Singapore

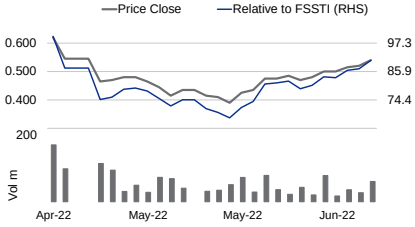
ADD *(initiation)*

Consensus ratings*:	Buy 0	Hold 0	Sell 0
Current price:			S$0.54
Target price:			S$0.74
Previous target:			*S$*
Up/downside:			37.0%
CIMB / Consensus:			na
Reuters:			YANZ.SI
Bloomberg:			YZJFH SP
Market cap:			US$1,553m
			S$2,133m
Average daily turnover:			US$17.78m
			S$24.56m
Current shares o/s:			3,951m
Free float:			78.5%

**Source: Bloomberg*

Key changes in this note

- N/A.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	12.5		
Relative (%)	14.5		

Major shareholders	% held
Yangzi International Holding	21.5
Lido Point Investments	9.9
T. Rowe Price Associates, Inc	7.5

Yangzijiang Financial Holdings

A force to be reckoned with

- We like YZJFH for its generous 40% dividend payout and yield of 4.1%-6.24% in FY22F-FY23F with consistent returns of funds of c.11%.
- If we include its debt investments that are maturing by end-2022F as cash, its cash balance could amount to c.S$1.8bn or c.85% of its current market cap.
- We initiate coverage with an Add rating and TP of S$0.74, based on blended valuations of 0.6x CY23F P/BV (70%) and 9x CY23F P/E (30%).

Targets to double AUM to S$7bn in 3-5 years

YZJFH is the carved-out and spun-off debt investment and investment management division of YZJ Shipbuilding (Add, TP: S$1.63, CP: S$1.00). It had S$4.2bn in net book value as of Apr-22, which it also considers as its asset under management (AUM). Together with AUM via engagement for investment advisory services (c.S$500m) and the establishment of GEM Asia Growth Fund (c.S$60m, S$140m pending), YZJFH's current AUM is S$4.76bn, in our estimate. YZJFH aims to grow its total AUM to S$7bn in 3-5 years, according to management.

Invested 75% of S$4.2bn portfolio; trading close to cash value

We understand from the management that 75% of its S$4.2bn asset portfolio or c.S$3.15bn has been invested – c.S$2.52bn (60%) in debt investments, and c.S$0.63bn (15%) in private equity funds, as at May-22. Of the balance, c.S$0.42bn (10%) will be gradually invested into Singapore funds, and c.S$0.63bn (15%) will be conserved. YZJFH's current market cap of S$2.1bn is slightly above its c.S$1.8bn of cash by end-FY22 (S$0.46/share). We believe this has not priced in upside potential for AUM and fee income growth.

50% cash has been moved to Singapore; ready for offshore funds

YZJFH has established itself in debt investment and the private lending market in China. We believe YZJFH can utilise its strong Chinese network to capture China's growing wealth management market. Together with the newly acquired asset management firm, GEM Asset Management (GEM), we think the group can replicate its success outside China with existing ammunition and by leveraging third-party money to grow its AUM. YZJFH intends to deploy c.S$1bn cash into Singapore mainly via Qualified Domestic Limited Partnership (QDLP) and liquidity pool. Key re-rating catalysts: faster-than-expected AUM growth. Key downside risks: interest/exchange rate fluctuations.

Initiate coverage with S$0.74 TP; 40% div payout, 4.15% yield

We based our TP on 0.6x CY23F P/BV (comparable to Chinese banks) and 9x CY23F P/E (peer average). We like the stock as it is the only Singapore mid-size cap proxy to fund management with yield upside of 6.24% by FY23F. Valuations are conservatively discounted against peers. We are confident in the success of fund management, as: (1) it added S$560m AUM within a month of listing; (2) long-standing relationship among the management; and (3) consistent annual return (of funds) of 11%, prior to spin-off, a testament of its track record in China.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S$m)	495.2	384.8	257.0	409.6	424.1
Operating EBITDA (S$m)	359.7	371.9	239.0	389.5	402.2
Net Profit (S$m)	321.1	327.2	221.2	332.7	339.0
Core EPS (S$)	0.083	0.085	0.057	0.086	0.088
Core EPS Growth	(6.8%)	1.9%	(32.4%)	50.4%	1.9%
FD Core P/E (x)	6.60	6.47	9.61	6.41	6.29
DPS (S$)	-	-	0.022	0.034	0.034
Dividend Yield	0.00%	0.00%	4.15%	6.24%	6.36%
EV/EBITDA (x)	3.44	3.29	4.48	2.16	1.58
P/FCFE (x)	NA	2.19	11.09	6.71	7.11
Net Gearing	(13.1%)	(14.9%)	(16.8%)	(20.1%)	(22.7%)
P/BV (x)	0.45	0.50	0.49	0.47	0.45
ROE	7.83%	7.34%	5.13%	7.42%	7.24%
% Change In Core EPS Estimates					
CGS-CIMB/Consensus EPS (x)					

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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A force to be reckoned with

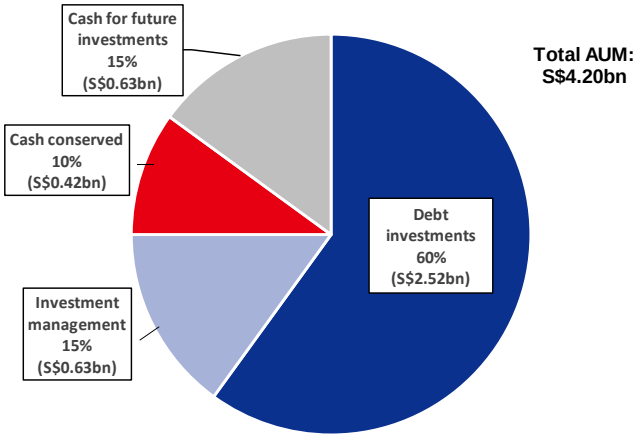
Investment merits

Why we are confident in its fund management business »

1. AUM growth

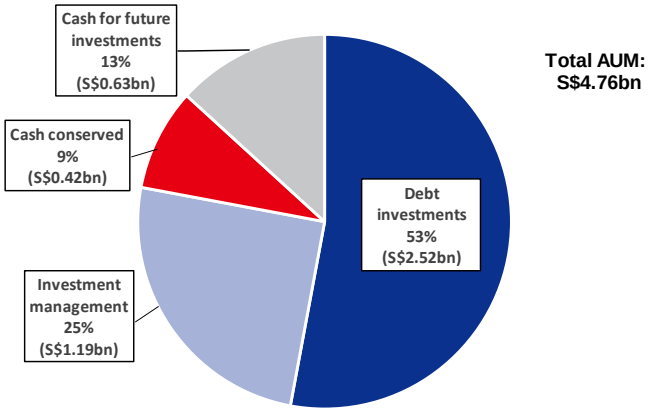
YZJFH added S$560m of AUM within a month of listing, where S$500m relates to providing investment advisory services to a family office. It will set up and manage a new fund, GEM Asia Growth Fund, with an AUM of up to S$200m. S$60m of this S$200m will be funded by YZJFH. YZJFH is currently in talks with external parties to raise the remaining S$140m. Excluding the pending S$140m, we estimate YZJFH's current AUM at S$4.76bn, representing a 13.3% expansion of its AUM of S$4.2bn at listing. The company targets to grow its AUM to S$7bn in 3-5 years, according to the management.

Figure 1: Before – AUM of S$4.20bn as at listing on 28 Apr 2022



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: After – AUM expanded to S$4.76bn within a month of listing, as of 11 May 2022



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

2. Chairman Mr Ren and CEO Mr Toe have a long-standing working relationship

Chief Executive Officer (CEO), Mr Vincent Toe boasts more than 25 years of fund management and investment advisory experience. Mr Toe co-founded GEM Asset Management (formerly known as ICH Group) in 2000. Mr Toe and Chairman Mr Ren Yuan Lin have a long-standing working relationship. In 2015, ICH launched a private equity fund in Singapore with at least US$110m in capital to invest in mid-sized companies at growing or mezzanine stages. Chairmen Ren was the anchor sponsor and director of ICH committed US$100m to the fund. We understand that Mr Ren also subsequently served as non-executive chairman in ICH. Mr Toe was also appointed as an independent non-executive director in YZJ Shipbuilding in Apr 20, where Mr Ren served as an executive chairman.

Mr Peng Xingkui, CIO of China operations, has more than 10 years of experience in the banking and investment management sectors. Before the spin-off, Mr Peng was the Head of the Investment Management Department of YZJ Shipbuilding.

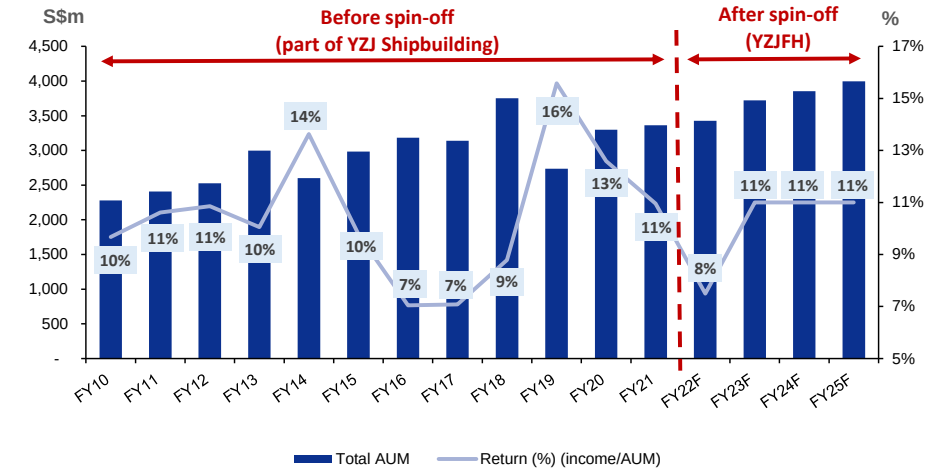
3. Strong track record in China and GEM's performance

Taking the sum of deployable cash and debt securities as total AUM, we estimate that YZJFH (pre-spin-off) generated consistent annual returns of c.11% from

FY10-21. According to the management, the target range of returns are c.11% for debt securities, 15-20% for private equity and c. 8% for asset management.

As of Apr 2022, GEM managed three funds: (1) ICH Gemini Asia Growth Fund; (2) GEM Tech Dev Holdings; and (3) Golden Ox Medical Fund. It is also the fund manager of all sub-funds under GEM Tech Holdings VCC and Golden Ox Fund VCC. Total funds under management amounted to S$58.3m as of 31 Dec 2021.

Figure 3: Prior to spin-off, YZJ FH generated an average return of 11% from FY10-FY21

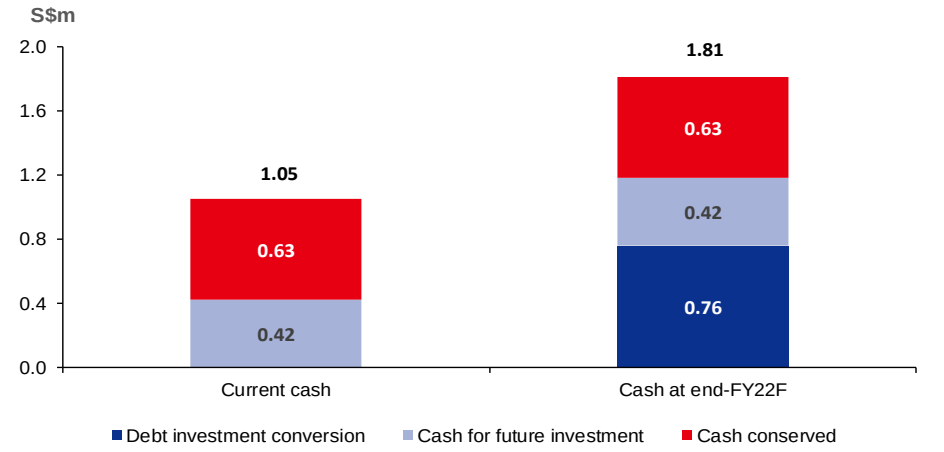


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Maturing debt investments for deployment »

By end-FY22, YZJFH will have S$0.76m additional cash from maturing debt investments; this will increase its pool of investable funds to S$1.81bn, from S$1.05bn currently.

Figure 4: S$0.76bn of debt investments will mature by end-FY22F, increasing YZJFH's pool of investable funds to S$1.81bn



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

How does YZJFH transfer money offshore? »

YZJFH's intends to deploy the funds from China into offshore investments by end-FY22F. YZJFH's offshore investments mostly relate to Singapore, mainly through Qualified Domestic Limited Partnership (QDLP) and liquidity pool. Other channels include Qualified Foreign Limited Partnership (QFLP), setting up of new overseas entities, M&As, and purchase of company shares, subject to regulatory approvals.

We understand that GEM secured QDLP allocation of US$300m quota under the Chongqing QDLP scheme.

Figure 5: QDLP, cross-border liquidity/cash pooling, and QFLP

	Qualified Domestic Limited Partnership (QDLP)	Cross-border liquidity/cash pooling	Qualified Foreign Limited Partnership (QFLP)
What is it	QDLPs allow foreign asset managers to raise Rmb from wealthy and institutional investors in China for overseas investments	2 types of cross-border cash pooling arrangements: 1. Multi-currency cash pooling 2. Rmb cash pooling	QFLP allows qualified foreign investors to participate in the establishment of domestic equity investment enterprises
Raise funds from	China	China, overseas	China
To invest in	Overseas	China, overseas	China - the regions implementing the QFLP scheme
Incorporated as	PRC onshore fund management company	NA	Limited partnership
Stakeholders	Foreign asset managers	MNCs, foreign participating companies	Foreign asset managers
Minimum registered capital	- Shanghai: US$2m - Beijing: US$30m - Hainan: US$5m - Shenzhen: NA	Multi-currency cash pooling: >US$100m of Rmb and foreign currencies flow of domestic member companies Rmb cash pooling: Operating income - - >Rmb 1bn for domestic participating companies - >Rmb 0.2bn for foreign participating companies	At least US$2m, except Hainan and Guangzhou
Minimum capital contribution	No	No	- Beijing: Rmb500m - Other areas: Rmb6m-15m - Hainan and Guangzhou: N/A
To register with AMAC*?	Yes	No	No
Cap on invested amount	Yes - restricted by the limited foreign currency quota issued by SAFE**	Yes - 10% of shareholders' equity in the cash pool	No
Sector restrictions for investments	No	Multi-currency cash pooling: No Rmb cash pooling: Securities, financial derivatives, and real estate not for own use are prohibited	Yes
Advantages	Allows and attracts asset manager to establish subsidiaries in China, unlike QDII which only provides distribution channels for purchasing the products of offshore asset managers	- Reduces unnecessary financing cost - Optimises financing resources and liquidity - Better centralises cash management - Reduces tedious forex supervisions	- Tax: QFLP funds are not required to pay income tax as a partnership - Ease of foreign exchange settlement: QFLP funds can settle foreign exchange directly via a bank and make equity investments in Rmb - Ease of capital flows: capital invested by QFLP funds can be directly transferred to the Rmb account of the invested company. Further utilisation of that capital will not be monitored by the foreign exchange administration

*MNC: Multinational company
**AMAC: Asset Management Association of China
***SAFE: State Administration of Foreign Exchange

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, SIMMONS SIMMONS, ASSET MANAGEMENT AUTHORITY OF CHINA, HAN KUN LAW OFFICE, WINSTON & STRAWN LLP, INTERNATIONAL BAR ASSOCIATION, PWC, ILP ABOGADOS, DLA PIPER

How will YZJFH grow their AUM?

As of 14 Apr 2022, YZJFH was undergoing negotiations for six fund management projects with other third parties across private equity, fixed income, real estate, and Private Investment in Public Equity (PIPE). We believe YZJFH is not resting on its laurels as it continues to pursue new deals and projects to grow its fund management business.

Figure 6: Undergoing negotiations on six funds currently

Fund	Fund Type	Fund Strategy	Investment Type
Fund A	Private Equity	Control and Growth Companies	Limited Partner
Fund B	Fixed Income	Growth and Tech Companies	Co-General Partner
Fund C	Real Estate	Purpose-Built Student Accommodation in the United Kingdom	Co-General Partner
Fund D	Private Equity	Growth Companies	Co-General Partner
Fund E	Private Equity	Unicorn Opportunities	Co-General Partner
Fund F	PIPE/Equity	Absolute Returns	Co-General Partner

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH INTRODUCTORY DOCUMENT

Valuations conservatively discounted against larger peers »

We initiate coverage on YZJFH with an Add rating and a target price of S$0.74, based on blended valuations of P/BV and P/E. We ascribed a CY23F P/BV of 0.6x (comparable to Chinese banks), and gave it a 70% weightage since 70% of YZJFH's net tangible assets (NTA) is currently in its debt investments business. We also ascribed a CY23F P/E of 9x (peer average) and gave it a 30% weightage for its remaining 30% NTA. YZJFH is seeking shareholders' approval by 8 Jun 22 for a share buyback of up to 10% of its outstanding shares. We have not factored in the share buyback in our assumptions.

We like the stock as it is the only Singapore listed mid-size cap proxy to fund management and private equity with yield upside of 6.24% by FY23F. We believe the AUM growth to S$7bn within 3-5 years will underpin earnings growth and dividend payout. YZJFH is currently trading at 0.49x CY22F P/BV, below its peers who trade at an average of 1.85x CY22F P/BV.

Figure 7: Peer comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	Core P/E (x) CY22F	CY23F	3-year EPS CAGR (%)	P/BV (x) CY22F	Recurring ROE (%) CY22F	Dividend Yield (%) CY22F
Yangzijiang Financial Holdings	**YZJFH SP**	**Add**	**0.54**	**0.74**	**1,553**	**9.4**	**6.3**	**0.4%**	**0.49**	**5.2%**	**4.1%**
Value Partners Group Ltd	806 HK	NR	3.07	N/A	989	12.5	8.2	28.2%	1.02	8.4%	3.1%
Capitaland Investment	CLI SP	Add	3.89	4.59	14,524	20.9	20.0	-17.9%	1.16	5.7%	1.7%
Blackstone Inc	BX US	NR	121.4	N/A	199,429	21.1	19.3	-2.6%	7.86	48.7%	4.0%
Brookfield Asset Management Ir	BAM US	NR	50.24	N/A	113,594	17.3	15.6	16.5%	1.78	6.3%	1.1%
KKR & Co Inc	KKR US	NR	55.32	N/A	65,313	13.0	11.5	-11.9%	1.80	14.3%	1.1%
Apollo Global Management Inc	APO US	NR	57.78	N/A	45,576	10.1	8.5	2.6%	6.50	52.6%	2.8%
Victory Capital Holdings Inc	VCTR US	NR	28.70	N/A	2,703	5.9	5.5	8.6%	1.61	33.5%	3.5%
Tikehau Capital SCA	TKO FP	NR	21.50	N/A	5,555	17.3	12.5	0.0%	1.26	8.0%	2.9%
Gimv NV	GIMB BB	NR	55.50	N/A	2,179	8.4	na	na	na	na	4.6%
Molten Ventures PLC	GROW LN	NR	530.5	N/A	1,400	3.2	2.5	-32.6%	0.49	20.1%	na
Fund management peers (simple average)						**13.0**	**11.5**	**-1.0%**	**2.61**	**22.0%**	**2.7%**
China Merchants Bank-A	600036 CH	Add	38.97	71.50	149,521	7.2	6.1	18.2%	1.19	17.4%	4.6%
China Construction Bank-A	601939 CH	Add	5.92	7.10	186,400	4.6	4.2	9.4%	0.54	12.3%	6.6%
Agricultural Bank of China-A	601288 CH	Add	2.99	3.90	155,357	4.2	3.9	9.6%	0.47	11.5%	7.5%
Bank of China-A	601988 CH	Add	3.18	3.80	134,078	4.2	3.8	9.7%	0.45	11.2%	7.5%
Chinese banks (simple average)						**5.1**	**4.5**	**11.7%**	**0.66**	**13.1%**	**6.6%**
DBS Group	DBS SP	Add	30.71	40.20	57,533	9.9	8.0	14.1%	1.33	14.1%	4.7%
United Overseas Bank	UOB SP	Add	28.73	35.60	35,023	10.8	9.1	15.9%	1.07	10.2%	4.4%
OCBC	OCBC SP	Add	11.86	14.20	38,813	9.9	8.3	12.4%	1.05	11.0%	5.1%
Singapore banks (simple average)						**10.2**	**8.5**	**14.1%**	**1.15**	**11.8%**	**4.7%**
Overall (simple average)						**10.6**	**9.2**	**5.0%**	**1.85**	**17.8%**	**4.1%**

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
Note: Forecasts for Not rated companies are based on Bloomberg consensus estimates
DATA AS AT 6 JUN 2022

Figure 8: We derived a TP of S$0.74 based on blended valuations

P/BV valuation		
CY23F Book value (S$m)	4,581	
P/BV (x)	0.60	Comparable to Chinese banks
Fair value (S$m)	2,749	
P/E valuation		
CY23F Net profit (S$m)	333	
P/E (x)	9	Comparable to peer average
Fair value (S$m)	2,994	
No of shares (millions)	**3,951**	

Method	Weightage	Value per share (S$)
P/BV (x)	30%	0.21
P/E (x)	70%	0.53
Target price for YZJFH (S$)		**0.74**

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

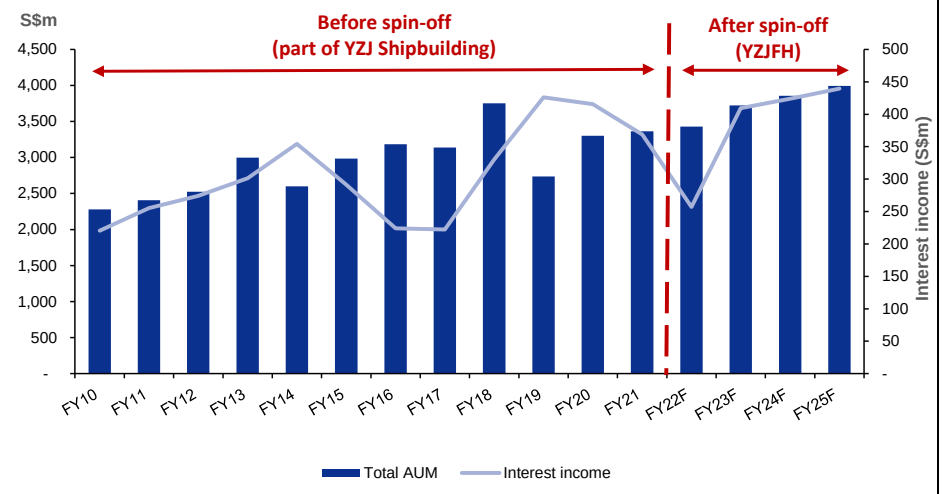
Financials

Strong mid-teen returns track record »

We analyse YZJFH's track record based on its debt securities income and balance prior to its spin-off from YZJ Shipbuilding. Taking the sum of deployable cash and debt securities as total AUM, we estimate that YZJFH has been generating an average of 11% in most years.

According to the management, the target range of returns are c.11% for debt securities, 15-20% for private equity and c. 8% for asset management. However, since returns from private equity are usually generated over 6-7 years, we conservatively estimate annual returns of 11% over FY23-25F. For FY22F, we have conservatively assumed a return of 7.5% as funds are gradually transferred to Singapore for deployment (S$500m have been transferred as of May 22).

Figure 9: We believe YZJFH can achieve 11% annual returns from FY23F onwards



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: We assumed annual returns of 7.5% for FY22F and 11% for FY23-25F

S$m	FY19	FY20	FY21	FY22F	FY23F	FY24F	FY25F
Cash							
Cash deployed	429	368	380	442	738	871	1,010
Assumed cash deployed (%)	*60%*	*60%*	*60%*	*60%*	*80%*	*80%*	*80%*
Cash not deployed	286	245	253	295	185	218	252
Total cash	715	614	633	737	923	1,088	1,262
AUM							
Cash deployed	429	368	380	442	738	871	1,010
Debt investment	1,614	2,052	2,090	1,493	896	896	896
Investment management & fund/wealth management	692	880	896	1,493	2,090	2,090	2,090
Total AUM	2,735	3,300	3,365	3,427	3,723	3,856	3,995
Interest income	**426**	**415**	**369**	**257**	**410**	**424**	**439**
Return (%) (income/AUM)	*15.6%*	*12.6%*	*11.0%*	*7.5%*	*11.0%*	*11.0%*	*11.0%*

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Credit cost history comparable to Chinese banks »

In 2011, YZJ Shipbuilding (pre-spin-off) began to make credit cost provisions for its debt investments. It charged a 5% general provision of Rmb554m (c.S$108m) for its debt investments assets, in line with accounting conservatism and banking practices, though there were no receivable risks then. Since 2012, its annual credit costs have been in the range of 1.3%, except for FY20 where the figure spiked to 3.4%, and FY21 when it dipped to -0.3%. We believe the volatility in FY20 and FY21 annual credit costs was largely due to Covid-19. Excluding FY20 and FY21, we believe its credit cost trend is comparable to those of Chinese banks, especially China Merchant Bank.

Figure 11: Debt investments balance vs. annual provision of credit costs in P/L

S$('000)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Debt investments balance (S$'000)	2,005	2,038	2,275	2,825	2,266	2,194	2,290	2,396	2,962	2,851	3,386	3,455
Annual credit cost (S$'000)	-	108	20	(4)	66	21	24	46	65	25	108	(10)
Annual credit cost (%)	**0.0%**	**5.3%**	**0.9%**	**-0.1%**	**2.9%**	**1.0%**	**1.0%**	**1.9%**	**2.2%**	**0.9%**	**3.2%**	**-0.3%**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 12: YZJFH's credit costs vs. Chinese banks

	FY14	FY15	FY16	FY17	FY18	FY19	Avg FY14-19	FY20	FY21
YZJFH	2.9%	1.0%	1.0%	1.9%	2.2%	0.9%	1.7%	3.2%	-0.3%
China Merchants Bank	1.33%	2.15%	2.12%	1.74%	1.58%	1.29%	1.7%	0.98%	0.70%
China Construction Bank	0.66%	0.93%	0.81%	1.00%	1.07%	1.03%	0.9%	1.05%	0.90%
Agricultural Bank of China	0.85%	0.96%	0.85%	0.91%	1.21%	1.10%	1.0%	1.15%	1.03%
Bank of China	0.60%	0.67%	0.93%	0.84%	0.88%	0.82%	0.8%	0.87%	0.70%

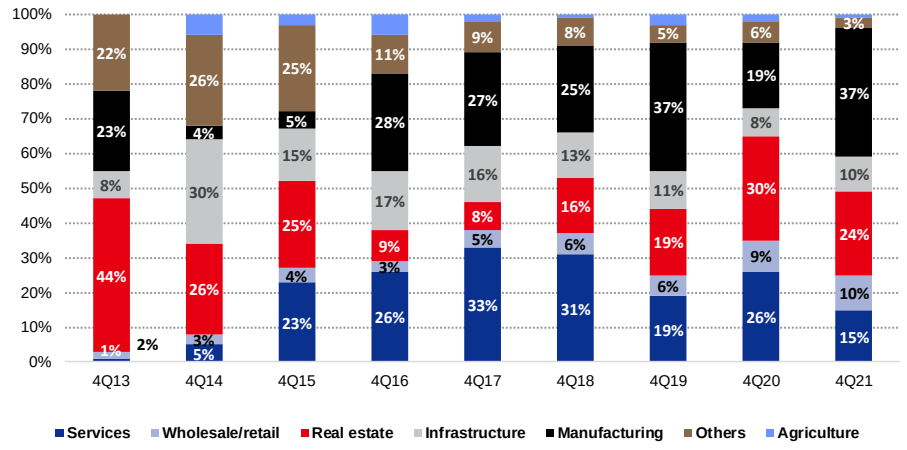
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Only 'good' loans have been transferred to YZJFH »

According to its introductory document, debt investments totaling c.S$529.5m were not transferred from YZJ Shipbuilding during the spin-off as these debts are either involved in litigation proceedings or are embroiled in financial difficulties. Only debt investments backed by credible borrowers are in YZJFH. Therefore, we believe the NPL risks are reasonably low.

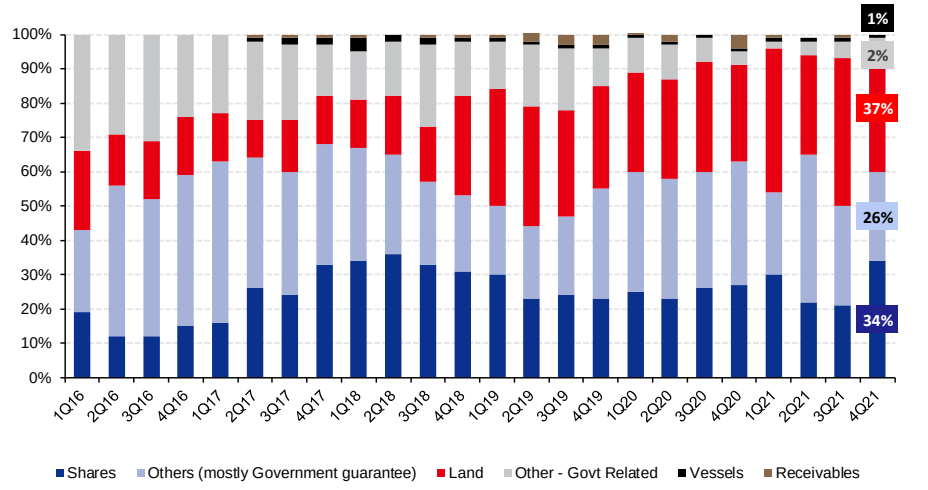
Based on the collaterals position before 'carve-out', the debt investment portfolio was split into manufacturing (37%), real estate (24%) and services (15%) as of 4Q21. Land (37%) and shares (34%) dominated the large part of debt investment's collaterals with coverage ratio of 2.2x and 1.7x respectively. Since 2015, shares coverage ratio did not go below 1.5x, and land coverage stayed above 2x.

Figure 13: Breakdown of borrowers of YZHFH's debt investment – 37% manufacturing and 24% real estate



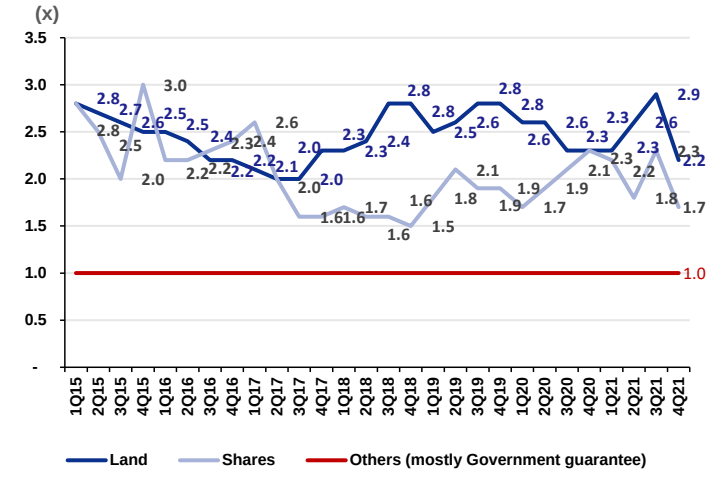
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 14: Breakdown of collaterals secured – 26% are backed by "Others" or mostly government and personal guarantee



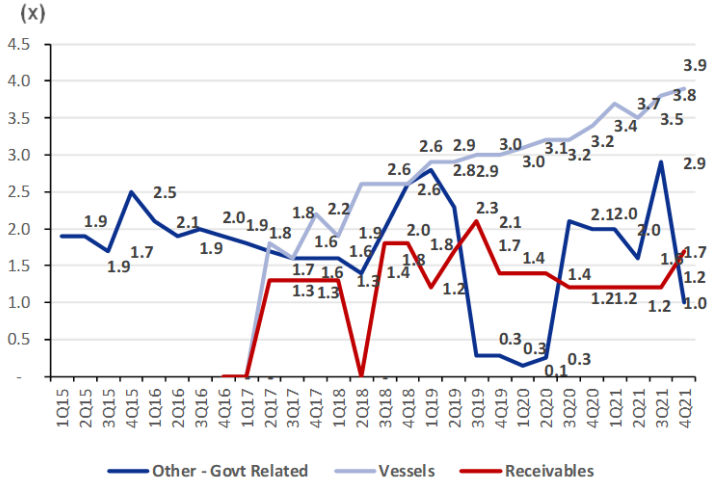
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 15: Coverage Ratio for land (above 1.5x), shares (above 2x), and others (mostly govt guarantee) at 1x



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 16: Coverage ratio for other - govt related, vessels, and receivables



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Guided for 40% dividend payout in FY22F-24F »

YZJFH raised its dividend payout to 40% on 30 May 2022 (from 30% previously), translating into yield of c. 4.15% and 6.24% for FY22F-FY23F. We think this is achievable as YZJ Shipbuilding's dividend payout (S$0.045 to S$0.05 per share from FY19-21) have been largely contributed by its debt investment division (current YZJFH).

Figure 17: YZJ Shipbuilding's dividend payout have been largely contributed by its debt investment division (current YZJFH)

	FY19	FY20	FY21
Yangzijiang Shipbuilding PATMI (Rmbm)	1361	908	2127
YZJFH PATMI (Rmbm)	1744	1608	1570
Combined PATMI (Rmbm)	3105	2516	3698
YZJ Shipbuilding % of DPS	*44%*	*36%*	*58%*
YZJFH % of DPS	*56%*	*64%*	*42%*
Final DPS per combined entity (Scts)	5.00	4.50	4.50
Dividend payout	26%	32%	25%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 18: Assuming 40% payout, we forecast dividend yield to be 4.1%

Assumptions	
NTA	
FY21 NTA (S$ m)	4,249
FY22F NTA (S$ m)	4,382
FY23F NTA (S$ m)	4,581
NTA per share (FY22F)	**$ 1.11**
NTA per share (FY23F)	**$ 1.16**
EPS	
FY22F net profit (S$ m)	221
FY23F net profit (S$ m)	333
FY22F EPS (S$)	**$ 0.06**
FY23F EPS (S$)	**$ 0.08**
No. of shares (m)	**3,951**

FY22F P/BV (x)	Share price (S$)	Market cap (S$m)	Payout/Div yield %		
			30%	40%	50%
0.03	$ 0.03	136	48.6%	64.8%	81.1%
0.07	$ 0.07	294	22.5%	30.0%	37.6%
0.10	$ 0.11	452	14.7%	19.6%	24.4%
0.14	$ 0.15	611	10.9%	14.5%	18.1%
0.18	$ 0.19	769	8.6%	11.5%	14.4%
0.21	$ 0.23	927	7.2%	9.5%	11.9%
0.25	$ 0.27	1,085	6.1%	8.2%	10.2%
0.28	$ 0.31	1,243	5.3%	7.1%	8.9%
0.32	$ 0.35	1,401	4.7%	6.3%	7.9%
0.36	$ 0.39	1,559	4.3%	5.7%	7.1%
0.38	$ 0.42	1,659	4.0%	5.3%	6.7%
0.39	$ 0.43	1,717	3.9%	5.2%	6.4%
0.43	$ 0.47	1,875	3.5%	4.7%	5.9%
0.46	$ 0.51	2,033	3.3%	4.4%	5.4%
0.49	$ 0.54	2,133	3.1%	4.1%	5.2%
0.50	$ 0.55	2,191	3.0%	4.0%	5.0%
0.54	$ 0.59	2,349	2.8%	3.8%	4.7%
0.57	$ 0.63	2,507	2.6%	3.5%	4.4%
0.61	$ 0.67	2,665	2.5%	3.3%	4.2%
0.64	$ 0.71	2,823	2.4%	3.1%	3.9%
0.68	$ 0.75	2,981	2.2%	3.0%	3.7%
0.72	$ 0.79	3,139	2.1%	2.8%	3.5%
0.75	$ 0.83	3,297	2.0%	2.7%	3.4%
0.79	$ 0.87	3,455	1.9%	2.6%	3.2%
0.82	$ 0.91	3,613	1.8%	2.4%	3.1%
0.86	$ 0.95	3,771	1.8%	2.3%	2.9%
0.90	$ 0.99	3,929	1.7%	2.3%	2.8%
0.93	$ 1.03	4,087	1.6%	2.2%	2.7%
0.97	$ 1.07	4,245	1.6%	2.1%	2.6%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Company overview

A spin-off from YZJ Shipbuilding »

YZJFH was incorporated in Singapore on 14 Dec 2021 as a private company limited by shares. It was subsequently converted into a public limited company on 25 Mar 2022.

Repositioning into a fund/wealth management business »

YZJ's investment business traditionally focused solely on debt investments. It generated predictive income while ensuring adequate financial liquidity for projected growth. Post listing, YZJFH intends to reposition its debt investment business to focus on fund investments with the intention of generating sustainable long-term returns.

1. Debt Investment (DI)

Its DI business invests in fixed interest debt instruments through intermediary financial institutions for specific borrowings. It also provides microfinancing loans in the Jiangsu Province in China to small and medium enterprises (SMEs), microenterprises, and individual proprietors.

Post listing, YZJFH's DI business will be repositioned to focus on fund investment through the recycling of the investment principal from matured entrusted loans into investments with longer investment horizons, such as private debt and mezzanine funds, under its investment management (IM) unit.

The repositioning of its DI business will raise the revenue contributions from its IM business and reduce the proportion of revenue contributions from its DI business.

2. Investment management (IM)

Its IM business seeks capital appreciation and investment income from investments in both public and private companies and funds. YZJFH will participate in joint investments either as a Limited Partner (LP) or a General Partner (GP). Its investments will centre on growth equity and debt, mezzanine financing, PIPE, special situations, real estate, and other private equity funds, diversified across Singapore, China, Asia Pacific emerging markets, and globally developed markets.

As of 31 Dec 2021, its investment portfolio consisted of 12 fund investments managed by twelve GPs, covering 23 projects with total assets under management (AUM) of c.Rmb4.6bn (c.S$1bn).

Its key investment policies are:

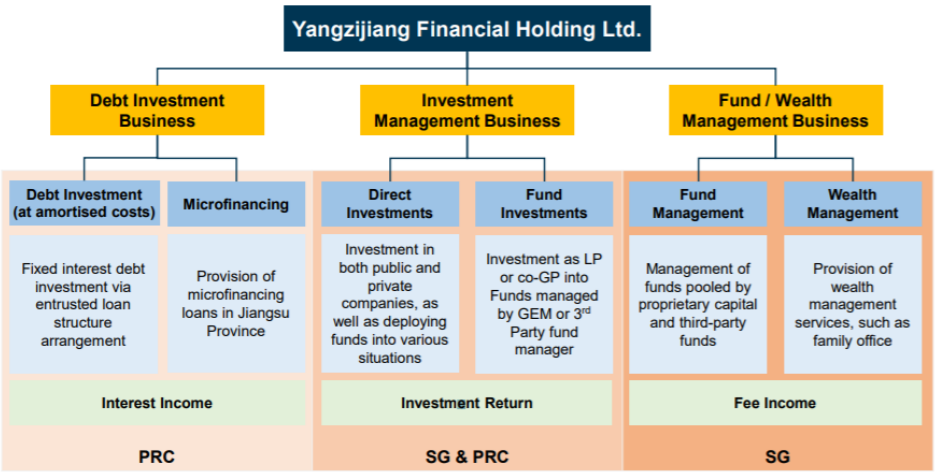
1. Each single investment shall not exceed 10% of its total investment amount; and
2. Exposure to each single issuer, company, sponsor, and counterparty shall not exceed 15% of its total investment amount.

3. Fund/wealth management

Its fund/wealth management business will manage funds pooled by proprietary capital and third-party funds as well as provide wealth management services, such as family office. YZJFH expects to establish its fund/wealth management business by end-FY22F, according to its introductory document.

YZJFH intends to enter the fund/wealth management industry through acquisitions and/or set up its own fund management company, according to its introductory document. It has acquired GEM (more details in "Strategic direction" below) with internal funds.

Figure 19: Three business segments: debt investment, investment management, and fund/wealth management, by end-FY22



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14 APR 2022

Over time, YZJFH's debt investment business will be pared down from 70% of its net tangible assets (NTA) in FY21, to 50% by end-FY22F, and eventually 30% or below in FY23F and beyond, as outlined in its introductory document. Accordingly, its investment management and fund/wealth management segments will constitute the bulk of its business from FY23F onwards, according to its introductory document

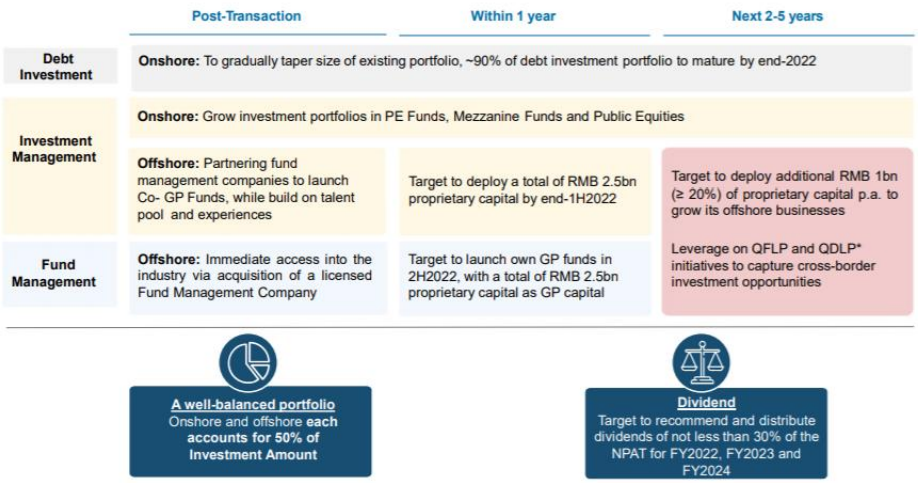
Strategic direction

Investment strategies »

YZJFH targets to eventually have Chinese and Singaporean investments account for 50% each of its total investment amount by FY23F.

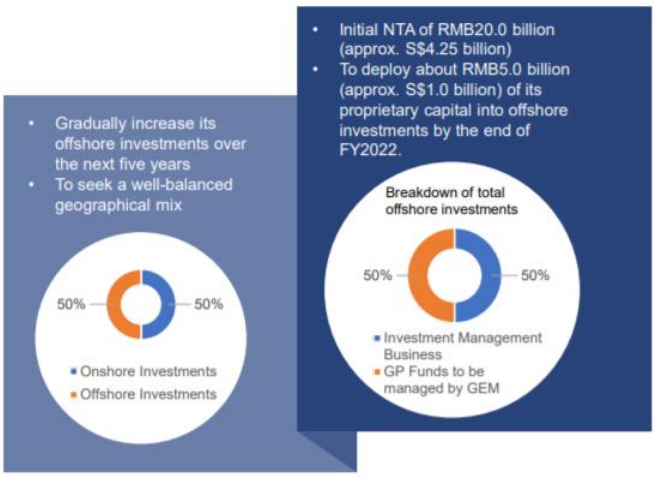
YZJFH plans to deploy c.Rmb5bn (c.S$1bn) into offshore investments by end-FY22F. 50% of total offshore investments will be deployed under the IM business and the other 50% will be used to seed its own GP funds.

Figure 20: Proposed strategies



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14TH APR 2022

Figure 21: Investment strategies

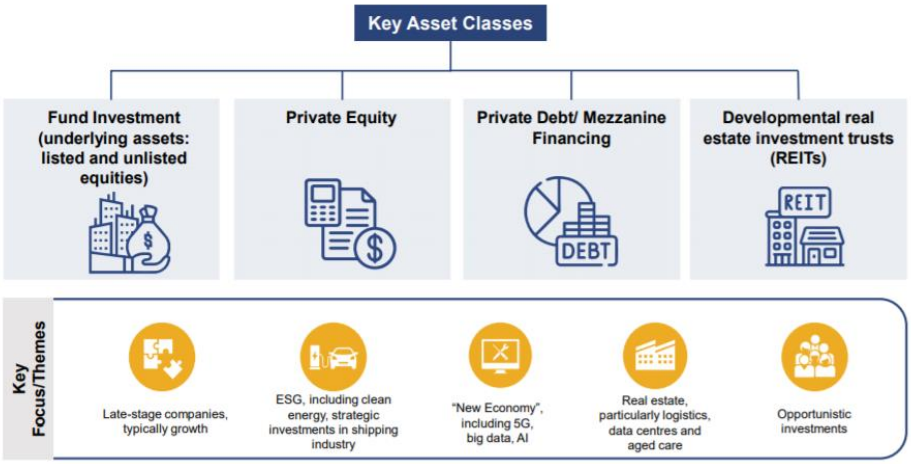


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14TH APR 2022

YZJFH also seeks to capture cross-border investment opportunities through a variety of methods, such as:

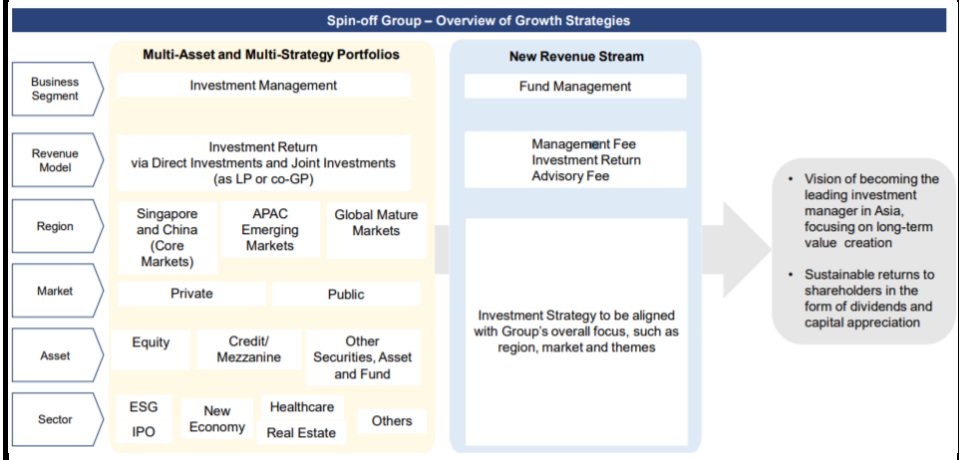
- Qualified Domestic Limited Partnership (QDLP);
- Qualified Foreign Limited Partnership (QFLP);
- Setting up new overseas entities;
- Mergers and acquisitions (M&A); and
- Purchase of company shares.

Figure 22: Asset classes and key focus



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14TH APR 2022

Figure 23: Overall strategy



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14TH APR 2022

Acquisition of GEM »

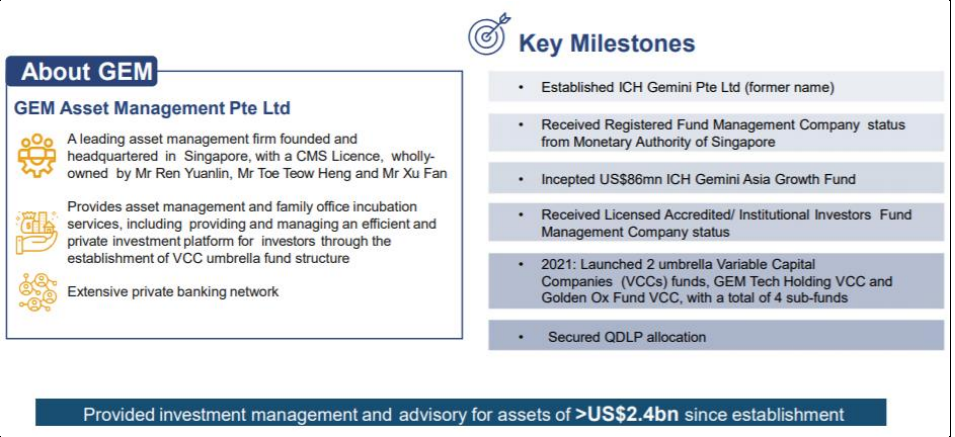
YZJFH intends to penetrate the fund/wealth management industry through acquisitions and/or set up its own fund management company.

On 28 Apr 2022, YZJFH acquired 100% of GEM from GEM's existing shareholders: Ascenta Investments Ltd (40%), Newyard Worldwide (30%), and Mr Toe (30%). The total consideration of S$3.3m was internally funded. YZJFH received the in-principle approval from MAS for the acquisition of GEM on 17 Mar 2022.

Founded and headquartered in Singapore, GEM is an asset management firm with a Capital Markets Services (CMS) licence. GEM provides asset management and family office incubation services, including providing a managed investment platform for investors through establishing a variable capital company (VCC) umbrella fund structure.

As of Apr 2022, GEM managed three funds: (1) ICH Gemini Asia Growth Fund; (2) GEM Tech Dev Holdings; and (3) Golden Ox Medical Fund. It is also the fund manager of all sub-funds under GEM Tech Holdings VCC and Golden Ox Fund VCC. Total funds under management amounted to S$58.3m as of 31 Dec 2021.

Figure 24: GEM profile



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14TH APR 2022

Industry outlook

YZJFH in its introductory document stated that it plans to concentrate its investments in China and Singapore.

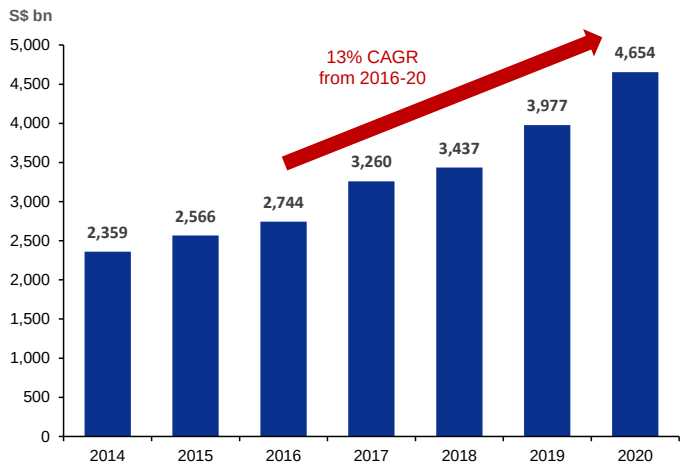
Growing asset management industry in Asia

According to the Monetary Authority of Singapore (MAS), total assets managed by Singapore-based asset managers grew 17% yoy to reach S$4.7tr in 2020, up from S$4.0tr in 2019. MAS also stated that Singapore's AUM registered a 13% CAGR over 2016-20.

According to the Asset Management Association of China, total assets managed in China rose 15% yoy from Rmb59.0tr (S$12.4tr) in 2020 to Rmb67.9tr (S$14.3tr) in 2021.

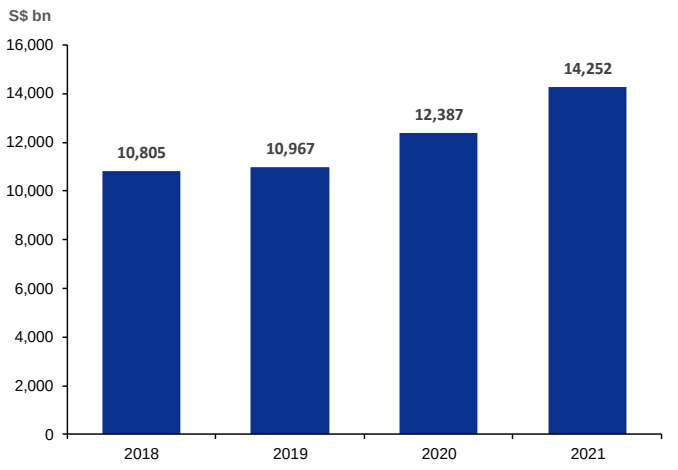
Furthermore, according to Knight Frank's Wealth Report 2021, Asia Pacific's population of ultra high-net-worth individuals is predicted to grow by 39% over FY22F-26F, which is much faster than the global average of 27%. It also stated that Asia will host 24% of ultra high-net-worth individuals, an increase from 17% in 2015. Knight Frank, a global property consultancy firm, expects Singapore to benefit from the burgeoning wealth in the region, underpinned by its stable and regulatory framework, free market credentials, and wide range of fund and wealth management solutions.

Figure 25: Singapore's AUM posted 13% CAGR in 2016-20



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, MAS

Figure 26: China's AUM grew 15% yoy to Rmb67.9tr (S$14.3tr) in 2021



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, ASSET MANAGEMENT ASSOCIATION OF CHINA

Stiff competition across all segments

We believe competition is intensifying in tandem with the growth of the asset management industry.

In the investment management (IM) business, MAS, in its Singapore Asset Management Survey 2020, noted that there were 962 registered and licensed fund managers at end-2020, representing a 7.5% yoy increase from 895 fund managers at end-2019. China recorded a similar trend with 1,285 private fund managers as at end-2021, an 11.9% yoy increase from 1,148 private fund managers at end-2020.

Furthermore, according to YZJFH's Introductory Document dated 14 April 2022, its DI business competes with local licensed microfinance companies in the Jiangsu Province, peer-to-peer (P2P) lending platforms, rural banks, wealthy individuals and other unlicensed microfinance institutions that lend to SMEs, micro enterprises, and individual proprietors with financing needs.

According to the China Micro-credit Companies Association, there were 6,841 microfinance companies in China as of 31 Mar 2021, of which 564 were based in Jiangsu Province.

SWOT analysis

Figure 27: SWOT analysis

Strengths: 1. Proven track record of investment and investment return growth 2. Well-established debt investment business in Jiangsu 3. Strong capital management 4. Highly experienced management team	**Opportunities:** 1. Diversifying investments into Singapore and the region 2. Increasing demand for investments in Singapore and China
Weaknesses: 1. Most of its operations are still largely concentrated in China, which is facing severe Covid-19-related lockdowns 2. Fund investments are highly illiquid	**Threats:** 1. Fluctuations in interest rates and exchange rates 2. Economic slowdown in China due to the Covid-19 restrictions

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Risks

Interest rate fluctuations

YZJFH is exposed to interest rate fluctuations relating to investment returns and earnings in terms of valuations of financial assets and pricing of debt vehicles. Moreover, its DI business generates income from interest charged on loans to its customers and incurs interest expenses when funding is obtained. Profitability of its DI business thus hinges on interest margins. A narrowing of interest rate spread could adversely impact YZJFH's income and financial position.

Foreign exchange fluctuation risks

YZJFH operates primarily in Singapore and China, with revenue denominated in Singapore dollar and renminbi, amongst other currencies, which exposes it to forex risk. It is also exposed to currency translation risk as its combined financial statements are reported in Singapore dollar while the financial statements of its foreign subsidiaries, associates, and joint ventures are prepared in other currencies.

Forex and currency translation risks are exacerbated for YZJFH as it does not hedge the foreign exchange exposures of its equity investments in and earnings streams from its foreign subsidiaries and associates. In its introductory document, it firmly stated that it will not engage in speculative hedging. Therefore, any fluctuations in exchange rates will impact the value of its equity investments and earnings from its financial operations.

Reputational risks

YZJFH's operations are highly dependent on strong relationships with its customers, suppliers, and market participants. Customers must be able to trust YZJFH with their funds. Any negative news or controversies will affect customer confidence and their willingness to work with YZJFH in the future.

Growth and expansion risks

YZJFH intends to penetrate the fund/wealth management industry through acquisitions. It also seeks to capture cross-border investment opportunities through M&A. Such acquisitions and M&A transactions may not always be successful or favourable to YZJFH. Furthermore, not all material risks relating to these acquisitions and M&A transactions may be identified in the due diligence process and may not be sufficiently considered in decision-making.

Fund investments are highly illiquid

Fund investments are highly illiquid and not readily tradable. YZJFH's investments in the portfolio private equity (PE) funds can only be transferred or withdrawn with the consent of the relevant General Partner (GP). YZJFH therefore bears the risks of owning fund investments for an extended time.

Appendix

Notes on QDLP and cross-border liquidity/cash pooling

The advantages of QDLP and cross-border liquidity/cash pooling are:

Advantage of QDLP, according to Han Kun Law Office:
Unlike the Qualified Domestic Institutional Investor (QDII) programme which only provides distribution channels for purchasing products from offshore asset managers, the QDLP programme allows and attracts asset managers to establish subsidiaries in China.

Advantage of cross-border liquidity/cash pooling, according to the International Bar Association, PWC, ILP Abogado, and DLA Piper:

1. Reduces unnecessary financing cost
2. Optimises financing resources and liquidity
3. Better centralises cash management
4. Reduces tedious forex supervisions

QDLP and QFLP are fundamentally different. QDLP raises funds from China for overseas investments, whereas QFLP brings foreign funds into China.

Advantages of QFLP, according to Winston & Strawn LLP:

1. Tax incentives: QFLP funds are not required to pay income tax as a partnership.
2. Ease of foreign exchange settlement: Compared to other foreign-invested entities, a QFLP fund offers more flexibility in terms of foreign exchange settlement, investment, capital reduction, and outbound remittance. This is because a QFLP fund would have obtained relevant foreign exchange approvals prior to its formation. Thus, QFLP funds can settle foreign exchange directly via a bank and make equity investments in renminbi.
3. Ease of capital flow: Capital invested by QFLP funds can be directly transferred to the renminbi account of the invested company. In addition, further utilisation of that capital will not be monitored by the foreign exchange administration. These measures ease the flow of capital significantly, compared to other foreign invested companies.

Milestones »

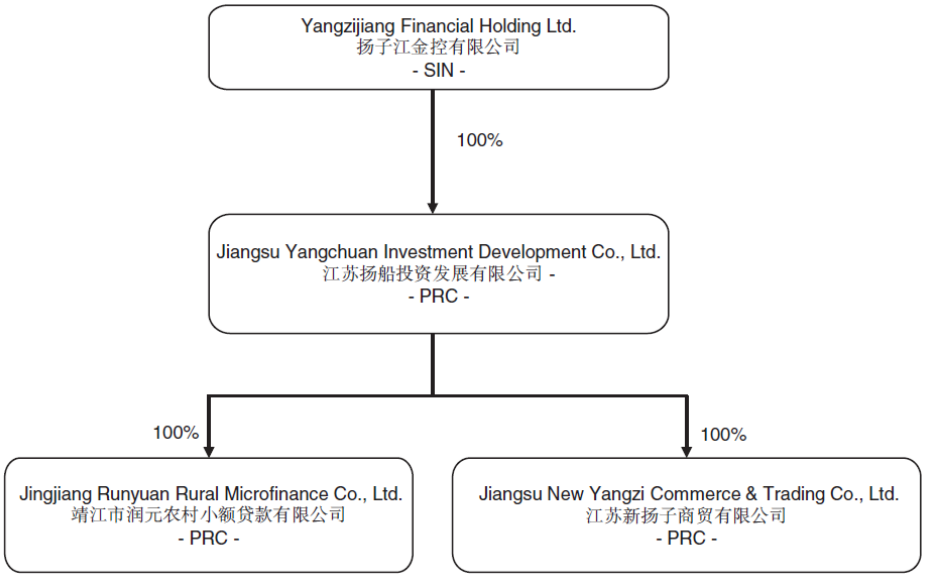
Figure 28: Milestones

Year	Milestone
2008	Commencement of Debt Investments
2009	Commencement of PE investments by venturing into PE Funds
2010	Establishment of Jingjiang Runyuan on 13 June 2010
	Obtained business licence in respect of the Debt Investment Business
2019	Investment income doubled to RMB2.0 billion from RMB1.0 billion in 2011
2020	Establishment of Jiangsu New Yangzi Commerce on 2 June 2020
	Achieved a doubling of investment size from RMB10 billion in 2011 to RMB20 billion in 2020
2022	Establishment of Jiangsu Yangchuan on 8 February 2022

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH INTRODUCTORY DOCUMENT

Group structure »

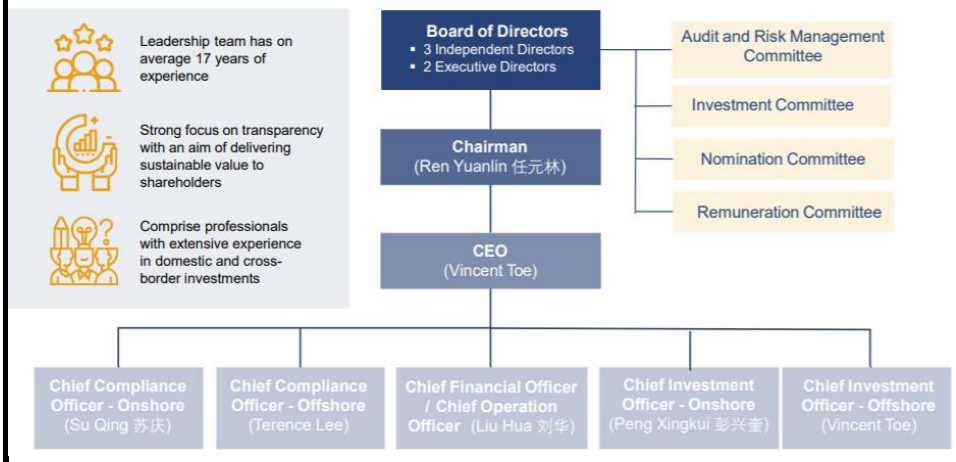
Figure 29: Group structure as at Apr 2022



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH INTRODUCTORY DOCUMENT

Key management

Figure 30: Management structure



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14TH APR 2022

Figure 31: Key management

Position	Name	Background
Executive Chairman and Executive Director	Mr Ren Yuan Lin	Mr Ren was appointed to the YZJFH Board on 14 Dec 2021. He joined YSL (formerly known as Jiangyin Shiprepairing & Shipbuilding Cooperative) in Jul 1973 as a construction steel worker in its hull workshop. Mr Ren was also involved in technology management and production management before his appointment as a director of YSL in 1985. Mr Ren was the President of YSL in Jan 2007 before YSL was listed on the SGX Mainboard in Apr 2007. In 2020, Mr Ren became the Honorary Chairman of Jiangsu Yangzijiang Shipbuilding Co. Ltd.
Executive Director, Chief Executive Officer, and Chief Investment Officer - Singapore	Mr Toe Teow Heng	Mr Toe has more than 25 years of experience in fund management and investment advisory, mergers and acquisitions, initial public offering deals and fundraising in Asia. Mr Toe co-founded ICH Group Ltd, an investment holding group, in 2000. He was previously the Managing Director of ICHAM Pte Ltd, a fund management company in Singapore. He was also a fund manager of GEM, which specialises in wealth management, private equity, and venture capital fund management.
Lead Independent Director	Mr Chew Sutat	Mr Chew was appointed to the YZJFH Board on 25 Mar 2022 and is a member of its investment committee. He was the senior managing director and a member of the SGX's executive management team for 14 years. Mr Chew also previously held senior roles at Standard Chartered Bank (Singapore) Ltd, OCBC Securities Private Ltd, and DBS Bank Ltd, where he held varying portfolios in strategic planning and business development for institutional banking and private clients.
Independent Director	Mr Chua Kim Leng	Mr Chua was appointed to the YZJFH Board on 25 Mar 2022 and is the Chairman of the Audit and Risk Committee. Mr Chua served MAS for 25 years till 2018, where he was the Special Advisor (Financial Supervision), Assistant Manager of the Banking & Insurance Group, and a member of the MAS Executive Committee. Currently, he is a member of the boards of directors of the Casino Regulatory Authority of Singapore, United Overseas Insurance Ltd, TEHO International Inc Ltd, Sygnum Bank AG, and ICHX Tech Pte Ltd.
Independent Director	Mr Yee Kee Shian, Leon	Mr Yee was appointed to the YZJFH Board on 25 Mar 2022 and is the Chairman of the Nominating and Remuneration Committees. Mr Yee has approximately 20 years of experience as a corporate law practitioner and is presently the Chairman of Duane Morris & Selvam LLP and an independent non-executive director of FJ Benjamin Holdings Ltd. Mr Yee was formerly non-executive independent chairman of Pacific Star Development Ltd and independent director of Federal International (2000) Ltd and Laura Ashley Holdings Plc.
Chief Financial Officer and Chief Operating Officer	Ms Liu Hua	Ms Liu joined YSL Group in Nov 2007 as Financial Controller and was re-designated as Chief Financial Officer in Jun 2008, before becoming the current CFO and COO of YZJFH. Ms Liu was previously the financial controller of Global Container Freight Pte Ltd, where she was responsible for the overall financial functions of its subsidiaries in Singapore, China, Taiwan, Malaysia, Myanmar, Cambodia, Thailand, and Vietnam.
Chief Compliance Officer - China	Mr Su Qing	Mr Su joined Jiangsu Yangzijiang Shipyard Co Ltd as a translator in Nov 2007 before becoming operating representative and investment manager. Mr Su was subsequently the Chief of Legal Affairs of Jiangsu Yangzijiang Shipbuilding Co Ltd and Director of the Legal Affairs Department in Jiangsu New Yangzi Shipbuilding Co Ltd. He has been the Legal Director of Jiangsu Xinyang Ship Investment Co Ltd since Jan 2019.
Chief Compliance Officer - Singapore	Mr Lee Kam Wah Terence	Mr Lee has more than 15 years of experience in compliance and finance in the financial and banking industry. Mr Lee was previously the Director of Compliance and Operations of GEM. He was also the Compliance and Financial Director of Zhongtai International Asset Management and Securities Company, China Construction Bank, and First Commercial Bank.
Chief Investment Officer - China	Mr Peng Xingkui	Mr Peng joined YSL Group in Apr 2015 with experience in domestic and foreign investment management. Prior to joining YSL Group, Mr Peng worked in the International Business Department of Jiangsu Jiangyin Rural Commercial Bank Co and was the Deputy Chief of the Capital Business Section of Jiangsu New Yangzi Shipbuilding Co Ltd. Mr Peng was also Director of the President's Office and Investment Director of the Investment Management Department in Jiangsu Yangzijiang Shipbuilding Co Ltd. He has been the Head of the Investment Management Department of Jiangsu Yangzijiang Shipbuilding Co since Jan 2020.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH INTRODUCTORY DOCUMENT

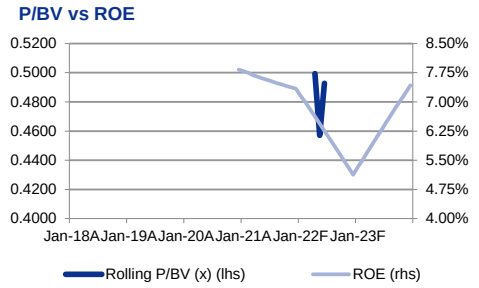
ESG in a nutshell

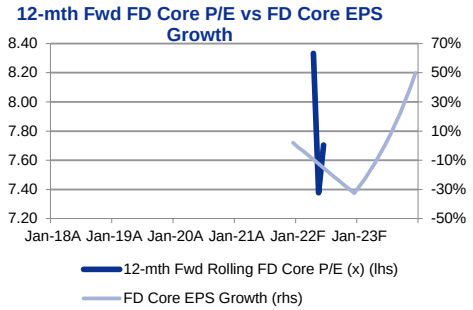
As YZJFH was only incorporated on 14 Dec 2021, we do not have details on its ESG performance. We think its asset-light business model translates into minimal impact on the environment. Furthermore, YZJFH could fare well in terms of corporate governance given that its management team has average relevant experience of 17 years. ESG is also among its five key investment focus areas and themes for its investment portfolio.

Keep your eye on	Implications
In 2019, YZJFH's Executive Chairman and Executive Director Mr Ren Yuanlin was reportedly involved in the Chinese government's anti-corruption investigations into Liu Jiangguo, the former party secretary of Jingjiang City.	Since it has been almost two years since the controversy, we believe the issue no longer has any impact on YZJFH's share price.
ESG highlights	**Implications**
YZJFH, in its slides dated 14 Apr 2022, stated that its corporate governance will centre on transparency with the aim of delivering sustainable value to shareholders.	We believe the "strong focus on transparency" further strengthens its already experienced management team, which has extensive experience in domestic and cross-border investments.
Trends	**Implications**
YZJFH has said that ESG, including clean/new energy and strategic investments in the shipping industry, will be among its five key investment focus areas and themes for its investment portfolio.	We believe YZJFH's green investing will attract customers and/or investment partners who are equally keen on ESG-related investments.

SOURCES: CGS-CIMB RESEARCH, YZJFH INTRODUCTORY DOCUMENT

BY THE NUMBERS





Profit & Loss

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	**495.2**	**384.8**	**257.0**	**409.6**	**424.1**
Gross Profit	**495.2**	**384.8**	**257.0**	**409.6**	**424.1**
Operating EBITDA	**359.7**	**371.9**	**239.0**	**389.5**	**402.2**
Depreciation And Amortisation	0.0	0.0	0.0	0.0	0.0
Operating EBIT	**359.7**	**371.9**	**239.0**	**389.5**	**402.2**
Financial Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Pretax Income/(Loss) from Assoc.	31.0	55.3	49.8	44.8	40.3
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**390.7**	**427.2**	**288.7**	**434.3**	**442.5**
Exceptional Items					
Pre-tax Profit	**390.7**	**427.2**	**288.7**	**434.3**	**442.5**
Taxation	(69.6)	(99.9)	(67.6)	(101.6)	(103.5)
Exceptional Income - post-tax					
Profit After Tax	**321.1**	**327.2**	**221.2**	**332.7**	**339.0**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**321.1**	**327.2**	**221.2**	**332.7**	**339.0**
Recurring Net Profit	321.1	327.2	221.2	332.7	339.0
Fully Diluted Recurring Net Profit	**321.1**	**327.2**	**221.2**	**332.7**	**339.0**

Cash Flow

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	359.7	371.9	239.0	389.5	402.2
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(831.0)	518.4	18.2	(4.0)	(0.4)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(51.6)	11.0	0.0	0.0	0.0
Net Interest (Paid)/Received	0.0	0.0	0.0	0.0	0.0
Tax Paid	(61.7)	(74.6)	(65.5)	(67.6)	(101.6)
Cashflow From Operations	**(584.6)**	**826.7**	**191.7**	**318.0**	**300.2**
Capex	(0.7)	0.0	0.0	0.0	0.0
Disposals Of FAs/subsidiaries	39.9	14.4	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(4.0)	0.0	0.0	0.0	0.0
Other Investing Cashflow	(164.2)	127.1	0.0	0.0	0.0
Cash Flow From Investing	**(129.0)**	**141.4**	**0.0**	**0.0**	**0.0**
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	0.0	(163.5)	(88.5)	(133.1)	(135.6)
Preferred Dividends					
Other Financing Cashflow	605.8	(785.0)	0.0	0.0	0.0
Cash Flow From Financing	**605.8**	**(948.6)**	**(88.5)**	**(133.1)**	**(135.6)**
Total Cash Generated	(107.8)	19.6	103.2	184.9	164.6
Free Cashflow To Equity	**(713.6)**	**968.2**	**191.7**	**318.0**	**300.2**
Free Cashflow To Firm	**(713.6)**	**968.2**	**191.7**	**318.0**	**300.2**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	614	633	737	923	1,088
Total Debtors	440	25	7	11	11
Inventories					
Total Other Current Assets	2,323	2,908	2,908	2,908	2,908
Total Current Assets	**3,377**	**3,566**	**3,652**	**3,842**	**4,008**
Fixed Assets	2	2	2	2	2
Total Investments	234	227	277	322	362
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	1,229	605	604	603	602
Total Non-current Assets	**1,465**	**834**	**883**	**927**	**966**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	0	0	0	0	0
Other Current Liabilities	118	68	70	104	106
Total Current Liabilities	**118**	**68**	**70**	**104**	**106**
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
Total Non-current Liabilities	**0**	**0**	**0**	**0**	**0**
Total Provisions	52	83	83	83	83
Total Liabilities	**170**	**151**	**153**	**187**	**189**
Shareholders' Equity	4,672	4,249	4,382	4,581	4,785
Minority Interests					
Total Equity	**4,672**	**4,249**	**4,382**	**4,581**	**4,785**

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	8.3%	(22.3%)	(33.2%)	59.3%	3.6%
Operating EBITDA Growth	(10.9%)	3.4%	(35.7%)	63.0%	3.2%
Operating EBITDA Margin	72.6%	96.6%	93.0%	95.1%	94.8%
Net Cash Per Share (S$)	0.16	0.16	0.19	0.23	0.28
BVPS (S$)	1.19	1.08	1.11	1.16	1.21
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	17.8%	23.4%	23.4%	23.4%	23.4%
Net Dividend Payout Ratio	NA	NA	40.0%	40.0%	40.0%
Accounts Receivables Days	209.0	220.6	22.6	7.9	9.5
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	11.5%	7.4%	5.3%	8.6%	9.0%
ROCE (%)	8.70%	8.21%	5.43%	8.53%	8.44%
Return On Average Assets	7.59%	7.08%	4.95%	7.15%	6.96%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Cash deployed for investments	368.2	379.6	442.1	738.1	870.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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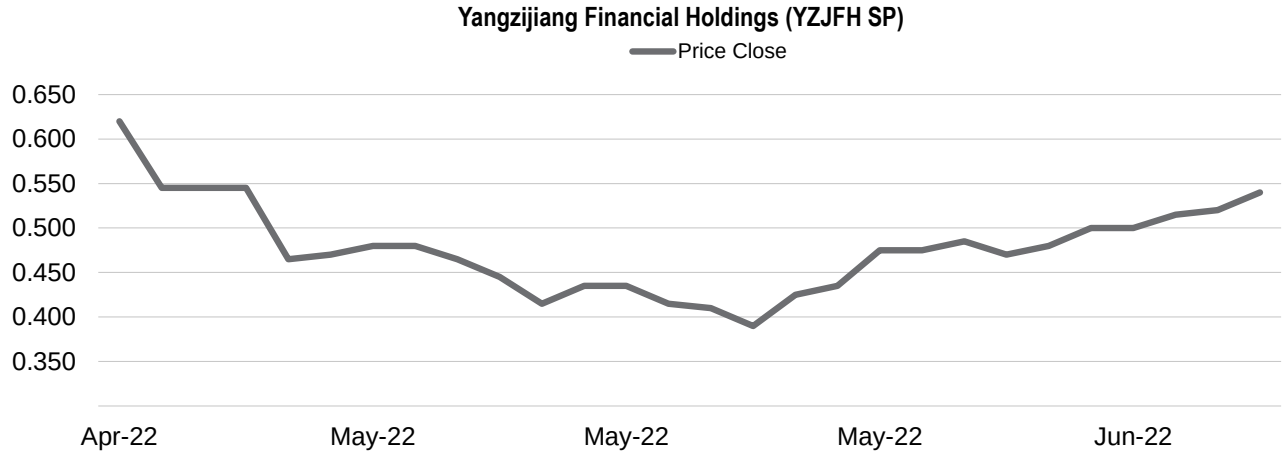
Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022 632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.