, 2021

Source: Bloomberg, Mirae Asset Daewoo Research

APPENDIX 1

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Mirae Asset Daewoo International Network

Mirae Asset Daewoo Co., Ltd. (Seoul)

Global Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

PT. Mirae Asset Sekuritas Indonesia

Equity Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-53 Jakarta Selatan 12190
Indonesia

Tel: 62-21-515-3281

Mirae Asset Securities Mongolia UTsK LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area Shanghai
200120
China

Tel: 86-21-5013-6392

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Tel: 852-2845-6332

Mirae Asset Wealth Management (USA) Inc.

555 S. Flower Street, Suite 4410,
Los Angeles, California 90071
USA

Tel: 1-213-262-3807

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building Vila
Olimpia
Sao Paulo - SP
04551-060
Brasil
Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) LLC

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)
