

## 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

### Analyst(s)



#### LIM Siew Khee

T (65) 6210 8664

E siewkhee.lim@cgs-cimb.com

#### Izabella TAN

T (65) 6210 8897

E izabella.tan@cgs-cimb.com

# Yangzijiang Financial Holdings

## A force to be reckoned with

- We like YZJFH for its generous 40% dividend payout and yield of 4.15%-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 (30%) and 9x CY23F P/E (70%).

### 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

## 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

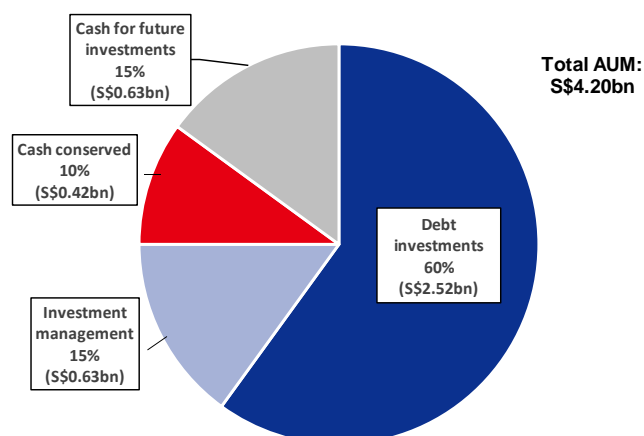
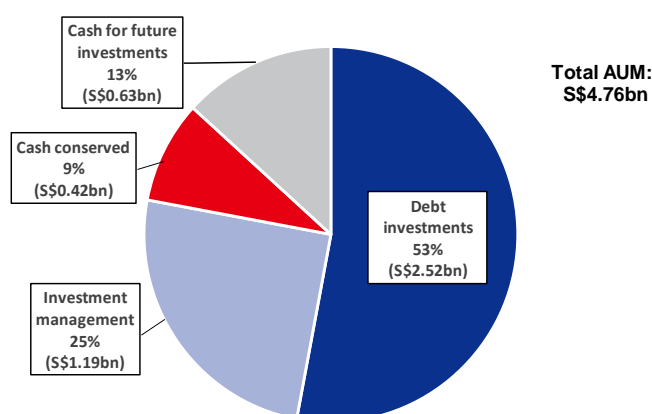


Figure 2: After – AUM expanded to S\$4.76bn within a month of listing, as of 11 May 2022



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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.

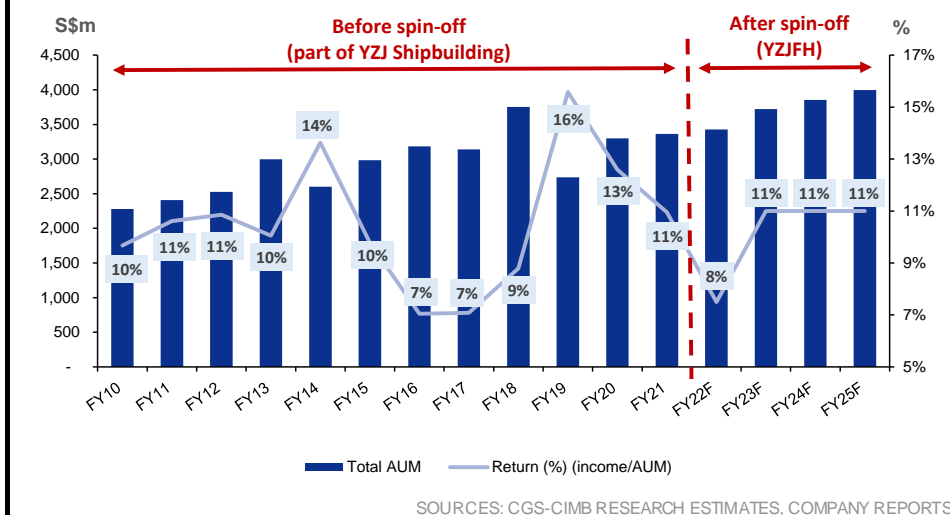
##### 3. Strong track record in China and GEM's performance

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.

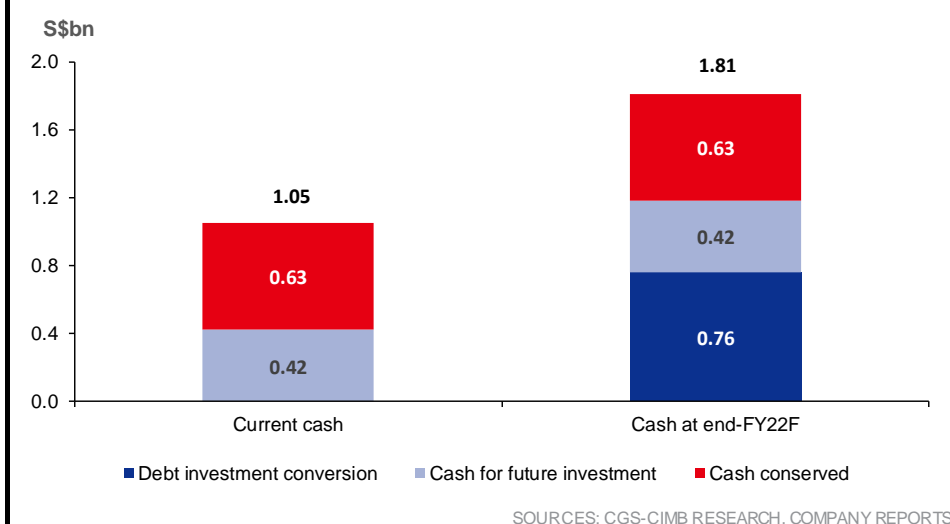
**Figure 3: Prior to spin-off, YZJ FH generated an average return of 11% from FY10-FY21**



### Maturing debt investments for deployment ➤

By end-FY22, YZJFH will have S\$0.76bn 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**



## 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 30% weightage since YZJFH intends to pare down its debt investment business to 30% of YZJFH's net tangible assets (NTA) from FY23F onwards. We also ascribed a CY23F P/E of 9x (peer average) and gave it a 70% weightage for its remaining 70% 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
<b>Fund management peers (simple average)</b>						<b>13.0</b>	<b>11.5</b>	<b>-1.0%</b>	<b>2.61</b>	<b>22.0%</b>	<b>2.7%</b>
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%
<b>Chinese banks (simple average)</b>						<b>5.1</b>	<b>4.5</b>	<b>11.7%</b>	<b>0.66</b>	<b>13.1%</b>	<b>6.6%</b>
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%
<b>Singapore banks (simple average)</b>						<b>10.2</b>	<b>8.5</b>	<b>14.1%</b>	<b>1.15</b>	<b>11.8%</b>	<b>4.7%</b>
<b>Overall (simple average)</b>						<b>10.6</b>	<b>9.2</b>	<b>5.0%</b>	<b>1.85</b>	<b>17.8%</b>	<b>4.1%</b>

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	
<b>No of shares (millions)</b>		<b>3,951</b>
Method	Weightage	Value per share (S\$)
P/BV (x)	30%	0.21
P/E (x)	70%	0.53
<b>Target price for YZJFH (S\$)</b>		<b>0.74</b>

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

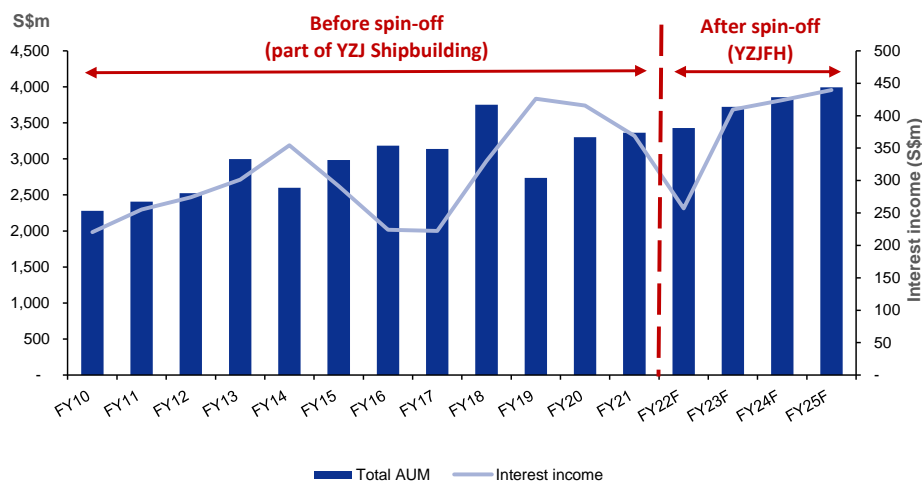
## Financials

### 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% return 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**

\$m	FY19	FY20	FY21	FY22F	FY23F	FY24F	FY25F
<b>Cash</b>							
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
<b>AUM</b>							
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
<b>Interest income</b>							
	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 Merchants Bank.

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

\$('000)	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Debt investments balance (\$'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 (\$'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**

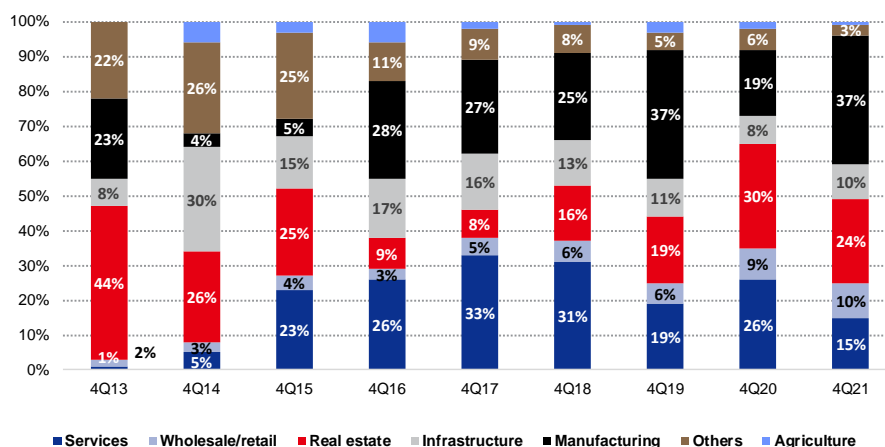
	FY14	FY15	FY16	FY17	FY18	FY19	Avg FY14-19	FY20	FY21
YZJFH	2.9%	1.0%	1.0%	1.9%	2.2%	0.9%	1.7%	3.2%	-0.3%
China Merchants Bank	1.33%	2.15%	2.12%	1.74%	1.58%	1.29%	1.7%	0.98%	0.70%
China Construction Bank	0.66%	0.93%	0.81%	1.00%	1.07%	1.03%	0.9%	1.05%	0.90%
Agricultural Bank of China	0.85%	0.96%	0.85%	0.91%	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.\$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.

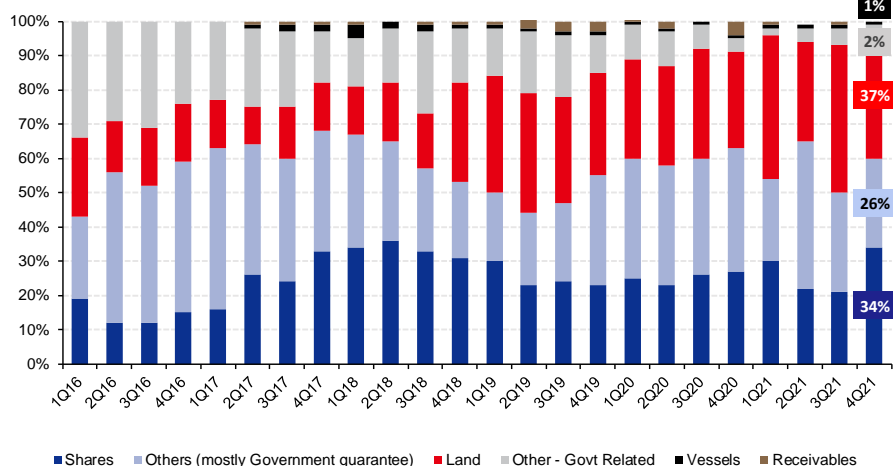
Based on the collaterals position before 'carve-out', the debt investment portfolio was split into manufacturing (37%), real estate (24%) and services (15%) as of 4Q21. Land (37%) and shares (34%) dominated the large part of debt investment's collaterals with coverage ratio of 2.2x and 1.7x respectively.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

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


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

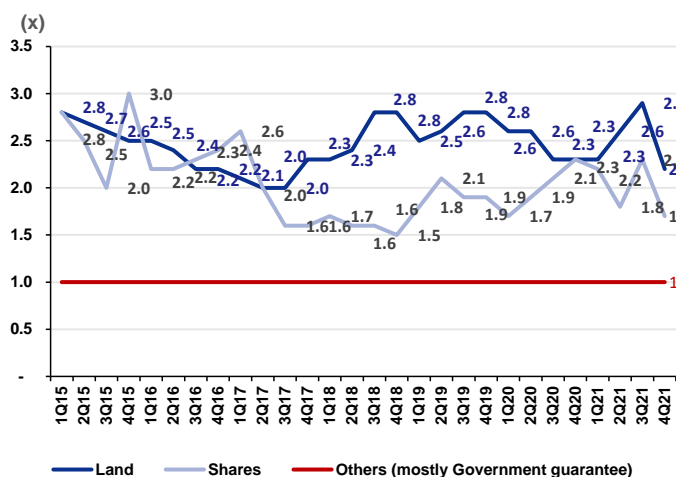


**Figure 14: Breakdown of collaterals secured – 26% are backed by “Others” or mostly government and personal guarantee**



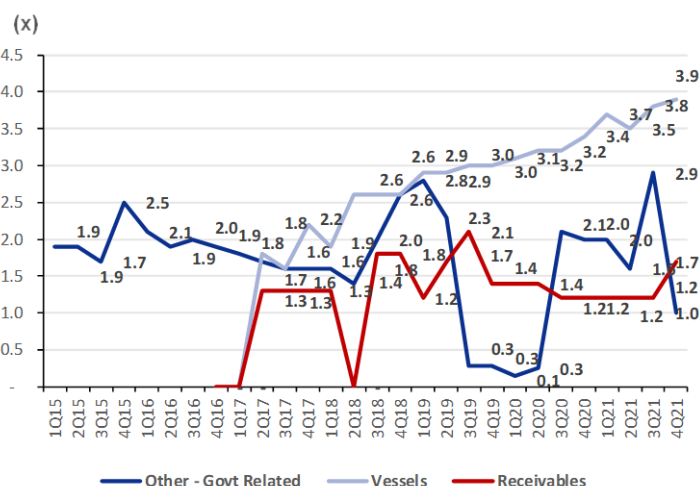
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**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		FY22F P/BV (x)	Share price (\$)	Market cap (\$m)	Payout/Div yield %		
NTA					30%	40%	50%
FY21 NTA (\$m)	4,249	0.03	\$ 0.03	136	48.6%	64.8%	81.1%
FY22F NTA (\$m)	4,382	0.07	\$ 0.07	294	22.5%	30.0%	37.6%
FY23F NTA (\$m)	4,581	0.10	\$ 0.11	452	14.7%	19.6%	24.4%
NTA per share (FY22F)	\$ 1.11	0.14	\$ 0.15	611	10.9%	14.5%	18.1%
NTA per share (FY23F)	\$ 1.16	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:

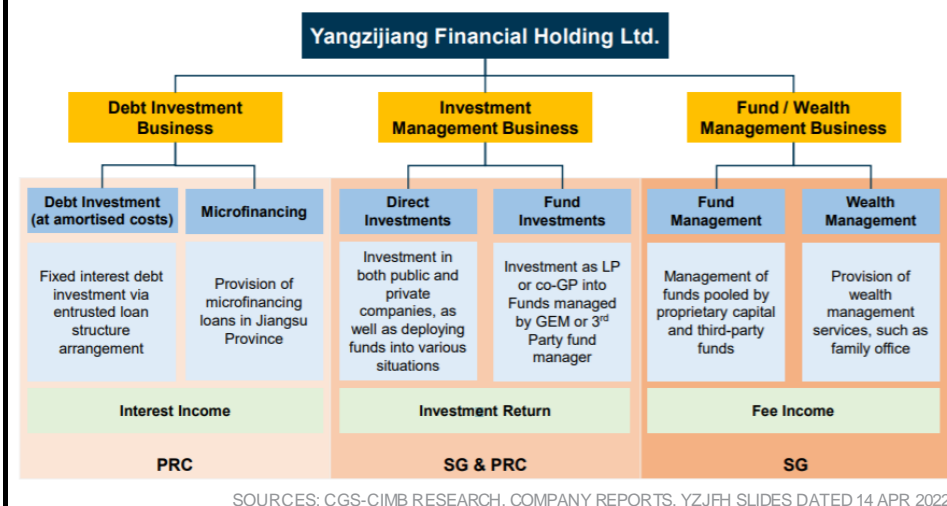
1. Each single investment shall not exceed 10% of its total investment amount; and
2. Exposure to each single issuer, company, sponsor, and counterparty shall not exceed 15% of its total investment amount.

### **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**



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

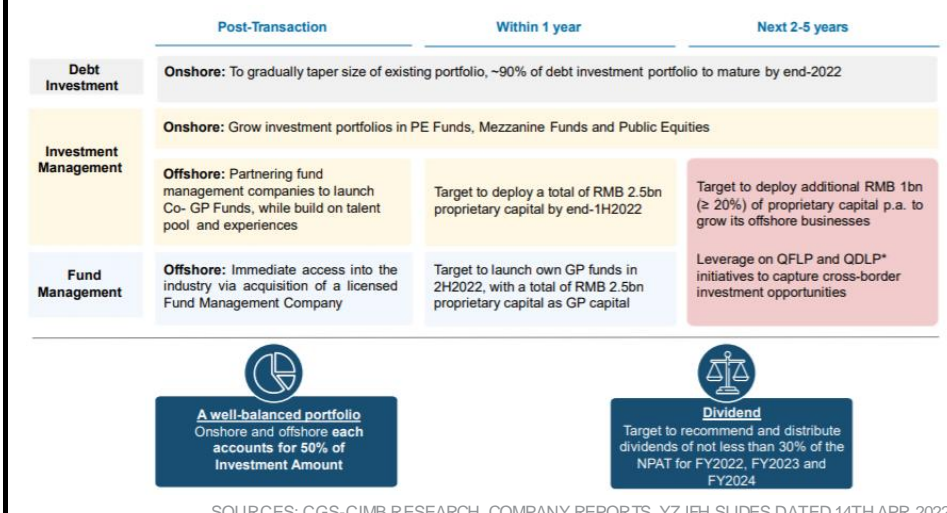
## Strategic direction

### Investment strategies ➤

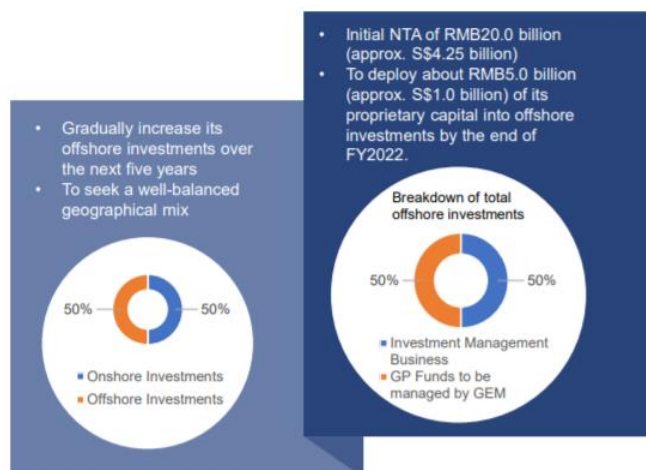
YZJFH targets to eventually have Chinese and Singaporean investments account for 50% each of its total investment amount by FY23F.

YZJFH plans to deploy c.Rmb5bn (c.\$S1bn) 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**



**Figure 21: Investment strategies**

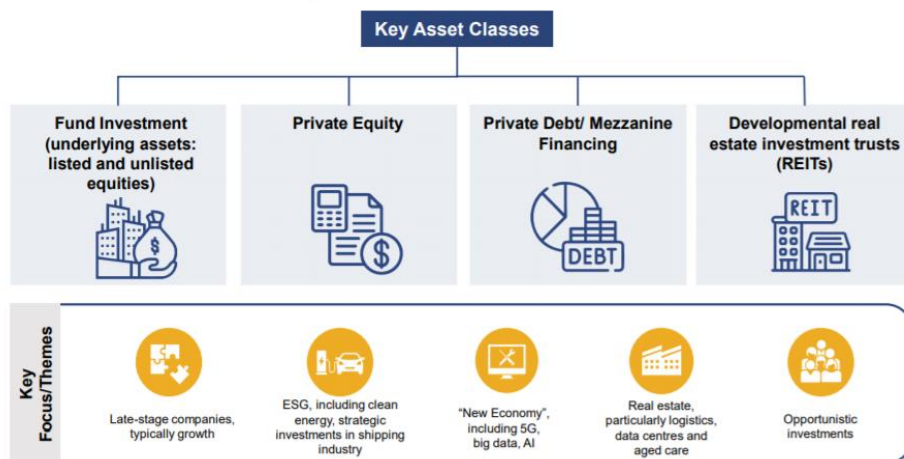


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14TH APR 2022

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**



## Acquisition of GEM ➤

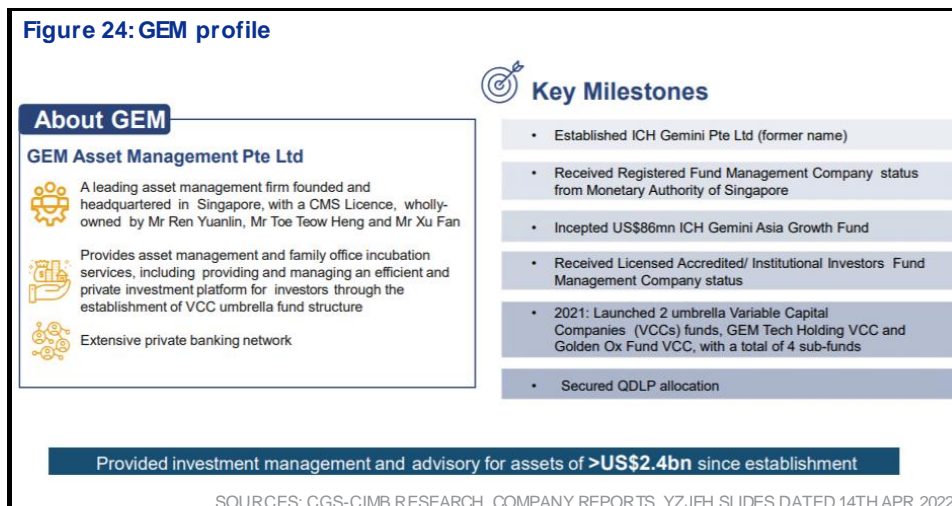
YZJFH intends to penetrate the fund/wealth management industry through acquisitions and/or set up its own fund management company.

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**





## Industry outlook

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

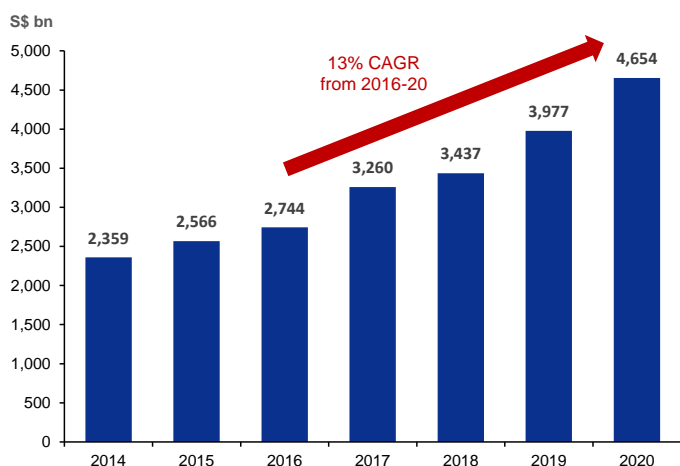
### Growing asset management industry in Asia ►

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.

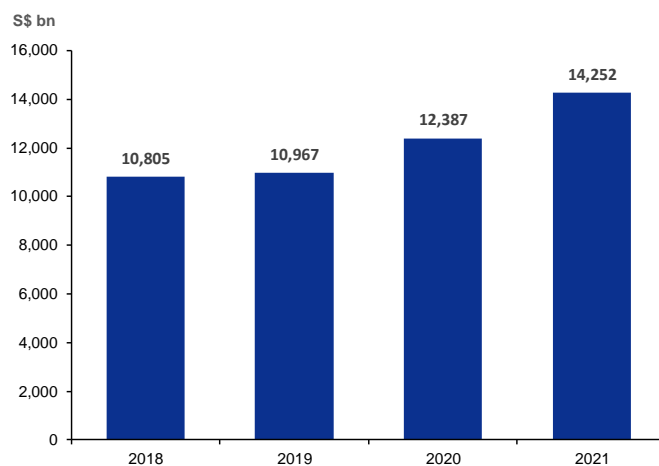
Furthermore, according to Knight Frank's Wealth Report 2021, Asia Pacific's population of ultra high-net-worth individuals is predicted to grow by 39% over FY22F-26F, which is much faster than the global average of 27%. It also stated that Asia will host 24% of ultra high-net-worth individuals, an increase 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**

<b>Strengths:</b> 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	<b>Opportunities:</b> 1. Diversifying investments into Singapore and the region 2. Increasing demand for investments in Singapore and China
<b>Weaknesses:</b> 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	<b>Threats:</b> 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 ➤

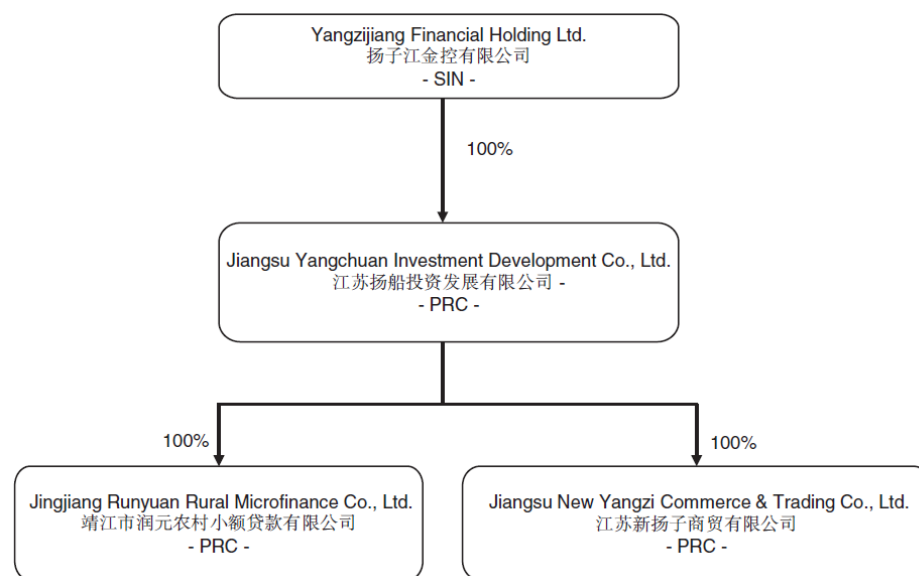
**Figure 28: Milestones**

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 ➤

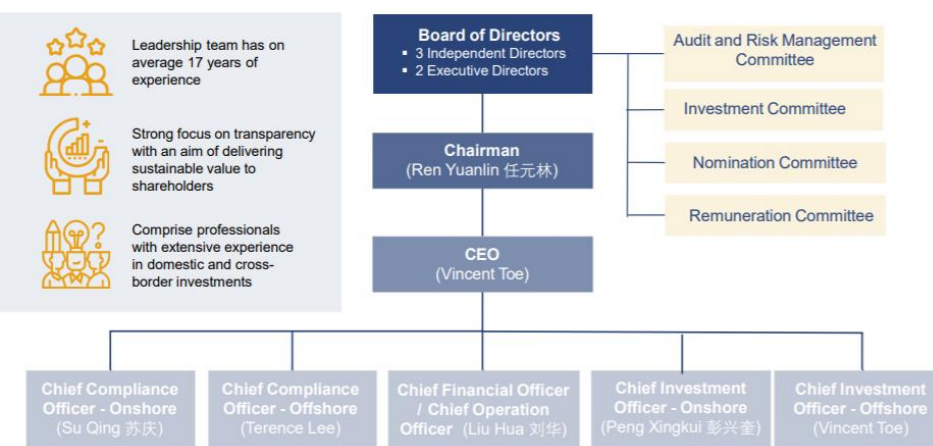
**Figure 29: Group structure as at Apr 2022**



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

## Key management ➤

**Figure 30: Management structure**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, YZJFH SLIDES DATED 14<sup>TH</sup> 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 - Mr Peng Xingkui 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

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 Jianguo, the former party secretary of Jiangsu City.

### Implications

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

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.

### Implications

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

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.

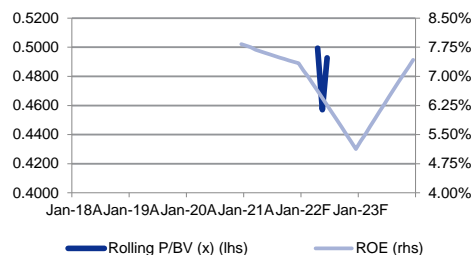
### Implications

We believe YZJFH's green investing will attract customers and/or investment partners who are equally keen on ESG-related investments.

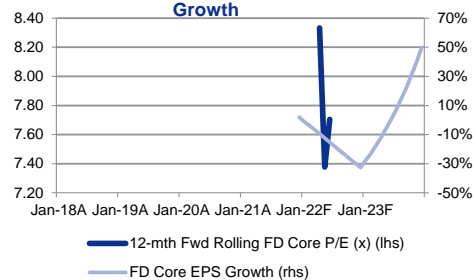
SOURCES: CGS-CIMB RESEARCH, YZJFH INTRODUCTORY DOCUMENT

## BY THE NUMBERS

**P/BV vs ROE**



**12-mth Fwd FD Core P/E vs FD Core EPS Growth**



### Profit & Loss

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

### Cash Flow

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>359.7</b>	<b>371.9</b>	<b>239.0</b>	<b>389.5</b>	<b>402.2</b>
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)
<b>Cashflow From Operations</b>	<b>(584.6)</b>	<b>826.7</b>	<b>191.7</b>	<b>318.0</b>	<b>300.2</b>
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
<b>Cash Flow From Investing</b>	<b>(129.0)</b>	<b>141.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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
<b>Cash Flow From Financing</b>	<b>605.8</b>	<b>(948.6)</b>	<b>(88.5)</b>	<b>(133.1)</b>	<b>(135.6)</b>
Total Cash Generated	(107.8)	19.6	103.2	184.9	164.6
<b>Free Cashflow To Equity</b>	<b>(713.6)</b>	<b>968.2</b>	<b>191.7</b>	<b>318.0</b>	<b>300.2</b>
<b>Free Cashflow To Firm</b>	<b>(713.6)</b>	<b>968.2</b>	<b>191.7</b>	<b>318.0</b>	<b>300.2</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(\$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
<b>Total Current Assets</b>	<b>3,377</b>	<b>3,566</b>	<b>3,652</b>	<b>3,842</b>	<b>4,008</b>
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
<b>Total Non-current Assets</b>	<b>1,465</b>	<b>834</b>	<b>883</b>	<b>927</b>	<b>966</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	0	0	0	0	0
Other Current Liabilities	118	68	70	104	106
<b>Total Current Liabilities</b>	<b>118</b>	<b>68</b>	<b>70</b>	<b>104</b>	<b>106</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
<b>Total Non-current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Provisions	52	83	83	83	83
<b>Total Liabilities</b>	<b>170</b>	<b>151</b>	<b>153</b>	<b>187</b>	<b>189</b>
Shareholders' Equity	4,672	4,249	4,382	4,581	4,785
Minority Interests					
<b>Total Equity</b>	<b>4,672</b>	<b>4,249</b>	<b>4,382</b>	<b>4,581</b>	<b>4,785</b>

### 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 (\$\$)	0.16	0.16	0.19	0.23	0.28
BVPS (\$\$)	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



## DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to CGS-CIMB. Reports relating to a specific geographical area are produced and distributed by the corresponding CGS-CIMB entity as listed in the table below.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS-CIMB.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CGS-CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CGS-CIMB has no obligation to update this report in the event of a material change to the information contained in this report. CGS-CIMB does not accept any obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, CGS-CIMB, its affiliates and related persons including China Galaxy International Financial Holdings Limited ("CGIFHL") and CIMB Group Sdn. Bhd. ("CIMBG") and their respective related corporations (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, CGS-CIMB disclaims all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon sources which CGS-CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS-CIMB or any of its affiliates (including CGIFHL, CIMBG and their respective related corporations) to any person to buy or sell any investments.

CGS-CIMB, its affiliates and related corporations (including CGIFHL, CIMBG and their respective related corporations) and/or their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMB, its affiliates and their respective related corporations (including CGIFHL, CIMBG and their respective related corporations) do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB or its affiliates (including CGIFHL, CIMBG and their respective related corporations) may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS-CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/her coverage of company(ies) in the performance of his/her duties or the performance of his/her recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CGS-CIMB entity as listed in the table below. The term "CGS-CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CGS-CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities (Hong Kong) Limited	Securities and Futures Commission Hong Kong
India	CGS-CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Indonesia	PT CGS-CIMB Sekuritas Indonesia	Financial Services Authority of Indonesia
Malaysia	CGS-CIMB Securities Sdn. Bhd.	Securities Commission Malaysia
Singapore	CGS-CIMB Securities (Singapore) Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS-CIMB Securities (Hong Kong) Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

#### Other Significant Financial Interests:

(i) As of May 31, 2022 CGS-CIMB has a proprietary position in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report

(a) Yangzijiang Financial Holdings

(ii) Analyst Disclosure: As of June 6, 2022, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report

(a) -

This report does not purport to contain all the information that a prospective investor may require. Neither CGS-CIMB nor any of its affiliates (including CGIFHL, CIMBG and their related corporations) make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CGS-CIMB nor any of its affiliates nor their related persons (including CGIFHL, CIMBG and their related corporations) shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS-CIMB's clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report.

The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

#### Restrictions on Distributions

**Australia:** Despite anything in this report to the contrary, this research is provided in Australia by CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a "wholesale client". This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited do not hold, and are not required to hold an Australian financial services license. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited rely on "passporting" exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

**Canada:** This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

**China:** For the purpose of this report, the People's Republic of China ("PRC") does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

**France:** Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

**Germany:** This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

**Hong Kong:** This report is issued and distributed in Hong Kong by CGS-CIMB Securities (Hong Kong) Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CGS-CIMB Securities (Hong Kong) Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected.

CHK has no obligation to update its opinion or the information in this research report.  
This publication is strictly confidential and is for private circulation only to clients of CHK.  
CHK does not make a market on other securities mentioned in the report.

**India:** This report is issued and distributed in India by CGS-CIMB Securities (India) Private Limited ("CGS-CIMB India"). CGS-CIMB India is a subsidiary of CGS-CIMB Securities International Pte. Ltd. which is in turn is a 50:50 joint venture company of CGIFHL and CIMBG. The details of the members of the group of companies of CGS-CIMB can be found at [www.cgs-cimb.com](http://www.cgs-cimb.com), CGIFHL at [www.chinastock.com.hk/en/ACG/ContactUs/index.aspx](http://www.chinastock.com.hk/en/ACG/ContactUs/index.aspx) and CIMBG at [www.cimb.com/en/who-we-are.html](http://www.cimb.com/en/who-we-are.html). CGS-CIMB India is registered with the National Stock Exchange of India Limited and BSE Limited as a trading and clearing member (Merchant Banking Number: INM000012037) under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. In accordance with the provisions of Regulation 4(g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CGS-CIMB India is not required to seek registration with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser. CGS-CIMB India is registered with SEBI (SEBI Registration Number: INZ000209135) as a Research Analyst (INH000000669) pursuant to the SEBI (Research Analysts) Regulations, 2014 ("Regulations").

This report does not take into account the particular investment objectives, financial situations, or needs of the recipients. It is not intended for and does not deal with prohibitions on investment due to law/jurisdiction issues etc. which may exist for certain persons/entities. Recipients should rely on their own investigations and take their own professional advice before investment.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CGS-CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CGS-CIMB India or its affiliates.

CGS-CIMB India does not have actual / beneficial ownership of 1% or more securities of the subject company in this research report, at the end of the month immediately preceding the date of publication of this research report. However, since affiliates of CGS-CIMB India are engaged in the financial services business, they might have in their normal course of business financial interests or actual / beneficial ownership of one per cent or more in various companies including the subject company in this research report.

CGS-CIMB India or its associates, may: (a) from time to time, have long or short position in, and buy or sell the securities of the subject company in this research report; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company in this research report or act as an advisor or lender/borrower to such company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not received any compensation for investment banking, merchant banking or brokerage services from the subject company mentioned in the research report in the past 12 months.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not managed or co-managed public offering of securities for the subject company mentioned in the research report in the past 12 months. The analyst from CGS-CIMB India engaged in preparation of this research report or his/her relative (a) do not have any financial interests in the subject company mentioned in this research report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the research report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the research report.

**Indonesia:** This report is issued and distributed by PT CGS-CIMB Sekuritas Indonesia ("CGS-CIMB Indonesia"). The views and opinions in this research report are our own as of the date hereof and are subject to change. CGS-CIMB Indonesia has no obligation to update its opinion or the information in this research report. This report is for private circulation only to clients of CGS-CIMB Indonesia. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

**Ireland:** CGS-CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS-CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

**Malaysia:** This report is distributed in Malaysia by CGS-CIMB Securities Sdn. Bhd. ("CGS-CIMB Malaysia") solely for the benefit of and for the exclusive use of our clients. Recipients of this report are to contact CGS-CIMB Malaysia, at Level 29, Menara Bumiputra-Commerce, No. 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia, in respect of any matters arising from or in connection with this report. CGS-CIMB Malaysia has no obligation to update, revise or reaffirm its opinion or the information in this research reports after the date of this report.

**New Zealand:** In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

**Singapore:** This report is issued and distributed by CGS-CIMB Securities (Singapore) Pte Ltd ("CGS-CIMB Singapore"). CGS-CIMB Singapore is a capital markets services licensee under the Securities and Futures Act (Chapter 289). Accordingly, it is exempted from the requirement to hold a financial adviser's licence under the Financial Advisers Act, Cap 110 ("FAA") for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. CGS-CIMB Singapore is subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CGS-CIMB Singapore, 10 Marina Boulevard, Marina Bay Financial Centre Tower 2, #09-01, Singapore 018983 in respect of any matters arising from, or in connection with this report. CGS-CIMB Singapore has no obligation to update its opinion or the information



in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CGS-CIMB Singapore directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CGS-CIMB Singapore accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CGS-CIMB Singapore is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following:

- (a) Section 25 of the FAA (obligation to disclose product information);
- (b) Section 27 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 36 (obligation on disclosure of interest in specified products), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are related to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that as CGS-CIMB Singapore is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMB Singapore for any loss or damage arising from the recipient's reliance on any recommendation made by CGS-CIMB Singapore which would otherwise be a right that is available to the recipient under Section 27 of the FAA.

CGS-CIMB Singapore, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in specified products of the company(ies) covered in this research report or any specified products related thereto and may from time to time add to or dispose of, or may be materially interested in, any such specified products. Further, CGS-CIMB Singapore, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as a market maker or have assumed an underwriting commitment in specified products of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

As of June 6, 2022, CGS-CIMB Singapore does not have a proprietary position in the recommended specified products in this report.

CGS-CIMB Singapore does not make a market on the securities mentioned in the report.

**South Korea:** This report is issued and distributed in South Korea by CGS-CIMB Securities (Hong Kong) Limited, Korea Branch ("CGS-CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea ("FSCMA").

**Spain:** This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS-CIMB is not registered with the Spanish Comisión Nacional del Mercado de Valores to provide investment services.

**Sweden:** This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

**Switzerland:** This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

**Thailand:** This report is issued and distributed by CGS-CIMB Securities (Thailand) Co. Ltd. ("CGS-CIMB Thailand") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CGS-CIMB Thailand has no obligation to update its opinion or the information in this research report.

CGS-CIMB Thailand may act or acts as Market Maker, and issuer and offeror of Derivative Warrants and Structured Note which may have the following securities as its underlying securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ACE, ADVANC, AEONTS, AMATA, AOT, AP, BAM, BANPU, BBL, BCH, BCP, BCPG, BDMS, BEC, BEM, BGRIM, BH, BJC, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, ICHI, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KKP, KTB, KTC, LH, MAJOR, MEGA, MINT, MTC, NRF, OR, ORI, OSP, PLANB, PRM, PSL, PTG, PTL, PTT, PTTGP, PTTGC, QH, RATCH, RBF, RS, SAWAD, SCB, SCC, SCGP, SINGER, SPALI, SPRC, STA, STEC, STGT, SUPER, SYNEX, TASCO, TCAP, THANI, TISCO, TKN, TOP, TQM, TRUE, TTB, TU, TVO, VGI, WHA

#### Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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.

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

**United Arab Emirates:** The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

**United Kingdom and European Economic Area (EEA):** In the United Kingdom and European Economic Area, this material is also being distributed by CGS-CIMB Securities (UK) Limited ("CGS-CIMB UK"). CGS-CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 53 New Broad Street, London EC2M 1JJ. The material distributed by CGS-CIMB UK has been prepared in accordance with CGS-CIMB's policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CGS-CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (c) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material (all such persons together being referred to as "relevant persons"). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

This material is categorised as non-independent for the purposes of CGS-CIMB UK and therefore does not provide an impartial or objective assessment of the subject matter and does not constitute independent research. Consequently, this material has not been prepared in accordance with legal requirements designed to promote the independence of research and will not be subject to any prohibition on dealing ahead of the dissemination of research. Therefore, this material is considered a marketing communication.

**United States:** This research report is distributed in the United States of America by CGS-CIMB Securities (USA) Inc, a U.S. registered broker-dealer and an affiliate of CGS-CIMB Securities Sdn. Bhd., CGS-CIMB Securities (Singapore) Pte Ltd, PT CGS-CIMB Sekuritas Indonesia, CGS-CIMB Securities (Thailand) Co. Ltd, CGS-CIMB Securities (Hong Kong) Limited and CGS-CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as "U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CGS-CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc.

CGS-CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CGS-CIMB Securities (USA) Inc. has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

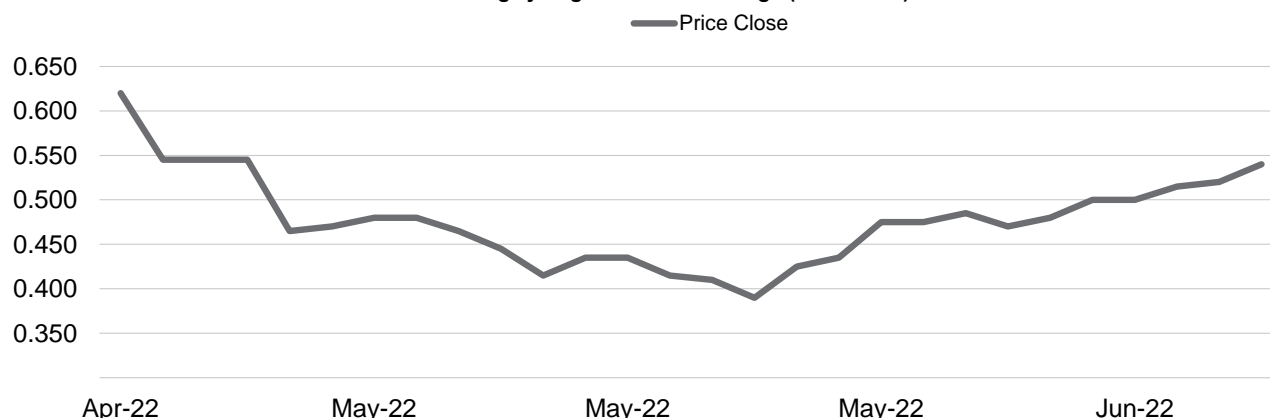
**United States Third-Party Disclaimer:** If this report is distributed in the United States of America by Raymond James & Associates, Inc ("RJA"), this report is third-party research prepared for and distributed in the United States of America by RJA pursuant to an arrangement between RJA and CGS-CIMB Securities International Pte. Ltd. ("CGS-CIMB"). CGS-CIMB is not an affiliate of RJA. This report is distributed solely to persons who qualify as "U.S. Institutional Investors" or as "Major U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934, as amended. This communication is only for U.S. Institutional Investors or Major U.S. Institutional Investor whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major U.S. Institutional Investor must not rely on this communication. The delivery of this report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. If you are receiving this report in the U.S. from RJA, a FINRA/SIPC member, it takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc. or RJA. <https://raymondjames.com/InternationalEquityDisclosures>

**Other jurisdictions:** In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

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)

### Yangzijiang Financial Holdings (YZJFHSF)



## 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, **SV** – 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.