



GLOBAL INTERNET OF PEOPLE, INC.

New JV Could Dwarf Current Ops; Substantially Raise Future Value

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GLOBAL INTERNET OF PEOPLE, INC. (NASDAQ – SDH - \$2.33)

Industry: Technology Services

Price Target: \$10.80

COMPANY SNAPSHOT

Global Internet of People, Inc. operates an online knowledge sharing and enterprise service platform, both online, via a mobile application “Shidonghui App” (the “APP”), and offline, through local offices in Beijing, Shanghai and Hangzhou, as well as 51 local centers operated by some of the Company’s members in 35 cities throughout the PRC. The Company is set to join a high-profile JV that leverages its leadership’s experience in the huge EV and energy storage space, which could become the biggest segment of SDH’s business.

KEY STATISTICS

Price as of 10/26/21	\$2.33
52 Week High – Low	\$9.98- \$2.00
Est. Wtd. Shares Out.	11.2M
Market Capitalization	\$26.1M
Average Volume	15,339
Exchange	NASDAQ

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

Already a leader in the multi-billion-dollar peer-to-peer knowledge sharing and consulting industry, SDH is now set to lead a joint venture with the government in the high profile and lucrative EV and energy storage industry. SDH and its leadership are highly regarded in China and it is their experience, success, and reputation that are driving this new opportunity.

This \$100M in asset JV will include \$60M in debt funding from the government and \$40M from SDH and its leaders. The JV’s objective is to leverage SDH’s knowledgebase and consulting to improve the environment and enhance economic prosperity in China as it relates to EV battery materials use, as well as industrial energy storage and applications.

In our view, the structure of the JV, and its impact on SDH, could dwarf SDH’s current business, and generate substantial future value for SDH and its shareholders. As more detail is provided and milestones are reached, we believe our target price could materially rise from current levels.

Our price target of \$10.80 could prove to be too conservative and the new JV opportunity is at the least a potential major bonus for investors. While it is customary for foreign stocks to trade at a discount to US peers, our target reflects a 10x P/E on projected 2021 EPS, a paltry metric compared to the 50% EPS growth rate we believe will be achieved this year.

COMPANY OVERVIEW

Current Business + New Venture = Higher Valuation and Price Target

A leader in the multi-billion-dollar peer-to-peer knowledge sharing and consulting industry, **Global Internet of People, Inc. (NASDAQ – SDH)** has an opportunity to generate significant revenue and profit in a core segment of one of the largest and fastest growing technology industries: Electric Vehicles (EV) materials. While we remain optimistic and confident regarding the Company's potential in its current operating business, we believe that the EV materials space offers unmatched potential for SDH that may dwarf the peer-to-peer knowledge sharing and consulting operations. As a result, both our financial projections and near-term price target will likely be raised by a meaningful percentage in the coming months, with outsized value potentially derived in the next 2-3 years from operations and potential business spin-offs.

Current Operations

Profitable every year since 2018, SDH facilitates its online peer-to-peer knowledge sharing and corporate service provision via SDH's enterprise service platform and the mobile app "Shidonghui App" (the "App"). Since inception in 2016, many of the Company's services are executed through local offices directly operated in Beijing, Shanghai and Hangzhou, as well as 51 local centers operating large-scale member forums in 35 cities and 21 provinces throughout the PRC, with more cities and sites to be added, going forward.

SDH solves a critical gap in the PRC's business environment. The PRC is enjoying substantial growth rate which has spawned the launch of many entrepreneurial and early stage, high-growth enterprises, many of which need corporate services such as financial consulting and management training. Enter SDH. In addition to providing high value enterprise services to PRC's growing business communities, the Company has created an elite marketplace where qualified entities (individuals and enterprises) have opportunities to serve as providers and receive rewards by sharing their knowledge with others on the platform.

This ecosystem boasts leading Mentors and Experts, in addition to its 5.5 million Users. Providers include successful entrepreneurs, scientists, investors, and professionals with qualifications and achievements in major industries such as finance, energy, health care, technology, manufacturing and academia. Providers leverage their core knowledge bases which drawn upon their experiences, industry know-how, and social connections.

The Company also launched GMB Regional Economic Accelerator, a business initiative designed to help with economic growth of less developed areas in China, by entering into cooperating programs with regional government entities for the purpose of providing services to local businesses—a key channel for SDH. Management is also seeking to expand its reach outside of China and has already achieved initial success via partnerships and additions of key experts and mentors.

Interestingly, it is the technological and business expertise from the Company's most famous and influential expert and mentor, SDH's Chairman Hu, that has led to the Company's potential new venture.

New Venture: At a Glance

In an effort to swiftly and substantially curb the deleterious effect of fossil fuels in the motor vehicle industry on China's environment, the Guizhou Provincial Party has launched an effort to tackle this hurdle through the use of next-gen core technology materials found in electric vehicles batteries, as part of an overall government mandate. Specifically, the government has created a new consulting joint venture with plans to have it initially seeded with \$100M in assets, with a guarantee of \$60M in debt. This would require an equity partner to join with \$40M in equity.

What does this have to do with SDH? Everything.

Chairman Hu is famous for his early work in the lithium battery and related raw materials for use in a wide range of applications including EV and other storage solutions that can now be used and branded for smart cities, and other applications along the industry food chain and energy ecosystem. Most recently, \$20M has been loaned to the JV and SDH has injected \$5M in technology which will be licensed under the JV model. The expectation is that fees will flow back to SDH from the JV in the form of consulting revenue, driving total top-line growth higher than originally forecast. With the government plans to invest \$20M into the JV, SDH could control or lead this JV and its assets.

Stage I: Today, much of the lithium battery and anode materials growth is driven by the huge rise in EV production—prompting materials shortages as demand remains high for the foreseeable future. As such, the supply of negative electrode graphene has been further tightened, and the supply of some negative electrode material companies may be reduced to a certain extent. Interestingly, the demand for power anodes and energy storage anode materials continues to increase, driven by other applications aside from EVs, as energy storage becomes a critical infrastructure use going forward.

On the regional front, Gaogong's lithium battery demand is expected to drive the implementation of 415,000 tons of anode materials in the world in 21 years, and the demand is expected to reach 1.3175 million tons in 25 years, with a CAGR of 34% in 21-25. The negative electrode material is one of the key materials of lithium-ion batteries, accounting for about 10% of the cost of lithium batteries. The negative electrode of lithium-ion batteries is mainly composed of negative electrode active materials, binders and additives.

Historically, graphene has been around for a long time but needed an application and lower costs to be widely utilized. Today, graphite anode materials in the carbon materials are the most widely used in the market. Among them, artificial graphite and natural graphite have large-scale industrial applications. Because artificial graphite is superior to natural graphite in terms of cycle performance, safety performance, charge and discharge rate, and its cost and gram capacity are similar to natural graphite, it has become the mainstream choice for lithium battery anode materials. Still, since electricity represents the highest portion of the graphitization/carbonization processing, mainstream anode companies have begun to build graphitization plants in areas with low electricity prices, to control costs.

Looking at this big picture, the aforementioned JV and SDH could play a major role in the deployment and use of these key EV and energy storage materials, with EV implementation the low-hanging fruit, and large scale industrial projects to follow.

Stage II: Bringing together outstanding entrepreneurs, scientists, and investors from all walks of life through its network, Chairman Hu is well-known and highly regarded for this corporate and business acumen and the integration of business and community wisdom to create and promote prosperity. Government leaders and Chairman Hu believe that extensive cooperation in a JV can result in the establishment of new energy industrial parks, carbon neutral industrial parks, digital economy industrial parks, etc. Guizhou, the JV and SDH are poised to benefit from such cooperation.

The Bottom Line

Pending further detail regarding the timing, milestones, and magnitude of the entry into the energy materials segment via its knowledgebase and consulting, our current financial forecasts remain unchanged. Our financial model assumes revenue will grow by 48.7% to \$34.5M and EPS of \$1.08 in 2021 and 41.4% growth in revenue next year with EPS of \$1.40. Top-line this year is expected to be led by its core driver along with advertising and merchandise sales, to a lesser degree. In 2022 and beyond, however, the Company could be transformed by the opportunity to participate in the huge energy storage and EV materials arena.

At current levels, SDH trades at an inexplicable XXX our 2021E EPS forecast, despite its history of top-line and bottom-line growth. It is common for shares of foreign-domiciled companies, particularly those with a heavy concentration of business in China to trade at a discount to US stocks. However, the aforementioned price/earnings multiples border on the ludicrous---and presents a rare opportunity for savvy investors, in our view. The Company has traded on NASDAQ since February 2021 and is below its \$4.00 offering price, further demonstrating inherent value.

Thus, our \$10.80 six-month price target reflects a 10x EPS on multiple on forecasted 2021 EPS, a reasonable discount to its 50% projected growth rate, and a substantial discount to typical small cap US tech stocks that tend to trade 25-30x current year EPS projections. Plus, as the energy storage model moves forward, so should SDH's market value and our target price.

RECENT TRADING HISTORY FOR SDH

(Source: www.StockCharts.com)





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Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

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