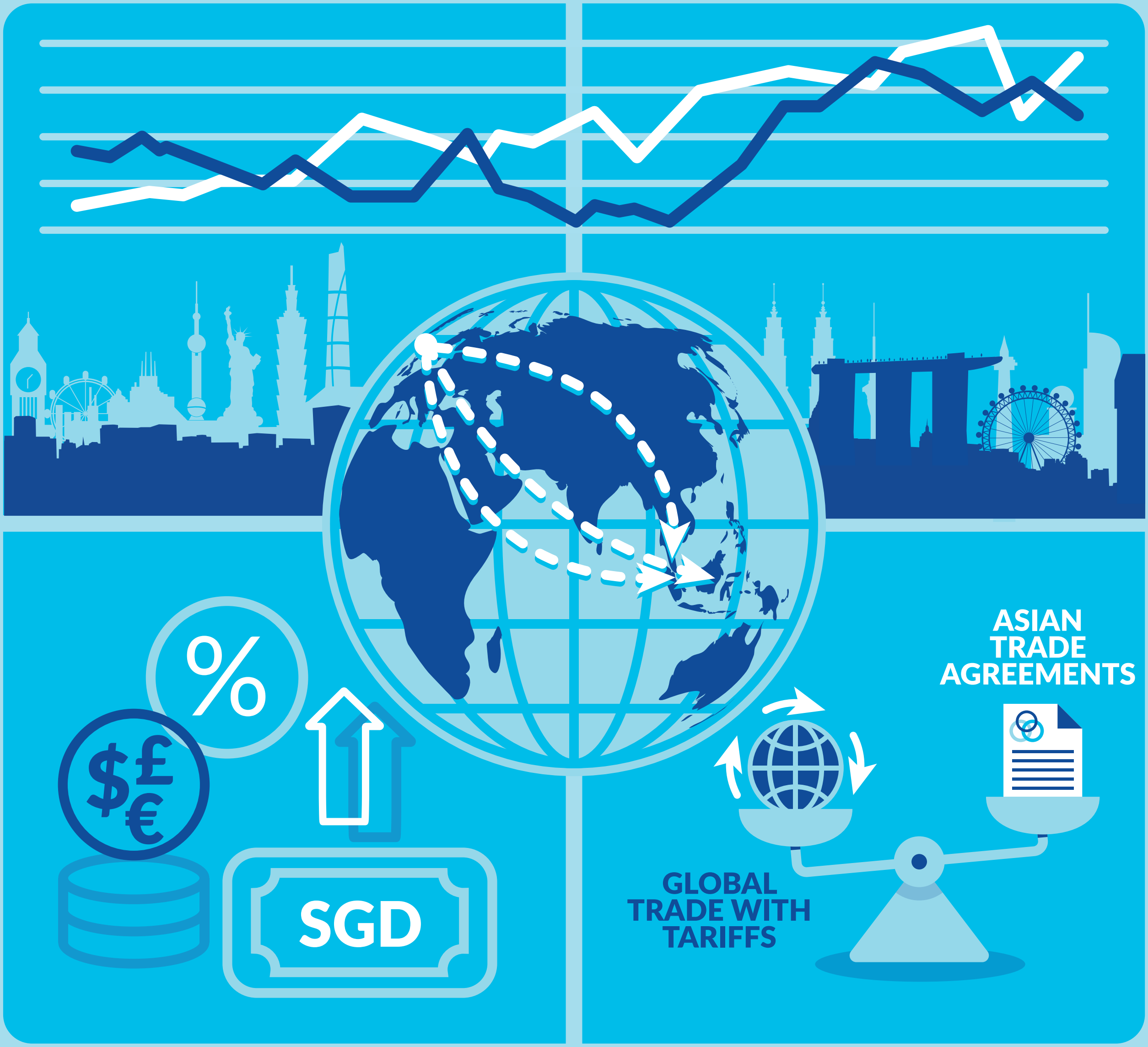
INVESTMENT BANKING

Top Singapore Small Cap Companies

20 Jewels 2025 Edition



RHB

TOP SINGAPORE
SMALL CAP COMPANIES

20 JEWELS

2025 EDITION

SINGAPORE

Alfie Yeo	alfie.yeo@rhbgroup.com	+65 6320 0810
Shekhar Jaiswal	shekhar.jaiswal@rhbgroup.com	+65 6320 0806
Singapore Research	research.sg.equity@rhbgroup.com	-
Vijay Natarajan	vijay.natarajan@rhbgroup.com	+65 6320 0825

<**See important disclaimer and disclosures at the end of this report**>

CONTENTS

List Of Companies By Industry Classification

Foreword

We are proud to present the 15th edition of the Singapore Small Cap Jewels in 2025. The Small Cap Jewels series was started by our Malaysian counterparts in 2004, and has since earned a dedicated following. The Singapore edition complements the publication of other regional Small Cap Jewels books by our research colleagues in Malaysia and Indonesia. Our regional compendium is a unique pan-ASEAN repository of reports, with ideas on 60 companies that remain unmatched in this region.

Over 60% of our stock picks in this book are companies that have not been featured in the previous two editions. Our picks are derived from both top-down and bottom-up methodologies. This year, we have a good representation of stocks from the construction, technology, consumer, oil & gas, industrial, property, and healthcare sectors.

Our stock selection has shifted focus away from US export-oriented stocks towards more regional and domestically exposed sectors including construction, consumer, industrials, and property. Meanwhile, RHB economists have maintained their 2025 GDP growth forecast for Singapore at 2.0% YoY, with downside risks pushing towards a 0.5-1.0% range should global trade tensions intensify. Singapore's export-oriented, chemical, machinery & transport and manufacturing sectors are expected to bear the brunt of the direct US tariff levied on imports from Singapore, as well as the spillover effect from rising trade tensions.

Close to two-thirds of our picks stem from the construction, consumer and industrial sectors. We are upbeat on the construction sector as it is domestically exposed, amid robust national development and public infrastructure spending. Our construction stocks comprise building materials players (BRC Asia, Hong Leong Asia, Pan-United Corp) and project contractors (ISOTeam). We are also positive on pawnshops within the consumer sector, on the back of global economic uncertainty and a firm gold price environment (Aspial Lifestyle, MoneyMax Financial Services, ValueMax). Other consumer plays include Bumitama Agri, a beneficiary of a high CPO price, and Zixin Group, which is expanding its capacity and revenue sources. Our industrial sector play (CSE Global, GKE Corp, Oiltek, and Riverstone) is growth-focused. CSE Global is growing via acquisitions, GKE Corp is moving into more value-added logistics services for better margins, Oiltek is riding on the expansion of edible oil refining plants, and Riverstone should benefit from an expected pick-up in the semiconductor sector.

Forming 15% of our stock picks are our property plays in Centurion Corp, LHN Group, and PropNex. Both Centurion and LHN Group have possible spin-off catalysts and are expanding their property portfolios, while PropNex provides exposure to the surge in new home sales.

We have a smaller representation of technology, healthcare, and oil & gas stocks. Our technology sector stocks – Frencken and Grand Venture Technology – have minimal direct export exposure to the US market. Our only healthcare stock is Livingstone Health, an earnings turnaround play. In oil & gas, we are positive on Marco Polo Marine's strong charter rates and utilisation levels, having deployed its commissioning service operational vessel (CSOV) for the construction of offshore windfarms in North Asia.

Some stocks may exhibit at least one fundamental characteristic of compelling valuation, an interesting growth story, a strong balance sheet, cash-generation capability, or situational event-driven catalysts. While the names featured in this edition may vary in terms of business, market capitalisation and investor interest, they share common traits – they are fundamentally sound companies with a great probability of generating good returns for investors. We hope to eventually see these players grow to become mid-sized corporations, or even large-cap companies in the not-too-distant future.

We wish to express our gratitude to the management teams of the featured firms, for being generous with their time in helping us understand their companies' business models, as well as for allowing us to share our views and opinions. Credit is also due to our dedicated team of analysts, who have invested countless hours into producing this year's edition.

RHB Research Singapore remains humbled and encouraged by the continued interest and support from all our institutional clients for our forte in small-cap coverage. Despite tough market conditions, our commitment and belief in this space have never wavered, and we believe this is reflected in our research products. We will continue to expand our coverage and renew existing ones with fresh ideas, to bring more excitement and returns to the market and your respective portfolios. I hope you will find this book useful for your investment needs.

Alfie Yeo
Head of Singapore Small-Mid Cap Research
RHB Bank

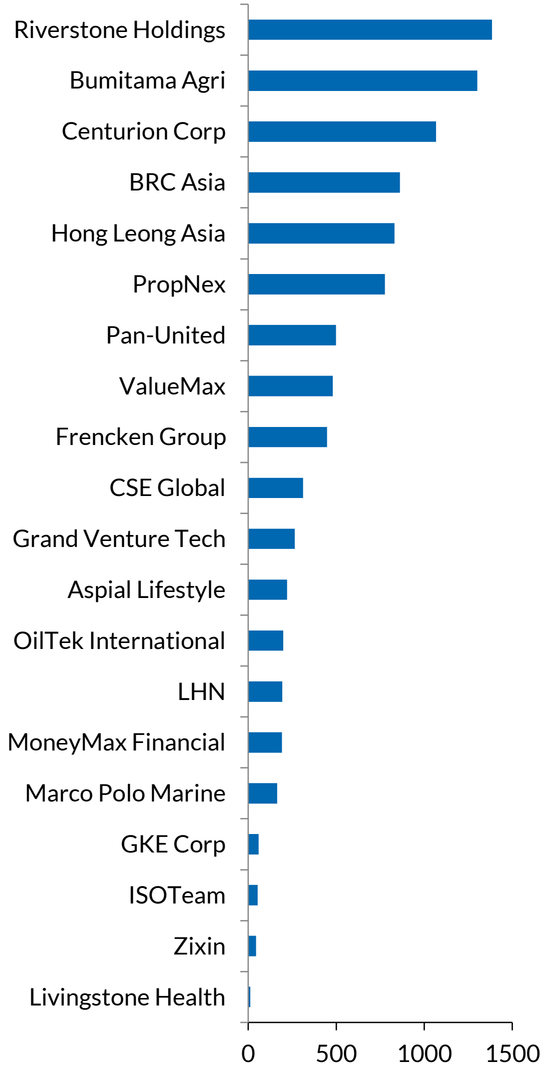
Singapore, 14 May 2025

20 Jewels – at a glance

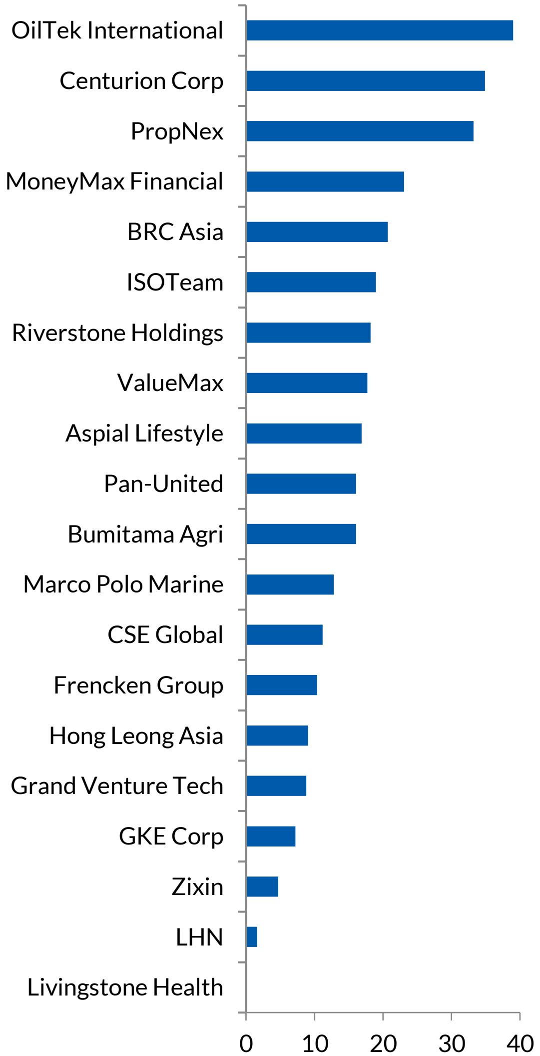
Company name	TP	M Cap	P/E (x)		P/BV (x)		Div Yield (%)		ROE (%)	
	SGD	SGD m	FY24	FY25F	FY24	FY25F	FY24	FY25F	FY24	FY25F
Aspial Lifestyle	N/A	221	5.2	N/A	0.9	N/A	5.9	N/A	16.9	N/A
BRC Asia	N/A	861	9.2	N/A	1.8	N/A	5.4	N/A	20.7	N/A
Bumitama Agri	1.00	1,301	7.3	7.2	1.2	1.1	6.7	8.1	16.1	15.5
Centurion Corp	1.43	1,068	9.6	9.4	0.9	0.9	2.4	2.8	34.9	9.5
CSE Global	0.63	311	11.3	8.9	1.2	1.1	5.5	5.5	11.2	13.1
Frencken Group	1.48	448	10.5	9.2	1.1	1.0	2.1	2.9	10.4	10.9
GKE Corp	N/A	60	14.1	N/A	0.6	N/A	2.6	N/A	7.2	N/A
Grand Venture Tech	N/A	265	23.9	N/A	2.0	N/A	0.4	N/A	8.8	N/A
Hong Leong Asia	N/A	830	9.5	N/A	0.8	N/A	3.6	N/A	9.1	N/A
ISOTeam	0.08	54	6.7	5.7	1.3	1.1	1.0	5.3	19.0	20.3
LHN	N/A	194	4.1	N/A	0.8	N/A	6.5	N/A	1.6	N/A
Livingstone Health	N/A	12	N/A	N/A	2.1	N/A	0.0	N/A	(50.0)	N/A
Marco Polo Marine	0.08	165	7.1	5.8	0.9	0.8	2.3	2.3	12.8	13.9
MoneyMax Financial	N/A	192	5.0	N/A	1.0	N/A	3.2	N/A	23.1	N/A
OilTek International	N/A	199	22.0	N/A	7.7	N/A	1.9	N/A	39.0	N/A
Pan-United	N/A	499	12.2	N/A	1.8	N/A	4.2	N/A	16.1	N/A
PropNex	N/A	777	19.0	N/A	6.3	N/A	7.4	N/A	33.2	N/A
Riverstone Holdings	0.95	1,386	15.7	19.5	2.8	3.2	7.9	7.4	18.2	16.9
ValueMax	N/A	481	5.8	N/A	0.9	N/A	5.1	N/A	17.7	N/A
Zixin	N/A	45	2.9	N/A	0.4	N/A	0.0	N/A	4.7	N/A

Note: All prices as at 7 May 2025. N/A = not available
Source: Bloomberg, RHB

Market capitalisation of the Top 20 Jewels (SGDm)



FY24 ROEs of the Top 20 Jewels (%)



Source: Bloomberg, RHB

FY24 P/Es of the Top 20 Jewels (x)

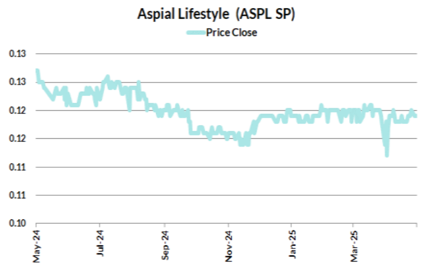
FY24 dividend yields of the Top 20 Jewels (%)

Source: Bloomberg, RHB

Fair Value: N/A
Price: SGD0.12

Aspial Lifestyle

Pawnbroker With a Property Spin



Source: Bloomberg

Stock Profile

Bloomberg Ticker	ASPL SP
Avg Turnover (SGD/USD)	0.03m/0.01m
Net Gearing (%)	273
Market Cap (SGDm)	221
Beta (x)	0.40
BVPS (SGD)	0.13
52-wk Price low/high (SGD)	0.112 - 0.132
Free float (%)	16

Major Shareholders (%)

Aspial Corp	71.2
Koh Wee Seng	9.9
Koh Lee Hwee	2.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.0	(1.7)	(1.7)	(9.9)
Relative	(10.9)	(1.3)	(5.0)	(27.8)

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Offers exposure to the pawnbroking market and gold price, as well as property investments in Australia
- Better net interest income expected through lower financing costs
- Trades at 5x FY24 P/E

Company Profile

Aspial Lifestyle (Aspial) is a consumer lifestyle group with six retail brands: Maxi-Cash, Lee Hwa Jewellery (Lee Hwa), Goldheart Jewelry (Goldheart), Niessing, BigFundr, and Dr.Pajak. It has around 47 Maxi-Cash, 23 Goldheart, and eight Lee Hwa outlets in Singapore, operating across three main business segments of pawnbroking, retail, and trading of jewellery and branded merchandise, as well as secured lending.

Highlights

Strong gold price supports outlook for growing loan book. Based on our correlation analysis, the relationship between the price of gold and amount of pawnbroking loans given out in Singapore is relatively strong at 0.7. Therefore, a higher gold price supports an increased amount of loans given out. Between the gold price and the value of loan per pledge, the relationship is even stronger, at 0.9. This means, while customers are pledging for more loans when gold prices are high, each pledge yields a relatively higher loan amount. Therefore, an environment of strong gold prices bodes well for pawnbrokers to make more loans and increase their loan books for net interest income revenue growth. With gold prices at all-time highs of above USD3,000 per oz, the outlook on the growth of prawnbrokers' loan books is positive, against a backdrop of turbulent economic growth.

Expect better NII and operating leverage. Aspial will continue growing its pawnbroking loan book in Singapore and Malaysia, including expanding the outreach of the Dr.Pajak brand in Malaysia. It is also benefitting from lower interest rates and financing costs to fund its pawnbroking business, which will benefit its NII. In the retail segment, Aspial is looking to achieve better operating leverage and cost management through optimising business systems and processes. It is strengthening its retail offerings to gain and maintain sales traction with customers, including acquiring jewellery brands such as Niessing.

Moneylending brand BigFundr gaining growth traction. BigFundr is Aspial's moneylending platform, which allows retail investors to invest in real estate projects while lending into low-risk property developments. Projects include lending to fund the acquisition and development of Australian properties. Retail investors are, hence, able to invest in bite-sized property loans with fixed returns and capital protection. BigFundr continues to grow its portfolio of loans under management, and has expanded its network of fund managers to invest in.

Company Report Card

Results highlights. FY24 revenue grew 25% YoY to SGD588m while earnings rose 79% YoY to SGD34m. Revenue growth was largely led by the retail business (part contribution by Niessing; acquired in 2H24), rise in pawnbroking interest income, and growth in the real estate-backed lending activities for secured lending. GPM improved 1.7ppts to 36.6%, while better operating leverage led to EBIT margins expanding 2.3ppts to 13.5% and EBIT growing by 50% YoY to SGD79m. Mainly driven by sales volume growth and higher gold prices in the retail and trading of gold and luxury items segment (SGD267m; +36% YoY), and higher interest income from a higher loan book in the pawnbroking business (SGD94m; +47% YoY), PBT grew by 64% YoY (SGD52m) while margin expanded to 13.5% (+2.3ppts) on better operating leverage (including staff costs), depreciation, finance costs, and other operating expenses.

Balance sheet/cash flow. As a pawnbroker and micro loans lender via pledges, its balance sheet needs to be funded with cash resources to enable it to make more loans, akin to customer deposits at banks. Hence, gearing tends to be high. Its balance sheet is largely funded by debt, but backed by gold inventory (pledged as collateral to the banks). The amount of loans made is generally reflected in trade receivables. As of FY24, Aspial reported c.SGD700m in current trade receivables. Current net debt-to-equity ratio stands at 2.8x. Pawnbrokers tend to grow receivables and inventory annually, which leads to negative working capital and operating cash flow on the constant need for funds to grow the loan book.

Dividend. Aspial does not have a formal dividend policy, but has paid dividends for at least the past five years. It pays dividends on an interim basis too. The dividend payout ratio over the past three years is in the 35-76% range. Due to its growing loan book and earnings traction, we expect dividends to continue being declared.

Management team. Aspial is led by CEO & Executive Director Ng Kean Seen who has more than 20 years of experience in jewellery retail. He manages its jewellery business and investments in Niessing jewellery, bullion, and safe-keeping businesses. Ng is supported by an assistant finance director, a retail & marketing director, a merchandising director, a business director, and an assistant operations director. Aspial is majority owned by Aspial Corp and three siblings who are its directors. They collectively hold more than 82% of the company.

Investment Case

A play on the pawnbroking market and gold prices. The stock offers exposure and is a play to the pawnbroking market and gold prices. It trades at a historical P/E of just 5x, and provides upside on the back of buoyant gold prices for its retail business, better demand, and more favourable financing rates from banks (through easing interest rates for pawnbroking), and the growth of the BigFundr moneylending platform.

Key risks: Fluctuation in gold prices, USD and interest rates, could affect profitability, as a decline in gold prices will lower the value of its gold positions and amount of loans it can extend to customers. Unredeemed pledges in a lower gold price environment may also lead to a loss of interest income, and lower realisable value from its gold collateral.

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (SGDm)	319	472	588
Reported net profit (SGDm)	16	19	34
Recurring net profit (SGDm)	16	19	34
Recurring net profit growth (%)	110.6	120.1	178.9
Recurring EPS (SGD)	0.01	0.01	0.02
DPS (SGD)	0.01	0.01	0.01
Dividend Yield (%)	5.9	5.9	5.9
Recurring P/E (x)	9.0	8.6	5.2
Return on average equity (%)	10.4	11.8	16.9
P/B (x)	1.3	1.1	0.9
P/CF (x)	N/A	10.7	N/A

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-22	Dec-23	Dec-24
Total current assets	590	687	975
Total assets	826	920	1240
Total current liabilities	442	535	767
Total non-current liabilities	224	215	221
Total liabilities	666	749	988
Shareholder's equity	159	166	240
Minority interest	1	5	12
Other equity	0	0	0
Total liabilities & equity	826	920	1240
Total debt	592	625	731
Net debt	561	592	688

Source: Company data, RHB

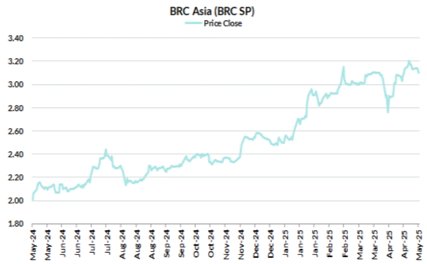
Cash Flow (SGDm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	(13)	16	(46)
Cash flow from investing activities	(26)	(5)	(1)
Cash flow from financing activities	50	(9)	57
Cash at beginning of period	20	31	33
Net change in cash	11	2	10
Ending balance cash	31	33	43

Source: Company data, RHB

BRC Asia

Proxy To Singapore's Infrastructure Story

Fair Value: N/A
Price: SGD3.14



Source: Bloomberg

Stock Profile

Bloomberg Ticker	BRC SP
Avg Turnover (SGD/USD)	0.19m/0.07m
Net Gearing (%)	11.4
Market Cap (SGDm)	861
Beta (x)	0.66
BVPS (SGD)	1.73
52-wk Price low/high (SGD)	1.91 - 3.18
Free float (%)	19

Major Shareholders (%)

ESteel Enterprises	61.2
Hong Leong Asia	20.2
DBS Asset Management	0.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	10.0	11.2	35.1	62.5
Relative	(1.2)	11.2	31.5	44.3

Shekhar Jaiswal +65 6320 0806
shekhar.jaiswal@rhbgroup.com

Investment Merits

- Key beneficiary of Singapore's robust construction sector growth
- Market leader in steel rebar and prefabricated reinforcing products
- 2025 construction demand projected to be 11.7% above 2019 pre-COVID-19 levels
- Growth driven by Housing & Development Board (HDB) build-to-order units and public infrastructure needing steel reinforcement
- SGD1.5bn orderbook (as of 31 Dec 2024), typically 50% deliverable within 12 months, with projects lasting up to five years

Company Profile

BRC Asia (BRC), incorporated in Singapore in 1938 as Malayan Wire Mesh & Fencing, is a pioneer in the use of prefabricated steel mesh for construction. Renamed to BRC Asia in 1998 and listed on the SGX in Jul 2000, the company has since evolved into a market leader in steel reinforcement solutions. Following its acquisition of Lee Metal Group in 2018, BRC doubled its operational capacity, establishing the largest prefabricated reinforcing steel production capacity in Singapore. With manufacturing facilities in Singapore, Malaysia, and China, its comprehensive portfolio supports a wide range of construction projects, from infrastructure developments to high-end residential and commercial buildings.

Highlights

Positive outlook for Singapore's construction sector. This sector is expected to expand rapidly in 2025, with demand anticipated to be worth SGD47-53bn – up to 11.7% higher than pre-COVID-19 levels in real terms. This growth is supported by large construction projects, eg Changi Airport Terminal 5, the Marina Bay Sands extension, and extensive public housing projects. The civil engineering, public residential, and private residential sectors, which account for up to SGD25.2bn in building demand, have traditionally been big users of steel rebar and prefabricated reinforcing items. This points to a major spike in demand for reinforcement materials, particularly as structural and foundational work intensifies in infrastructure and residential constructions.

Strong orderbook. BRC's orderbook has shown a consistent uptrend in recent years, reflecting strong demand in Singapore's construction sector. As of Dec 2024, its sales orderbook was worth c.SGD1.4bn. The duration of projects in its sales orderbook ranges up to five years. Typically, about 50% of the orders get delivered over the next 12 months. This outstanding orderbook implies a 1.0x book-to-build ratio, based on FY24 (Sep) revenue. Amidst an improving outlook for the construction sector, the orderbook has improved from SGD1.4bn as at Sep 2024 and SGD1.3bn as at Sep 2023.

Longer-term growth potential. The Building and Construction Authority (BCA) expects the demand for buildings between 2026 and 2029 to be strong, averaging a value of SGD39-46bn per year. This long-term demand, driven by significant infrastructure and redevelopment projects, indicates that building materials will continue to be in high demand. As a result, demand for steel rebar and prefabricated reinforcing products is expected to remain strong, enabling big projects such as mass rapid transit or MRT expansions, public housing, hospitals, and commercial upgrades.

Benefits from Hong Leong Asia (HLA SP) being a major shareholder. In 2021, HLA invested SGD68.1m to raise its stake in BRC to 20.15%, becoming its second-largest shareholder. This strategic move not only strengthened BRC's capital base but also enabled synergies with HLA's vertically integrated operations, enhancing the former's competitiveness through integrated construction solutions in Singapore and Malaysia.

Company Report Card

Results highlights. 1QFY25 (Sep) revenue and gross profit fell 12.4% and 19.0% YoY due to falling steel prices and slower project activity. Despite this, PATMI increased 13.9% YoY, driven mostly by a one-time reversal of provisions for onerous contracts. Excluding this, underlying PATMI would have fallen as its GPM shrank to 8.2%.

Balance sheet/cash flow. As of 1QFY25, BRC had net debt of SGD89.6m. Based on FY24 data, the net gearing was healthy at 0.1x and had improved from 0.5x in FY23. In FY24, ROE had also improved to 21% from 18% in FY23.

Dividends. BRC announced a final cash DPS of 8 SG cents. This, along with a special dividend of 6 SG cents and the interim DPS of 6 SG cents, brings the total dividend for 2024 to 20 cents, representing a payout ratio of 59%.

Management. The group is a professionally managed company with a seasoned leadership team. CEO Seah Kiin Peng has led the organisation since 2018, having first joined BRC in 2010. Xu Jiguo, who assumed the role of Chief Procurement Officer in Nov 2017, oversees all steel procurement and trading activities. CFO Lee Chun Fun is responsible for the group's financial and treasury operations, in addition to managing the human resources and administration functions.

Investment Case

Proxy to Singapore's infrastructure story. BRC is a prime beneficiary of Singapore's construction boom, underpinned by its market leadership in steel rebar and prefabricated reinforcing products. Its robust SGD1.5bn orderbook provides strong revenue visibility, supported by longer-term project pipelines. Strategic backing from HLA enhances value chain synergies and strengthens its long-term competitive position. Despite a strong share price performance over the past year, we believe BRC remains a compelling long-term investment option.

Key risks include margins being susceptible to steel price volatilities and an unfavourable product mix, as well as project delays and labour bottlenecks which can affect revenue recognition.

Profit & Loss	Sep-22	Sep-23	Sep-24
Total turnover (SGDm)	1,699	1,627	1,481
Reported net profit (SGDm)	90	76	94
Recurring net profit (SGDm)	90	76	94
Recurring net profit growth (%)	91.8	(16.0)	23.5
Recurring EPS (SGD)	0.33	0.28	0.34
DPS (SGD)	0.14	0.17	0.17
Dividend Yield (%)	4.5	5.4	5.4
Recurring P/E (x)	9.5	11.4	9.2
Return on average equity (%)	25.8	18.3	20.7
P/B (x)	2.2	2.0	1.8
P/CF (x)	13.0	4.9	3.9

Source: Company data, RHB

Balance Sheet (SGDm)	Sep-22	Sep-23	Sep-24
Total current assets	814	816	762
Total assets	973	952	904
Total current liabilities	519	495	398
Total non-current liabilities	55	30	30
Total liabilities	574	525	429
Shareholder's equity	399	427	475
Minority interest	-	-	-
Other equity	-	-	-
Total liabilities & equity	973	952	904
Total debt	458	381	246
Net debt	303	196	54

Source: Company data, RHB

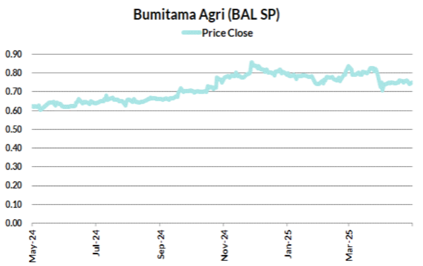
Cash Flow (SGDm)	Sep-22	Sep-23	Sep-24
Cash flow from operations	49	160	207
Cash flow from investing activities	(1)	3	3
Cash flow from financing activities	23	(127)	(197)
Cash at beginning of period	83	155	185
Net change in cash	72	30	7
Ending balance cash	155	185	191

Source: Company data, RHB

Bumitama Agri

Target Price: SGD1.00
Price: SGD0.75

Upstream Planter Benefitting From Higher CPO Prices



Source: Bloomberg

Stock Profile

Bloomberg Ticker	BAL SP
Avg Daily Turnover (SGD/USD)	0.56m/0.39m
Net Gearing (%)	9.0
Market Cap (SGDm)	1300.6
Beta (x)	0.5
BVPS (SGD)	0.69
52-wk Price low/high (SGD)	0.655 - 0.92
Free Float (%)	16

Major Shareholders (%)

Fortune Holdings	52.2
IOI Corp	32.1
FIL	1.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	(7.5)	(6.3)	(10.2)	9.6
Relative	(18.7)	(6.2)	(13.8)	(8.6)

Singapore Research
research.sg.equity@rhbgroup.com

Investment Merits

- Pure upstream planter that should benefit from a prevailing high CPO price environment
- Prime tree age profile would ensure decent long-term output growth, bring down unit costs, and drive earnings up
- Inexpensive valuation – it is trading at 6.7x P/E (the low end of its peer range of 7-11x) while offering an attractive FY25F dividend yield of 9%

Company Profile

Bumitama Agri (BAL) is an upstream plantation company that has been listed on the SGX since 2012. It has 187,000ha of planted landbank in Riau, and Central and West Kalimantan. Its primary business activities are cultivating oil palm trees, as well as harvesting and processing fresh palm fruit bunches into palm oil (PO) and palm kernel (PK), which is sold to refineries in Indonesia. BAL has 17 CPO mills with a combined processing capacity of 6.99m tonnes of FFB annually.

Of its 187k ha of planted landbank, 79,414ha and 10 CPO mills are RSPO-certified, while four CPO mills are ISPO-certified. It has also set aside 36kha as high conservation value (HCV), high carbon stock (HCS), and conservation areas.

Highlights

Normalising production growth. For FY25, BAL is guiding for FFB output to recover gradually, growing at 0-5%, after declining by 15% YoY in FY24. YTD, the output is flattish YoY, as the weather remains relatively wet in certain areas of Central Kalimantan

Prime age profile. BAL's plantation average tree age is 14 years, ie prime age profile. This bodes well for the long term, as yields will continue to improve as the trees mature, driving costs down and earnings up.

Upstream planter benefitting from higher CPO prices. BAL registered a 12% YoY rise in CPO ASP and a 42% YoY rise in PK ASP in FY24, benefitting from the stronger demand-supply dynamics of PO Management continues to sell mainly on spot terms, and would therefore be able to benefit from the current higher CPO price environment (YTD CPO prices are up 14% YoY).

Unit cost to rise by a minimal 3-5% in FY25F. For FY25, BAL has tendered for 60% of its fertiliser requirements at prices that are 5-10% higher YoY. With this and the minimum wage hike of 6-8% as well as higher logistics costs (since biodiesel is no longer subsidised for industrial users), BAL expects unit costs to rise by 3-5% YoY in FY25.

Increased dividend policy. The group recently raised its dividend policy to pay 40-60% of earnings (from 40% previously) in FY24, which signals confidence in its ability to generate strong cash flow and profit going forward. Over the last six years, BAL has been raising its dividend payout ratio from 35% in FY19 to 64% in FY24. We believe the company should continue paying at least 50% of its earnings as dividends going forward.

Company Report Card

BAL booked a 12% YoY decline in FY24 earnings, mainly on weak FFB production (-15% YoY) due to a delayed *El Nino* impact, and higher unit costs (+6% YoY) from higher fertiliser prices. This was offset by a higher CPO ASP of IDR12,661/kg (+12% YoY) and PK ASP of IDR7,565/kg (+42% YoY).

Gearing down as cash flow rises on higher CPO prices. As at end-FY24, BAL's net gearing improved to 0.10x from 0.77x as at end-FY19. We expect net gearing to continue dropping in FY25, driven by efforts to pare down debt as well as improve cash flow on higher CPO prices.

ROE moves with CPO prices and production. The group's ROE generally moves as CPO prices and productivity move and are, therefore, not very consistent. In FY24, ROE fell to 16.1% (from 18.4% in FY23), but has improved from the low of 8.5% seen in FY19.

Dividend yields are attractive. With its policy to pay an increased ratio of 40-60% of earnings as dividends, BAL should continue to record higher-than-peers' dividend yields in the near term. Our FY25-26F DPS of SGD0.06-0.065 is based on a payout ratio of close to 60%, which translates to an 8-8.7% yield.

Experienced management team. BAL is helmed by Executive Chairman and CEO Lim Gunawan Hariyanto. His sister, Lim Christina Hariyanto, also sits on the Board, as Executive Director. The Lim family owns the majority stake in BAL, at 52%. The second largest shareholder is IOI Corp, with a 32% stake, with management representative Dato' Lee Yeow Chor sitting on the Board as Non-Executive Director.

Investment Case

As a pure upstream palm oil plantation player in Indonesia, the high CPO prices would bode well for BAL, given its topline sensitivity to CPO price movements. BAL would also be able to fully take advantage of the prevailing high CPO prices due to the minimal forward sales made currently.

We believe BAL is worth SGD1.00, based on a 2025F P/E of 10x. The stock is now trading at an inexpensive 7x 2025F P/E – at the low end of its peer range of 7-11x. Assuming dividend payout ratios are close to the c.60% mark, yields are also attractive at c.9% in FY25F.

Risks include: i) Trade wars; ii) significant changes in the crude oil price trend that may result in changes in biodiesel mandates; iii) weather abnormalities resulting in an oversupply or undersupply of vegetable oils; iv) significant changes in the demand for vegetable oils, caused by changes in economic cycles or price dynamics; v) revision in Indonesia's tax structure; and vi) more ESG issues being pinpointed for listed companies.

Profit & Loss	Dec-24	Dec-25F	Dec-26F
Total turnover (IDRbn)	16,732	17,561	17,868
Reported net profit (IDRbn)	2,287	2,285	2,073
Recurring net profit (IDRbn)	2,137	2,285	2,073
Recurring net profit growth (%)	(11.6)	0.0	0.0
Recurring EPS (IDR)	1,232	1,317	1,195
DPS (SGD)	5.00	6.50	6.00
Dividend Yield (%)	6.7	8.1	8.0
Recurring P/E (x)	7.3	7.2	8.1
Return on average equity (%)	16.1	15.5	13.1
P/B (x)	1.2	1.1	1.1
P/CF (x)	4.8	4.4	4.5

Source: Company data, RHB

Balance Sheet (IDRbn)	Dec-24	Dec-25F	Dec-26F
Total current assets	4,987	7,223	9,326
Total assets	20,973	23,860	26,554
Total current liabilities	896	2,726	4,553
Total non-current liabilities	3,593	3,293	2,993
Total liabilities	4,488	6,019	7,546
Shareholder's equity	14,217	15,084	15,807
Minority interest	2,268	2,757	3,200
Other equity	-	-	-
Total liabilities & equity	20,973	23,860	26,554
Total debt	3,197	4,710	6,223
Net debt	1,491	856	320

Source: Company data, RHB

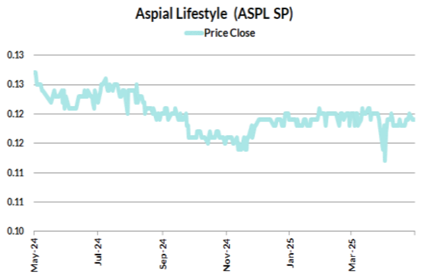
Cash Flow (IDRbn)	Dec-24	Dec-25F	Dec-26F
Cash flow from operations	3,265	3,801	3,674
Cash flow from investing activities	(504)	(1,488)	(1,444)
Cash flow from financing activities	(1,431)	(165)	(181)
Cash at beginning of period	374	1,705	3,854
Net change in cash	1,329	2,148	2,049
Ending balance cash	1,705	3,854	5,902

Source: Company data, RHB

Centurion Corp

Higher Bed Capacity In FY26F

Target Price: SGD1.43
Price: SGD1.27



Source: Bloomberg

Stock Profile

Bloomberg Ticker	CENT SP
Avg Turnover (SGD/USD)	2.08m/0.04m
Net Gearing (%)	58
Market Cap (SGDm)	1068
Beta (x)	0.82
BVPS (SGD)	1.37
52-wk Price low/high (SGD)	0.48 - 1.28
Free float (%)	26

Major Shareholders (%)

Centurion Properties	50.6
Loh Kim Kang	9.2
Teo Peng Kwang	7.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	15.5	28.9	41.9	154.0
Relative	4.5	29.2	38.5	136.1

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Largest purpose-built workers' accommodation (PBWA) provider in Singapore with upside to rental rates, as demand currently outstrips supply
- Growth to be driven by better capacity, occupancy, and rental rates
- Maintain BUY; trades at 9x FY25F P/E, offers a c.3% dividend yield

Company Profile

Centurion Corp (CENT) provides purpose-built worker and student accommodation services. The group owns, develops, and manages quality and purpose-built worker accommodation assets.

Highlights

Macroeconomic tailwinds. Singapore continues to see the demand for foreign workers outstripping the supply of dormitories, while Malaysia continues to see growing numbers of foreign workers, with legislative requirements mandating these workers to be housed in purpose-built dormitories. These two factors bode well for CENT.

Higher bed capacity and asset enhancement initiatives (AEIs) to drive growth. CENT continues to enhance its property portfolio with more beds and AEIs for better rental rates. Based on the planned number of beds in FY25, the total number of revenue-contributing beds is expected to grow by c.5.3% YoY to 73,000, supported by Singapore's new Westlite Ubi Ave 3 and Malaysia's Westlite Johor Tech Park.

Expanding into Hong Kong and China. In FY24, CENT entered into the Hong Kong and China markets with two majority partnerships. In China, it will manage and operate build to-rent (BTR) properties totaling c.1,500 residential apartments targeting fresh graduates and working professionals. In Hong Kong, it entered into the PBWA market. Westlite Sheung Shui has c.539 beds and will accommodate foreign workers in multiple sectors, including the F&B and service sectors.

More value can be unlocked. We believe more of CENT's properties could be unlocked over the mid-to-longer term. It sold and leased back Westlite Bukit Minyak and Westlite Tampoi to Malaysia's public sector pension fund, Retirement Fund Inc (KWAP). CENT is also currently exploring a REIT listing which involves some of its purpose-built student accommodation (PBSA) and PBWA assets. It is currently at an exploratory stage where the economics have yet to be finalised. The intention of the REIT is to deliver more growth, be asset-light, and allow it to carry the assets on its books. The listco should eventually develop, acquire, and manage assets, and acquire leases while earning fee income, including asset management fees. Special dividends could be on the cards as well, provided there is no use of the sales proceeds for reinvestment.

Company Report Card

Results highlights. FY24 earnings were ahead of estimates. CENT reported FY24 core earnings of SGD111m (+51% YoY) on the back of a 22% YoY revenue growth to SGD254m, and margin uplift led by operating leverage. Earnings outperformed our estimates on lower-than-expected core tax rates. Otherwise, its core numbers would be in line with our expectations. Revenue growth was driven by higher bed capacity, better occupancy rates across all its markets bar Malaysia, and better bed rates, especially in Singapore's PBWA, and PBSA properties located in the UK and Australia. GPM widened by 4.7ppts to 77.1% on better operating leverage, as overall occupancy rates rose in Singapore, the UK, and Australia. EBIT was SGD157m (+32% YoY), in line with our projection. The EBIT growth was driven by better revenue and GPM. However, pre-exceptional earnings have outperformed our core earnings estimate on lower-than-estimated core effective tax rates. CENT declared a final DPS of 2 SG cents, bringing total DPS for the full year to 3.5 SG cents, representing a payout ratio of 27% on core earnings.

Balance sheet/cash flow. As a property company, CENT uses debt to fund its property developments. Net gearing was 0.4x in FY24. However, the business is cash-generative, and has produced operating cash flow in excess of SGD75m annually over the past five years.

Dividend. CENT typically pays a sustainable DPS. Before the pandemic, it paid 1.5-2 SG cents, along with the occasional special dividend. In FY23, it paid 2.5 SG cents in DPS, amounting to c.30% of earnings. We expect a 30% dividend payout ratio to be sustainable going forward, with an occasional special dividend if there is more unlocking of assets and if it has no use for the excess cash.

Professional management team. CENT is managed by professional executives. CEO Kong Chee Min was formerly the company's Regional CEO and Finance Director. He is supported by Foo Ai Huey, who is the CFO. Management is further divided into business unit heads: Teo Peng Kwang (Executive Director and COO, Accommodation Business), Ho Lip Chin (CIO, Accommodation Business), and Leong Siew Fatt (Head, Student Accommodation Business). Key shareholders are Executive Director and Joint Chairman David Loh and Non-Executive Director and Joint Chairman Han Seng Juan, who collectively own more than half of CENT.

Profit & Loss	Dec-24	Dec-25F	Dec-26F
Total turnover (SGDm)	254	300	336
Reported net profit (SGDm)	345	114	132
Recurring net profit (SGDm)	111	114	132
Recurring net profit growth (%)	50.4	2.9	16.0
Recurring EPS (SGD)	0.13	0.14	0.16
DPS (SGD)	0.04	0.04	0.05
Dividend Yield (%)	2.4	2.8	3.1
Recurring P/E (x)	9.6	9.4	8.1
Return on average equity (%)	34.9	9.5	10.3
P/B (x)	0.9	0.9	0.8
P/CF (x)	6.6	5.7	5.1

Source: Company data, RHB

Balance Sheet (SGDm)	Jun-24	Jun-25F	Jun-26F
Total current assets	113	193	287
Total assets	2195	2303	2427
Total current liabilities	176	188	200
Total non-current liabilities	783	783	783
Total liabilities	960	972	984
Shareholder's equity	1152	1237	1335
Minority interest	83	95	108
Other equity	0	0	0
Total liabilities & equity	2195	2303	2427
Total debt	623	623	623
Net debt	534	458	366

Source: Company data, RHB

Cash Flow (SGDm)	Jun-24	Jun-25F	Jun-26F
Cash flow from operations	154	163	182
Cash flow from investing activities	(20)	(24)	(22)
Cash flow from financing activities	(122)	(64)	(68)
Cash at beginning of period	72	85	161
Net change in cash	12	76	92
Ending balance cash	89	165	257

Source: Company data, RHB

Investment Case

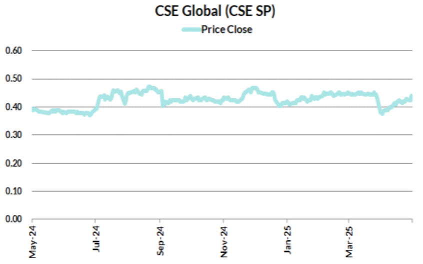
Leading dormitory play in Singapore trading at an undemanding valuation. We remain upbeat on CENT for its leading PBWA market position in Singapore, where there is a shortage of dormitory beds, with opportunities for bed capacity growth. The stock is trading at 9x FY25F P/E. Its share price is supported by a 3% dividend yield as well.

Key risks. Our earnings forecasts are premised on better occupancy rates at the company's PBSA assets, and bed rates. Failure to realise these revenue drivers would pose downside risks to our estimates.

Target Price: SGD0.63
Price: SGD0.44

CSE Global

Transitioning Into a Growth Stock



Source: Bloomberg

Stock Profile

Bloomberg Ticker	CSE SP
Avg Turnover (SGD/USD)	1.03m/0.13m
Net Gearing (%)	38
Market Cap (SGDm)	311
Beta (x)	0.89
BVPS (SGD)	0.36
52-wk Price low/high (SGD)	0.375 - 0.495
Free float (%)	73

Major Shareholders (%)

Temasek Holdings	22.6
FMR	4.3
Lim Boon Kheng	3.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	12.8	(1.1)	1.1	3.5
Relative	3.6	(1.2)	(4.1)	(13.6)

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Strong tailwinds from the recovery of the energy and infrastructure segments, as well as its orderbook
- Growth to be driven by the electrification and communications segments, and M&A
- The stock is trading at 9x FY25 P/E and offers a c.5.5% yield; we maintain a BUY rating on the stock

Company Profile

CSE Global (CSE) is a global systems integrator providing customised integrated systems, automation, and communications & security solutions. Key segments include automation, communications, and electrification which serves the energy, infrastructure, and mining & materials sectors. It has a presence in 16 countries with 45 offices, and employs more than 1,800 staff across North America, the Asia-Pacific, Europe, the Middle East, and Africa.

Highlights

Well-placed in the decarbonisation trend. CSE is riding on the urbanisation and decarbonisation trend, contributing in electrification services as cities transit from fossil fuel to renewable energy (RE) sources. According to Precedence Research, the global electrification market size in 2024 was estimated at USD88.29bn and is expected to grow to USD209.01bn by 2034, at a 9.2% CAGR. CSE is, hence, well-placed to tap into electrification project opportunities, as cities continue to build new power grids and energy stations tap on renewable sources.

Riding on the recovery of industries. The recovery of the energy and infrastructure segments has led to a strong orderbook and revenue growth. Both onshore and offshore energy, as well as infrastructure projects in power, water, waste treatment, and transportation have all contributed strongly to CSE's revenue growth. This is based on the recovery and continued project development in the various markets and industries. The robust pick-up in demand has also led to strong orders taken for next year.

Robust orderbook of SGD673m. CSE's orderbook as of FY24 stood at SGD673m – 59% from the electrification segment (SGD395m), followed by automation (SGD178m), and communications (SGD100m).

Growing through acquisitions. CSE is also targeting inorganic growth through bolt-on acquisitions to expand new market opportunities by strengthening its engineering capabilities and technology solutions, especially in automation, electrification, and critical communications.

Company Report Card

Results highlights. FY24 core earnings were above expectations. CSE's FY24 revenue amounted to SGD861m (+19% YoY) while core net profit was SGD34m (+52% YoY), ie above our expectations. Revenue growth was driven by the electrification and automation segment – up 30% YoY and 14% YoY to SGD435m and SGD195m, led by projects from FY23 and better contributions from the Americas and Asia-Pacific markets. The communications segment's turnover grew 5% YoY to SGD220m, supported by new subsidiaries. GPM outpaced estimates at 28%, (+0.4ppt). CSE's overall EBIT margin improved to 6.3% (+1ppt), lifting EBIT to SGD54m (+41% YoY). Higher-margin contributions from the automation segment were offset by lower margins in the communications unit. Excluding the non-core SGD10m of arbitration settlement costs, core net profit surged 52% YoY to SGD34m, above our estimates.

Balance sheet/cash flow. CSE has a net debt of SGD72m. It was in a net cash position until FY19, when it acquired the Houston-based electrical integration and solutions company, Volta. CSE turned cash flow-positive in FY23 when it improved cash collection on outstanding projects and receivables. Net gearing is currently at 0.3x – in line with its strategy to add on earnings-accretive acquisitions.

Dividend. A reduced final DPS of 1.15 SG cents was declared. This brings full-year DPS to 2.4 SG cents, representing a payout ratio of c.61% – lower than FY23 as well as our projection. CSE has paid out 2.75 SG cents in DPS annually for the past five years despite its earnings volatility. However, the dividend cut vs a stronger-than-expected performance came as a surprise. CSE has been consistently forking out dividends to reward shareholders. However, we also recognise its need to conserve and deploy cash for acquisitions and larger projects, and regard the dividend cut as the sign of its shift from a dividend-focussed stock to a growth stock. We scale down our full-year DPS assumption to 2.4 SG cents, in line with the latest figure.

Professional management team. CSE is led by Chairman Ted Tan and Group Managing Director Lim Boon Kheng. They are supported by CFO Eddie Foo, Roy Rowe (CEO of CSE Global Australia and New Zealand), and Donnie Smith (CEO of CSE Americas). The management team is professional, as CSE's largest shareholder is Temasek-owned Heliconia Capital, which holds a c.23% stake.

Profit & Loss	Dec-24	Dec-25F	Dec-26F
Total turnover (SGDm)	861	909	981
Reported net profit (SGDm)	26	35	38
Recurring net profit (SGDm)	37	35	38
Recurring net profit growth (%)	63.2	(5.2)	9.4
Recurring EPS (SGD)	0.04	0.05	0.05
DPS (SGD)	0.02	0.02	0.02
Dividend Yield (%)	5.5	5.5	5.5
Recurring P/E (x)	11.3	8.9	8.2
Return on average equity (%)	11.2	13.1	13.4
P/B (x)	1.2	1.1	1.1
P/CF (x)	9.4	5.5	5.5

Source: Company data, RHB

Balance Sheet (SGDm)	Jun-24	Jun-25F	Jun-26F
Total current assets	440	472	511
Total assets	633	658	689
Total current liabilities	333	340	350
Total non-current liabilities	44	44	44
Total liabilities	377	384	394
Shareholder's equity	256	274	295
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	633	658	689
Total debt	129	129	129
Net debt	72	52	32

Source: Company data, RHB

Cash Flow (SGDm)	Jun-24	Jun-25F	Jun-26F
Cash flow from operations	48	78	79
Cash flow from investing activities	(33)	(19)	(19)
Cash flow from financing activities	19	(17)	(17)
Cash at beginning of period	38	57	77
Net change in cash	19	20	20
Ending balance cash	57	77	97

Source: Company data, RHB

Investment Case

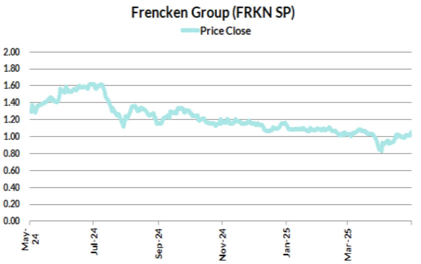
Exposure to global growth across diversified segments. We continue to like CSE Global for its positive outlook, led by a strong orderbook valued at SGD673m (as at Dec 2024) and better margins. Its order momentum is also expected to be robust, supporting our higher revenue and margin estimates.

Key risks. We see project cost overruns in existing projects – due to unexpected cost increases – as dampeners to profitability and margins. Poor management of tenders, ie the weak ability to anticipate and cover project cost increases, can also pressure earnings and margins.

Frencken Group

Still Positive On Earnings Recovery

Target Price: SGD1.48
Price: SGD1.05



Source: Bloomberg

Stock Profile

Bloomberg Ticker	FRKN SP
Avg Turnover (SGD/USD)	2.7m/2.9m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	448
Beta (x)	0.85
BVPS (SGD)	1.02
52-wk Price low/high (SGD)	0.825 - 1.69
Free float (%)	75

Major Shareholders (%)

Precico Singapore	9.8
Sinn Hin	4.9
Cayman Resources	3.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	16.2	(7.1)	(14.0)	(23.0)
Relative	5.2	(6.9)	(17.4)	(40.9)

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Earnings continue to recover, with customer orders gaining momentum in the semiconductor sector
- Positive outlook for the semiconductor industry with an expected pick-up in fabrication (fab) utilisation rates, driving more customer orders
- Maintain BUY. Trades at 9x FY25F P/E, offering a c.3% yield.

Company Profile

Frencken Group (FRKN) is a global integrated technology solutions company that serves world-class multinational companies in the automotive, healthcare, industrial, life sciences and semiconductor industries.

Highlights

Semiconductor equipment sector expected to grow into 2025. According to Semiconductor Equipment and Materials International or SEMI, global sales of total semiconductor manufacturing equipment by original equipment manufacturers or OEMs are forecasted to reach a record USD109bn in 2024. This is expected to continue into 2025, reaching USD128bn (+17% YoY), driven by both front- and back-end segments. Longer-term semiconductor equipment demand should be driven by ongoing technological and innovations in artificial intelligence or AI applications, data centres, high-performance computing, and automotive electrification.

Semiconductor segment driving a more positive outlook. We expect revenue growth to be more positive going forward, led by a continued recovery in the semiconductor segment, with order momentum from customers continuing to build up into 2025. Its outlook remains positive. FRKN still expects its 1H25 revenue to improve on a HoH basis. The semiconductor unit is anticipated to post higher revenue, while the medical, analytical & life science, industrial automation and automotive units are expected to record stable turnover.

Longer-term growth drivers intact. FRKN continues to support its key customer in Europe, as well as customers that have moved production to Asia. In addition, the group is opening a larger facility in the US to support semiconductor customers in 1H25, while evaluating expanding its production resources in Singapore to raise efficiency, capacity, and enhance capabilities. It is also committed to engaging key customers in various new product introductions and first article inspections across the semiconductor, analytical life sciences, and medical sectors – apart from continually driving wallet share growth with key customers in the front-end equipment sector.

Company Report Card

Results highlights: FY24 results below expectations. FY24 revenue grew 7% YoY to SGD794m while PATMI expanded by 14% YoY to SGD37m. Revenue growth was driven by the mechatronics division, where turnover rose by 9% YoY to SGD706m. The integrated manufacturing services (IMS) wing declined by 9% YoY to SGD86m. The mechatronics division's semiconductor segment revenue grew 29% YoY to SGD365m, with recovery from sales in Asia and growth led by key customers in Europe. The medical and analytical & life science units' revenue grew by 7% and 2% YoY to SGD181m and SGD123m, as sales in Europe and Asia for the medical segment improved. Revenue from industrial automation declined by 52% YoY to SGD29m, as key customer unit shipments slowed due to a change in focus to higher-capacity storage solutions. The IMS unit's automotive segment revenue declined 11% YoY to SGD62m, while its consumer & industrial electronics division' revenue was flat at SGD18m. GPM was 14.5% (+1.3ppts) due to operating leverage while PATMI was at SGD37m, with a net margin of 4.7% – below our expectations.

Balance sheet/cash flow. FRKN traditionally generates positive operating cash flows with strong EBITDA that exceed working capital requirements. Operating cash flows generated for the past five years have ranged between SGD38m and SGD95m, while capex levels have been between SGD13 and SGD40m per year. As such, its balance sheet is in a net cash position.

Consistent dividend payout. FRKN has maintained a dividend payout ratio of 30% for the past few years. We do not expect this ratio to change for as long as the group remains profitable. Based on our forecasts, its dividend yield is about c.3%.

Non-independent chairman with a professional management team. FRKN is led by Non-Executive and Non-Independent Chairman Dato' Gooi Soon Chai, who is also deemed to own c.22% of the group. President and Executive Director Dennis Au is responsible for charting FRKN's strategic direction, setting goals, overseeing global operations, and driving the overall performance of the group. He is assisted by CFO Brian Tan Chuen Yeang and Vice President of Human Resources Theo van de Pol.

Investment Case

Proxy to semiconductor sector's growth. The stock offers exposure to key customer ASML Holding's (ASML NA) capex in the semiconductor value chain. We are positive on FRKN, as we see it as beneficiary of the semiconductor's sector earnings recovery on the back of the momentum of customer orders building up. The stock is trading at an attractive -0.5SD from its historical mean P/E.

Key risks. Key downside risks to our forecasts include later-than-expected demand recovery, which will pose downside risks to our forecasts and TP.

Profit & Loss	Dec-24	Dec-25F	Dec-26F
Total turnover (SGDm)	771	848	890
Reported net profit (SGDm)	37	43	47
Recurring net profit (SGDm)	37	43	47
Recurring net profit growth (%)	37.1	43.0	47.0
Recurring EPS (SGD)	0.09	0.10	0.11
DPS (SGD)	0.03	0.03	0.03
Dividend Yield (%)	2.1	2.9	3.2
Recurring P/E (x)	10.5	9.2	8.4
Return on average equity (%)	10.4	10.9	11.1
P/B (x)	1.1	1.0	0.9
P/CF (x)	5.1	4.9	3.8

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-24	Dec-25F	Dec-26F
Total current assets	540	594	648
Total assets	735	776	814
Total current liabilities	251	260	265
Total non-current liabilities	47	47	47
Total liabilities	298	307	312
Shareholder's equity	434	466	500
Minority interest	4	3	2
Other equity	0	0	0
Total liabilities & equity	735	776	814
Total debt	87	87	87
Net debt	(73)	(91)	(126)

Source: Company data, RHB

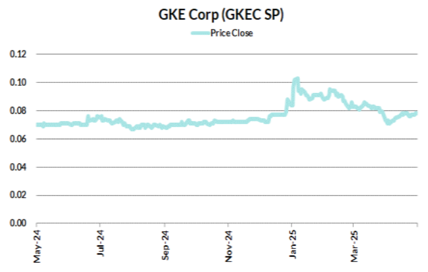
Cash Flow (SGDm)	Dec-24	Dec-25F	Dec-26F
Cash flow from operations	63	66	85
Cash flow from investing activities	(11)	(19)	(18)
Cash flow from financing activities	(11)	(19)	(18)
Cash at beginning of period	91	116	135
Net change in cash	21	18	35
Ending balance cash	159	178	212

Source: Company data, RHB

GKE Corp

Strengthening Supply Chain Capabilities

Fair Value: N/A
Price: SGD0.08



Source: Bloomberg

Stock Profile

Bloomberg Ticker	GKEC SP
Avg Turnover (SGD/USD)	0.12m/0.01m
Net Gearing (%)	35
Market Cap (SGDm)	60
Beta (x)	0.88
BVPS (SGD)	0.13
52-wk Price low/high (SGD)	0.068 - 0.107
Free float (%)	73

Major Shareholders (%)

Chen Yong Hua	8.7
Chen Li Rong	7.6
Qian Wen Hua	7.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	6.8	(11.4)	8.9	8.9
Relative	(4.0)	(11.0)	5.7	(8.9)

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Pivoting into higher-margin, higher-value business activities in warehousing and logistics
- Ready-mix concrete business to ride on China's construction growth
- Trades at 14x FY24 P/E

Company Profile

GKE Corp (GKE) is a leading integrated warehousing and logistics solutions provider with one-stop end-to-end multi-modal supply chain management solutions and services. It has strategic investments in the infrastructural materials and services business in China, and agricultural business in Singapore. Its two key business segments are warehousing & logistics, and strategic investments.

Highlights

Moving into more value-added logistics services for better margins. While the warehousing and logistics segment has seen a pick-up in container trucking, freight forwarding, and marine logistics services, GKE has also been enhancing core capabilities by moving into full supply chain management solutions and high-value, high-margin value-added cargo solutions such as highly dangerous toxic chemicals. It is already improving its storage and logistics space and maximising its usable storage area for such higher-value cargoes. Overseas expansion plans for warehousing and logistics are also underway, with GKE having incorporated a new wholly-owned subsidiary in GKE Logistics (Middle East).

Ready-mix concrete business to ride on the growth of China's construction market. According to global market research consulting firm Mordor Intelligence, China's construction sector is estimated at USD4.82trn in 2025. The sector is projected to grow at a 5.07% CAGR between 2025 and 2030 to USD6.18trn, as China is expected to spend USD13trn on buildings by 2030. The firm expects the residential construction sector to lead the market due to government stimulus measures implemented to revive the real estate sector. Other projects include railway network expansion, power generation, and transmission investment projects, retail, data centre, and logistics projects, tourism sector developments and semiconductor manufacturing industry projects, as well as laboratory and hospital facilities. A construction pick-up will help drive GKE's ready-mix concrete manufacturing and supply business.

Diversification into retailing to support long-term growth. GKE has recently diversified to own and operate nine Singtel Exclusive Retailer outlets in Singapore. This should help GKE expand its supply chain management capabilities to retail and distribution.

Company Report Card

Results highlights. 1H25 revenue grew 14% YoY to SGD63m, while net profit grew 133% YoY to SGD4.4m. Excluding a one-off pre-tax disposal gain of SGD1.1m from its divestment of a mining JV and mining rights to a limestone mine, core profit would be c.SGD3.3m. Revenue growth was mainly driven by warehousing and logistics (+13% YoY, SGD50m) and infrastructural materials (+17% YoY, SGD13m). The warehousing and logistics segment saw an increase in container trucking, freight forwarding services, and marine logistics, while the infrastructural materials segment recorded higher ready-mix concrete volume sales. GPM surged by 1.1ppts to 30.8%, while EBIT grew 64% to SGD8m, led by the warehouse and logistics segment which delivered slightly better margins. Consequently, EBIT margin expanded 0.6ppts to 25.2%.

Balance sheet/cash flow. GKE's 1H25 balance sheet is in a net debt position of SGD12m, with a net gearing at only 0.12x. It operates a cash-generative business. For the past three years, it generated operating cash flows of between SGD19-23m.

Dividend. GKE paid final DPS of 0.4 cents in FY21 and 0.2 cents for the past three years, with the past two years' dividend payout ratio at 22-23%. In 1H25, it declared a special interim DPS of 0.05 cents, representing its first interim dividend payment. We believe it will likely continue paying interim dividends if earnings growth is sustained, going forward. GKE has been paying dividends on the basis of DPS. We expect at least 0.2 cents of final DPS payout over the coming years.

Management team. GKE is led by its executive chairman and executive director Chen Yong Hua, assisted by Neo Cheow Hui who is CEO and executive director. Neo is the son of GKE's founder, who acquired George Kwok & Sons in 1995 and changed its name to GKE. The board has four other independent directors. Key management personnel comprise three vice presidents (including the CEO's sister and chairman's son, who oversee the warehousing operations, human resources, procurement and administration, sales and customer services), a CFO, senior investment manager, and senior group finance manager.

Profit & Loss	May-22	May-23	May-24
Total turnover (SGDm)	105	109	111
Reported net profit (SGDm)	5	4	4
Recurring net profit (SGDm)	5	4	4
Recurring net profit growth (%)	40.8	83.1	110.1
Recurring EPS (SGD)	0.01	0.01	0.01
DPS (SGD)	0.00	0.00	0.00
Dividend Yield (%)	2.6	2.6	2.6
Recurring P/E (x)	13.2	14.6	14.1
Return on average equity (%)	5.2	4.3	7.2
P/B (x)	0.9	0.6	0.6
P/CF (x)	3.4	2.5	3.0

Source: Company data, RHB

Balance Sheet (SGDm)	May-22	May-23	May-24
Total current assets	73	69	67
Total assets	213	200	185
Total current liabilities	43	44	41
Total non-current liabilities	79	64	49
Total liabilities	122	108	91
Shareholder's equity	91	92	94
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	213	200	185
Total debt	92	78	60
Net debt	65	48	33

Source: Company data, RHB

Cash Flow (SGDm)	May-22	May-23	May-24
Cash flow from operations	23	22	19
Cash flow from investing activities	(18)	(3)	(2)
Cash flow from financing activities	(8)	(16)	(20)
Cash at beginning of period	31	27	30
Net change in cash	(2)	3	(3)
Ending balance cash	27	30	27

Source: Company data, RHB

Investment Case

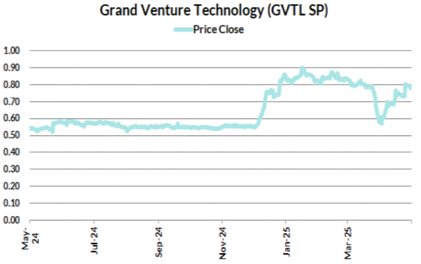
Riding on the growth of China's construction market and stronger supply chain capabilities in warehousing and logistics. The stock offers exposure to the growth and expansion of China's construction market and the warehousing and logistics sector in Singapore, where GKE is growing geographically and strengthening its supply chain capabilities. The business is cash flow-generative, has low gearing, and has been paying consistent dividends. This stock is trading at 14x FY24 P/E.

Key risks. A slowdown in China's construction market would affect GKE's ready-mix concrete business, while a slowdown in Singapore's overall trade sector would affect the warehousing and logistics sector.

Grand Venture Technology

Limited Exposure To US Tariffs

Fair Value: N/A
Price: SGD0.78



Source: Bloomberg

Stock Profile

Bloomberg Ticker	GVTL SP
Avg Turnover (SGD/USD)	0.36m/0.05m
Net Gearing (%)	48
Market Cap (SGDm)	265
Beta (x)	1.10
BVPS (SGD)	0.39
52-wk Price low/high (SGD)	0.49 - 0.915
Free float (%)	46

Major Shareholders (%)

NT SPV 12	26.7
Lee Tiam Nam	15.4
Sunshine Ventures	8.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	27.3	(6.7)	38.7	41.3
Relative	16.3	(6.3)	35.4	23.4

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Limited impact from US tariffs; end-market exposure is mainly to semiconductor and life sciences components and modules for sale in Asia
- Maintains revenue guidance of SGD90-96m for 1H25
- Growth led by better customer traction; trading at 18x FY25F P/E

Company Profile

Grand Venture Technology (GVTL) provides precision manufacturing of complex precision machining, sheet metal components and mechatronics modules with manufacturing plants in Singapore, Penang, and Johor (Malaysia), and Suzhou (China). Customers include large original equipment manufacturers (OEM) from the semiconductor, electronics, analytical life sciences, aerospace, medical, and industrial automation industries.

Highlights

Semiconductor equipment sector expected to grow into 2025. According to Semiconductor Equipment and Materials International (SEMI), global sales of total semiconductor manufacturing equipment by OEM manufacturers are forecasted to reach a record USD109bn in 2024. This is expected to continue into 2025, reaching USD128bn (+17% YoY), driven by both front- and back-end segments. Longer-term semiconductor equipment demand should be driven by ongoing technological advancements and innovation in artificial intelligence (AI) applications, data centres, high-performance computing, and automotive electrification.

Moving up the value chain. GVTL recently ramped up its new Penang facility with project wins. Its strategy is to move up the value chain through more complex skillsets in advanced semiconductor manufacturing technologies such as thermal compression bonding, hybrid bonding, and through-silicon VIA, which help to position for advanced packaging solutions used in AI and high bandwith memory adoption. Its recent acquisition of ACP Metal Finishing has strengthened its in-house surface treatment capabilities, and enabled it to serve both front-end semiconductor and aerospace customers. GVTL will also strengthen customer engagements in life sciences and aerospace to grow wallet share in its diversification strategy.

Minimal impact from US tariffs. GVTL had less than 10% exposure to the US market in FY24. It manufactures components and modules to support customer programmes for Asia markets in semiconductor and life sciences applications. Most of its key customers' end-products serve the Asia and Europe markets, while the aerospace segment mainly serves the European market. Its 1H25 revenue guidance is unchanged.

Company Report Card

Results highlights. FY24 earnings doubled to SGD11m on the back of SGD160m in revenue (+43% YoY). The revenue growth was led by the semiconductor segment (SGD88m, +65% YoY), fuelled by high-bandwidth memory testers and front-end semiconductors. The life sciences segment grew 11.3% YoY to SGD22.9m via new high-value projects, with key customers shifting to South-East Asia. The electronics, aerospace, medical, and others segments grew 30.3% YoY to SGD49m due to strong demand in the aerospace and medical segments and the newly acquired ACP Metal Finishing. Core GPM, excluding a one-off inventory write-off, remained stable at 24.9%. Operating profit grew 48% YoY to SGD12.4m with operating margins increasing 0.2ppts to 7.8%. GVTL has guided for a 1H25 revenue of SGD90-96m.

Balance sheet/cash flow. Working capital is needed to run GVTL's operations. Therefore, its balance sheet is in a net debt position of SGD62m to fund its operations. It currently has a net debt-to-equity ratio of 47%. As a company requiring debt to fund its operations, GVTL's profitability will be subjected to interest costs, and be sensitive to the movement in interest rates. However, its operating profit has sufficiently covered interest expenses by c.4x over the past few years.

Dividend. GVTL has a policy of paying shareholders up to 20% of earnings as dividends. FY21 DPS was 1 SG cent for the full year, and that of FY22 was 0.6 SG cents, reflecting 15-18% payout ratios for both years. In FY23 and FY24, final dividends of 0.1 and 0.3 SG cents were declared, amounting to a c.6% payout ratio for both years. We believe dividends declared will be down to profitability, as GVTL does not have a fixed pattern of dividend payment.

Management team. GVTL is led by Ricky Lee, who is one of the founding directors and the Executive Deputy Chairman. He is supported by a professional management team in CEO and Executive Director Julian Ng, CFO Robby Sucipto, COO Tan Chun Siong, Senior Sales Director Saw Yip Hooi and GM of the China division, Alan Lu. Shareholders are aligned with management, so Lee owns 15.4% of GVTL, while non-executive director Loke Wai San is deemed to own a c.27% stake.

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (SGDm)	131	111	160
Reported net profit (SGDm)	13	6	11
Recurring net profit (SGDm)	13	6	11
Recurring net profit growth (%)	(18.2)	(58.4)	100.0
Recurring EPS (SGD)	0.00	0.00	0.00
DPS (SGD)	0.01	0.00	0.00
Dividend Yield (%)	0.8	0.1	0.4
Recurring P/E (x)	19.8	47.7	23.9
Return on average equity (%)	12.0	4.7	8.8
P/B (x)	2.2	2.2	2.0
P/CF (x)	19.6	16.9	24.3

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-22	Dec-23	Dec-24
Total current assets	109	110	148
Total assets	204	203	265
Total current liabilities	45	50	78
Total non-current liabilities	41	35	54
Total liabilities	86	85	132
Shareholder's equity	118	119	133
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	204	203	265
Total debt	51	49	72
Net debt	28	30	53

Source: Company data, RHB

Cash Flow (SGDm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	17	19	15
Cash flow from investing activities	(16)	(10)	(26)
Cas flow from financing activities	(20)	(10)	15
Cash at beginning of period	46	23	19
Net change in cash	(22)	(4)	0
Ending balance cash	23	19	19

Source: Company data, RHB

Investment Case

An earnings turnaround play. GVTL is well-positioned to take on more activities with higher capacity, more customers, and also broaden its value-added capabilities. The stock offers exposure to the development and growth of the semiconductor sector, where GVTL will be a beneficiary as it offers more valuable capabilities to customers within the value chain.

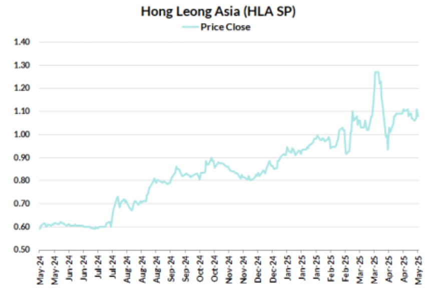
Key risks. Key downside risks to our forecasts include later-than-expected demand recovery, which will pose downside risks to our earnings recovery thesis.

HONG LEONG ASIA LTD

Hong Leong Asia

Twin Engines Of Growth

Fair Value:	N/A
Price:	SGD1.11



Source: Bloomberg

Stock Profile

Bloomberg Ticker	HLA SP
Avg Turnover (SGD/USD)	1.08m/0.02m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	830
Beta (x)	0.90
BVPS (SGD)	1.36
52-wk Price low/high (SGD)	0.585 - 1.28
Free float (%)	23

Major Shareholders (%)

Hong Leong Investment	75.2
Kwek Leng Peck	1.4
Dimensional Fund Advisors	1.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	16.6	12.4	29.0	84.7
Relative	2.4	12.0	25.0	66.1

Shekhar Jaiswal +65 6320 0806

shekhar.jaiswal@rhbgroup.com

Investment Merits

- One of China's largest powertrain solutions manufacturers
- Integrated building materials business across ASEAN, covering the full value chain
- Strong construction growth in Malaysia and Singapore to drive margins and earnings
- Powertrain segment supported by rising exports
- Net cash makes up ~50% of market cap
- Trades below book value, with increasing dividends

Company Profile

Hong Leong Asia (HLA), part of the Singapore-based Hong Leong Group, is a diversified Asian multinational corporation incorporated in Singapore on 30 Aug 1963 and listed on the Mainboard of the SGX since 1998. Operating primarily in the construction and transportation sectors across China, Singapore and Malaysia, its core business segments encompass powertrain solutions — designing, manufacturing, assembling and selling a comprehensive range of light-, medium- and heavy-duty engines for trucks, buses, passenger vehicles, industrial equipment, marine and agricultural applications — and building materials as an integrated South-East Asian business offering end-to-end products and services, from raw materials and cement to ready-mix concrete and precast components.

Highlights

Gains from Singapore's rapid growth in the construction sector. The Building and Construction Authority (BCA) expects overall construction demand to reach SGD47-53bn in 2025, up from pre-COVID-19 levels. This expansion is being fuelled by large public and private sector projects including Changi Airport Terminal 5, the Marina Bay Sands expansion, public housing, and infrastructure projects like mass rapid transit or MRT expansions and Tuas Port. Demand is estimated to average SGD39-46bn per year over 2026-2029, due to a robust development pipeline. Ready-mix concrete (RMC) volume is expected to increase from 13.4 cu m in 2024 to 13.0-14.5 cu m in 2025, driven mostly by public and private sector projects. Precast demand, mostly driven by Housing Development Board (HDB) projects, is forecasted to increase significantly from 2025 to 2027, aided by ongoing HDB build-to-order initiatives. HLA is well positioned to prosper because it is a major player in the RMC, precast, and steel reinforcement bar markets.

Malaysia's rapidly expanding infrastructure is a positive. Malaysia's construction sector is expanding rapidly, bolstered by ongoing and prospective infrastructure projects such as the Johor-Singapore SEZ, RTS Link, Penang LRT, and possible high-impact ventures such as the high-speed rail and MRT3. Cement demand is predicted to remain robust through 2025-2026, owing to these projects and increased private sector investments in data centres, semiconductor facilities, and industrial warehouses. Tasek Corp (TC MK), a 98.3%-owned HLA subsidiary and one of Malaysia's oldest integrated cement plants, is well-positioned to capitalise on this demand, thanks to its strategic plant locations and market exposure.

Powertrain solutions should see steady growth. China Yuchai, a NYSE-listed subsidiary of HLA and a leading powertrain solutions manufacturer in China, faces limited risks from the country's shift towards vehicle electrification. While light-duty diesel engines are being phased out, HLA's medium-heavy duty diesel engine business remains unaffected due to its diverse end-user base in sectors like industrial, marine, power generation, and data centres. The company's investment in new energy engines, which saw a 50% increase in sales in 2024, is expected to drive future growth. Additionally, ongoing R&D to meet stricter emissions standards and expand new energy vehicle solutions further supports its long-term prospects. Export sales also present significant growth opportunities.

Company Report Card

Results highlights. In 2024, revenue was SGD4.2bn, with powertrain solutions contributing SGD3.5bn and building materials, SGD682m. PATMI increased 35% to SGD87.8m. Profit after tax from powertrain solutions rose 17% YoY to SGD89.6m, while its building materials PAT jumped 13% YoY to SGD86.2m.

Balance sheet/cash flow. As at the end of 2024, HLA had net cash of SGD431m (factoring in lease liabilities), which accounts for c.50% of its market cap. The BVPS is SGD1.36 and, based on the current share price, the stock trades below the group's book value. ROE has been improving over the last four years, and is now at 9%.

Dividends. After paying a DPS of 2 SG cents in 2022 and 2023, HLA increased its DPS to 3 SG cents in 2024, on improved profitability.

Management. Stephen Ho, who has been HLA's CEO since Aug 2020, had previously held senior roles at Wilmar International and Royal Philips. He is supported by the CFO, Josephine Lee, who took up the role in Aug 2024.

Investment Case

Twin engines of growth. HLA provides a compelling value proposition as a market leader in China's powertrain solutions and ASEAN's integrated building materials sector. It is well-positioned to gain from Singapore's and Malaysia's robust construction expansion, which is being driven by significant infrastructure projects. Its powertrain arm, China Yuchai, has resilient demand and growth from exports and new energy engines. With a net cash position (~50% of market cap) and a valuation below book value, HLA offers significant potential for growth and dividend increases.

Key risks include slower economic growth in China which would lead to lower volume growth for the powertrain solutions business, and delays in the progress of key infrastructure projects in Malaysia and Singapore.

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (SGDm)	3,881	4,081	4,249
Reported net profit (SGDm)	55	65	88
Recurring net profit (SGDm)	55	65	88
Recurring net profit growth (%)	(9.3)	19.0	35.3
Recurring EPS (SGD)	0.07	0.09	0.12
DPS (SGD)	0.02	0.02	0.04
Dividend Yield (%)	1.8	1.8	3.6
Recurring P/E (x)	15.2	12.8	9.5
Return on average equity (%)	5.9	7.1	9.1
P/B (x)	0.9	0.9	0.8
P/CF (x)	17.3	2.1	2.5

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-22	Dec-23	Dec-24
Total current assets	3,657	3,920	4,228
Total assets	5,316	5,496	5,809
Total current liabilities	2,551	2,556	2,855
Total non-current liabilities	406	572	503
Total liabilities	2,957	3,129	3,358
Shareholder's equity	903	922	1,014
Minority interest	1,456	1,445	1,437
Other equity	-	-	-
Total liabilities & equity	5,316	5,496	5,809
Total debt	915	930	921
Net debt	(98)	(303)	(431)

Source: Company data, RHB

Cash Flow (SGDm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	38	362	290
Cash flow from investing activities	(69)	(72)	(29)
Cash flow from financing activities	(64)	(49)	(155)
Cash at beginning of period	1,129	942	1,143
Net change in cash	(187)	201	114
Ending balance cash	942	1,143	1,257

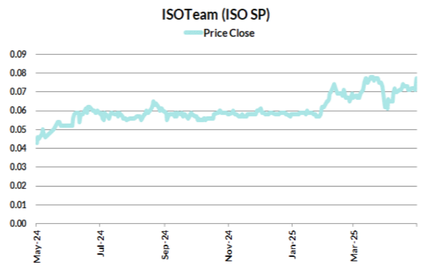
Source: Company data, RHB

ISOTeam

Target Price: SGD0.085

Price: SGD0.077

Anticipate Projects To Accelerate



Source: Bloomberg

Stock Profile

Bloomberg Ticker	ISO SP
Avg Turnover (SGD/USD)	0.6m/0.5m
Net Gearing (%)	63
Market Cap (SGDm)	54
Beta (x)	0.84
BVPS (SGD)	0.06
52-wk Price low/high (SGD)	0.043 - 0.081
Free float (%)	68

Major Shareholders (%)

ADD Investment	19.9
Taisei Oncho	8.8
Koh Thong Huat	2.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	19.0	21.0	29.3	70.5
Relative	8.1	21.3	26.0	52.5

Alfie Yeo +65 6230 0810

alfie.yeo@rhbgroup.com

Investment Merits

- Beneficiary of government pipeline estate development projects
- Firm orderbook of SGD189m, with more government development projects anticipated in the pipeline
- Maintain BUY; trading at 5x FY26F (Jun) P/E, offering c.5-6% yields

Company Profile

ISOTeam is an established player in Singapore's building maintenance and estate upgrading industry. It is an early adopter of eco-conscious methods, with over 15 years of repairs and redecoration (R&R) and addition and alteration (A&A) experience. The company's public and private sector clients benefit from having access to its eco-expertise as well as mainstream capabilities to achieve cost-effective and eco-conscious R&R and A&A for their buildings and estates.

Highlights

Demand for construction in Singapore to remain buoyant. The Building & Construction Authority (BCA) has projected construction demand and contracts awarded to range between SGD47bn and SGD53bn in 2025, backed by projects including upgrading works for public housing, Changi Airport Terminal 5, the Marina Bay Sands expansion, construction of high-specification industrial buildings, other educational and healthcare developments, the Mass Rapid Transit (MRT) network, Woodlands Checkpoint extension, and Tuas Port. BCA has forecasted total construction demand of SGD39bn-46bn each year from 2026 to 2029. New Tengah and Seletar MRT lines could also be developed in the longer term.

Firm orderbook. ISOTeam's orderbook stood at SGD188.7m as at 7 Feb 2025 (FY24: SGD193.1m). Estate development projects announced pre-election should bode well for the company as it is a leading player in carrying out upgrading and town development works for public projects – which include facade enhancement and home improvement programmes, repainting and upgrading works at Housing & Development Board (HDB) flats, town councils, neighbourhoods, hawker centres, parks, and government buildings. We expect contributions from 2HFY25 to be stronger, boosted by more of such projects.

Beneficiary of government pipeline projects. Earlier, the Government announced projects including two new hawker centres, SGD10m in grants to improve coffee shop toilets, more facilities in housing estates, a SGD407m allocation for the latest round of HDB's Home Improvement Programme, and the heat-reflective paint application initiative for all HDB estates by 2030. These should benefit ISOTeam, as it could garner more orders and record stronger revenue recognition going forward.

Company Report Card

Results highlights. 1HFY25's in-line earnings of SGD2m was booked on the back of SGD65m (+4.2% YoY) revenue. Revenue growth was led by A&A (+62% YoY; SGD30m) – which, in turn, was offset by R&R (-29% YoY, SGD19m), coating & painting (C&P) (-2% YoY; SGD7.5m), and others (-12% YoY, SGD9m) segments. The others segment includes engineering works, renewable solutions works, vector control services, and handyman services. The revenue decline in three of its segments was due to a slower pace of project recognition. GPM improved by 1.8ppts to 15.1%. EBIT margin rose 1.2ppts to 5.4% due to more efficient opex spending and higher gross margin uplift. As a result, EBIT came in at SGD4m (+34% YoY). With recent projects tendered at better margins, it is outperforming the margins secured in 1HFY24.

Balance sheet/cash flow. ISOTeam's construction business requires funds to execute projects. Its net gearing is 0.5x as of 1H25, down from 1.6x in FY23. In 1QFY24, it raised SGD10.3m via a one-for-one rights issue to pare down debt. Operating cash flows generated fluctuate from year to year, depending on profitability and the ability to turn receivables into cash. Its cash conversion cycle was 9 days in FY23 and -6 days in FY24. Hence, debt is required to fund projects from time to time.

Dividend. ISOTeam has a policy to pay at least 30% earnings as dividends. As it was booking net losses over FY20-23 due to COVID-19-related lockdowns, no dividends were paid during that period. As we anticipate the company to be profitable ahead, we expect dividends to be paid annually.

Partially owned and managed by co-founders. Three ISOTeam co-founders are key executives who collectively own more than c.20% of the company. David Ng is the Executive Chairman, Anthony Koh is an Executive Director and the CEO, while Danny Foo is an Executive Director. Unlike other small-cap companies where the founder and major shareholders own 50-80% of the firm, none of the three directors is the largest individual shareholder. Japanese construction company Taisei Oncho owns c.9% of ISOTeam, and occupies one non-executive seat on the board of directors.

Investment Case

Beneficiary of more estate development projects in Singapore. We remain positive on ISOTeam, as we see it as a beneficiary of government pipeline estate development projects. It has a firm orderbook of SGD189m, with more government development projects anticipated in the pipeline.

Key downside risk: A continued rise in raw material and labour costs would pressure margins.

Profit & Loss	Jun-24	Jun-25F	Jun-26F
Total turnover (SGDm)	130	140	145
Reported net profit (SGDm)	7	9	10
Recurring net profit (SGDm)	8	9	10
Recurring net profit growth (%)	(368.6)	16.8	4.9
Recurring EPS (SGD)	0.01	0.01	0.01
DPS (SGD)	0.08	0.40	0.42
Dividend Yield (%)	1.0	5.3	5.5
Recurring P/E (x)	6.7	5.7	5.4
Return on average equity (%)	19.0	20.3	18.5
P/B (x)	1.3	1.1	0.9
P/CF (x)	0.0	0.0	0.0

Source: Company data, RHB

Balance Sheet (SGDm)	Jun-24	Jun-25F	Jun-26F
Total current assets	81	93	104
Total assets	108	118	127
Total current liabilities	53	56	57
Total non-current liabilities	13	13	13
Total liabilities	65	69	70
Shareholder's equity	43	50	57
Minority interest	(0)	(0)	(0)
Other equity	2	2	2
Total liabilities & equity	108	118	127
Total debt	38	38	38
Net debt	27	28	21

Source: Company data, RHB

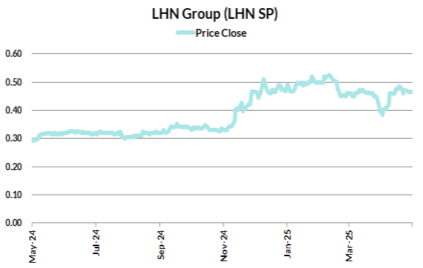
Cash Flow (SGDm)	Jun-24	Jun-25F	Jun-26F
Cash flow from operations	6	3	11
Cash flow from investing activities	(1)	(1)	(1)
Cash flow from financing activities	0	(3)	(3)
Cash at beginning of period	2	8	7
Net change in cash	6	(1)	7
Ending balance cash	8	7	14

Source: Company data, RHB

LHN Group

Fair Value: N/A
Price: SGD0.47

A Growing Integrated Real Estate Player In Asia



Source: Bloomberg

Stock Profile

Bloomberg Ticker	LHN SP
Avg Daily Turnover (SGD/USD)	0.5m/0.04m
Net Gearing (%)	128
Market Cap (SGDm)	194
Beta (x)	0.98
BVPS (SGD)	0.61
52-wk Price low/high (SGD)	0.302 - 0.537
Free Float (%)	46

Major Shareholders (%)

Hean Nerng Group	52.8
Lim Bee Choo	1.0
Bessemer Group	0.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	27.3	(2.5)	45.6	59.4
Relative	13.1	(2.8)	41.6	40.8

Vijay Natarajan +65 6320 0825
vijay.natarajan@rhbgroup.com

Investment Merits

- A leading real estate space optimiser and integrated services provider
- Visible growth opportunities, in particular from the residential space optimisation segment due to an increasing number of properties under management and the property development business.
- Proposed spin-off of the Coliwoo Group (Coliwoo) business to unlock value
- Healthy high-teen ROE and attractive >6% dividend yield

Company Profile

Established in 1991, LHN Group (LHN) provides integrated real estate management services across Asia. It currently manages four key segments: Space optimisation, property development & investment, facilities management, and energy resources. The group is dual-listed: SGX (Mainboard) and HKEX (Main Board).

Highlights

Creating value across entire real estate spectrum from its integrated management expertise. The group's key space optimisation segment redesigns unused and under-utilised spaces to maximise their leasable areas, and creates productive environments for end-users. The space optimisation business operates across all real-estate segments: Residential (under Coliwoo and 85 SOHO), commercial (under the GreenHub brand), and industrial (work + store) and across five countries, ie Singapore, Indonesia, Myanmar, Cambodia, and China. Under its facilities management segment, LHN provides a full spectrum of integrated facility management and car park management services in Singapore (99) and Hong Kong (three). It also engages in property development, with the recent conversion of a 9-storey industrial building into a multi-user food processing industrial development (completed in Sep 2024). In Singapore, LHN also helps clients' renewable energy solutions, with solar panel installation, EV charging stations, and electricity retailing.

Proposed spin-off and listing of Coliwoo. The group recently announced a proposed spin-off of its fast-growing Coliwoo residential (co-living business) on the SGX's Mainboard, and is awaiting regulatory and shareholder approvals. As at end-Dec 2024, Coliwoo operated a total of 2,586 keys – 1,909 under master lease/management contract and 677 under owned/JV – with a target to acquire at least 800 new rooms every year via master lease or selective acquisition. There has been strong demand for its space optimisation business (more than 95% occupancy). The move to list as a separate entity is positive, in our view, and potentially catalyses future growth, providing additional growth capital and fetching better valuations, as well as unlocking value for LHN shareholders, which the group can redeploy or potentially pay out as special dividends.

Acquisition of Geylang property via JV, with LHN taking a potential c.29% stake in the project with a maximum total capital outlay of SGD14.5m for the group. The JV partners intend to demolish and redevelop the property into a new strata-title commercial building and are looking to sell units in the open market, as well as lease or operate the remaining unsold units for commercial use. As of 1QFY25 (Sep), the group has also issued six options-to-purchase for its newly constructed LHN Food Chain food factory. Another segment of growth for LHN is its energy business – the group is targeting to increase solar energy capacity to 13MW in FY25, which represents a 47% YoY growth.

Company Report Card

FY24 earnings grew 24% YoY, aided by a 24% increase in revenue – driven by residential space optimisation growth and the facilities management business. These segments are set to see further growth in FY25, with a 51% increase in keys secured under the Coliwoo brand, and a 27% rise in the number of car park facilities under management. GPMs dipped by 4ppts YoY, but remained high at 51.4%.

FY24 net gearing of 51.6%, which increased 8ppts YoY on business growth, as well as expansion into the property development segment, but is likely to decline, in our view, with the sales of units at the food processing development and proposed spin-off. We think the recent sharp decline in Singapore Overnight Rate Average or SORA will also have a positive impact on borrowing costs in FY25.

Dividends. LHN paid a DPS of SGD0.03 last year, which translates to a modest payout ratio of c.23% of earnings – we believe this is sustainable.

Management. Kelvin Lim, a controlling shareholder, is LHN's executive chairman, executive director, and group managing director. Lim has over 20 years of experience in property leasing, logistics services, and facilities management. He is primarily responsible for the group's business development and overall management, including investment activities, operations, and marketing efforts.

Investment Case

Trading at a trailing P/E of 4x while offering an attractive dividend yield of >6%. Key catalysts ahead will be the successful spin-off of Coliwoo's residential space.

Key risk is the Singapore economy entering into a recession, which could impact the demand for its space optimisation and property development business, as well as LHN's spin-off plans.

Profit & Loss	Sep-22	Sep-23	Sep-24
Total turnover (SGDm)	84	94	121
Reported net profit (SGDm)	48	40	48
Recurring net profit (SGDm)	50	19	48
Recurring net profit growth (%)	73.7	(62.3)	153.1
Recurring EPS (SGD)	0.12	0.05	0.11
DPS (SGD)	0.02	0.03	0.03
Dividend Yield (%)	3.8	6.5	6.5
Recurring P/E (x)	3.8	10.1	4.1
Return on average equity (%)	n.m	n.m	1.6
P/B (x)	1.0	0.9	0.8
P/CF (x)	4.6	3.5	6.8

Source: Company data, RHB

Balance Sheet (SGDm)	Sep-22	Sep-23	Sep-24
Total current assets	100	138	127
Total assets	469	554	697
Total current liabilities	91	97	96
Total non-current liabilities	186	239	343
Total liabilities	277	336	440
Shareholder's equity	186	216	254
Minority interest	6	2	3
Other equity	0	0	0
Total liabilities & equity	469	554	697
Total debt	148	168	282
Net debt	108	127	235

Source: Company data, RHB

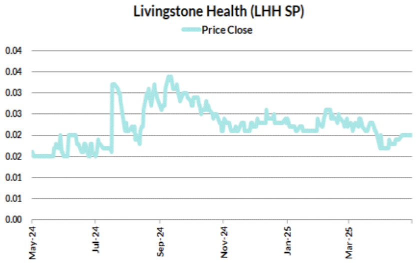
Cash Flow (SGDm)	Sep-22	Sep-23	Sep-24
Cash flow from operations	41	54	28
Cash flow from investing activities	(36)	(13)	(100)
Cash flow from financing activities	(2)	(20)	56
Cash at beginning of period	37	38	59
Net change in cash	3	21	(15)
Ending balance cash	40	59	43

Source: Company data, RHB

Fair Value: N/A
Price: SGD0.02

Livingstone Health

Operational Improvement Driving Earnings Recovery



Source: Bloomberg

Stock Profile

Bloomberg Ticker	LHH SP
Avg Turnover (SGD/USD)	0.04m/0m
Net Gearing (%)	121
Market Cap (SGDm)	12
Beta (x)	-0.52
BVPS (SGD)	0.01
52-wk Price low/high (SGD)	0.015 - 0.045
Free float (%)	32

Major Shareholders (%)

Livingstone Health Consolidated	44.2
Tay Ching Yit	8.3
Teh Wing Kwan	4.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	(10.0)	(21.7)	(25.0)	12.5
Relative	(21.0)	(21.4)	(28.4)	(5.4)

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Exposure to ageing population trends in Singapore
- Growth via acquisitions; earnings recovery is in play
- Earnings recovery anticipated for FY25

Company Profile

Livingstone Health (Livingstone) is a Singapore-based multidisciplinary group offering services that encompass specialist and primary healthcare. It has a network of primary care clinics, private medical specialists, and allied health care professionals – all these provide an extensive range of medical services including anaesthesiology and pain management, internal medicine, orthopaedic surgery, podiatry, physiotherapy, and aesthetics and wellness. Livingstone has close to 20 medical specialists and doctors practising at 19 medical clinics.

Highlights

Beneficiary of Singapore's ageing population trend. According to the Singapore Government's National Population and Talent Division, about one in four Singapore citizens (24.1%) will be 65 years old and above by 2030. The ageing population trend bodes well for Livingstone, as it operates primary care clinics.

Driving patient volume growth through capacity expansion. Livingstone's key strategy is to drive higher patient loads through capacity expansion. It will pursue organic growth by recruiting medical specialists. It will also expand the primary healthcare segment via Phoenix Medical Group (PMG), which has increased its health screening centre and physical clinics footprint to eight clinics in FY24, from five in FY23. Providing additional clinical touchpoints will position it meet the increasing demand for general practitioner healthcare services, driven by the Healthier SG initiative. Livingstone has also grown its team of specialist doctors that provide services at Farrer Park Hospital, Mount Elizabeth Hospital, Mount Alvernia Hospital, Camden Medical Centre and Novena Medical Centre to six members.

Earnings recovery in focus. Management's current focus is to improve earnings through retaining its medical doctors and healthcare talent. It is also optimising costs and improving operating efficiency through initiatives like establishing a dedicated operational team for its PMG clinics. In addition, it completed the acquisition of the remaining 49% of PMG from its founding doctors, in order to streamline operations.

Acquisitions could drive longer-term growth. Livingstone acquired PMG in 2011. Being familiar with acquisitions, its recently raised funds included purposes of expansion via acquisitions. We believe longer-term growth could be driven by such acquisitions, as well.

Company Report Card

Results highlights. 1H25 revenue ticked up by 1% YoY to SGD14m, while net profit was SGD0.1m, ie a sequential improvement from a loss of SGD3m in 2H24 and close to doubling 1H24's SGD67m. The revenue growth was due to stronger numbers from both its specialist healthcare (+1.1% YoY) and primary healthcare (+5.3% YoY) segments which, in turn, was due to a higher patient load and ramp-up of newer clinics. GPM remained stable at 80% (+0.9ppt), while EBIT margin improved 1.3ppt to 2.7% on the specialist healthcare segment's profitability, having more efficient operations, and staff costs.

Balance sheet/cash flow. Livingstone's 1H25 balance sheet is close to being net debt-neutral. It raised funds in end-FY23 and FY24 with a private placement of SGD1.4m in Feb 2024, and another SGD1.3m via its rights-cum-warrants issue in Jul 2024. If the warrants are fully exercised, it will have a further SGD2.3m in proceeds. These proceeds will be used for general working purposes and business expansion including acquisitions. In 1H25, it has utilised c.SGD1m of proceeds – mainly for working capital purposes so far. Operations are cash flow-generative and capex is minimal, comprising expenditure on office equipment, machines and medical equipment, computers, renovation etc.

Dividend. Livingstone does not have a formal dividend policy. It did not pay any dividend for FY24 due to its net loss. However, it paid a final DPS of 0.12 SG cents in FY23. We do not expect dividends to be paid in the near future, since its net profit is on a recovery path.

Management team. Livingstone is led by CEO Dr Wilson Tay and Chief Commercial Officer Dax Ng – both are executive directors on the Board. They report to a non-executive and non-independent chairman who is also a shareholder, Teh Wing Kwan. The rest of its management team comprises a Deputy CEO, CFO, Head of Aesthetics and Wellness, Head of Anaesthesiology and Pain Management, and Head of Human Resources. Three of its board members (the chairman, CEO, and chief commercial officer) and one of its key management personnel collectively control >50% of the company. The management and leadership's interest is, as such, aligned with that of the shareholders.

Profit & Loss	Mar-22	Mar-23	Mar-24
Total turnover (SGDm)	34	33	25
Reported net profit (SGDm)	3	1	(3)
Recurring net profit (SGDm)	3	1	(3)
Recurring net profit growth (%)	N/A	23.9	N/A
Recurring EPS (SGD)	0.01	0.00	(0.01)
DPS (SGD)	0.00	0.00	0.00
Dividend Yield (%)	0.00	0.00	0.00
Recurring P/E (x)	2.1	11.4	N/A
Return on average equity (%)	N/A	14.2	(50.0)
P/B (x)	9.3	4.3	2.1
P/CF (x)	9.9	7.4	4.6

Source: Company data, RHB

Balance Sheet (SGDm)	Mar-22	Mar-23	Mar-24
Total current assets	13	13	12
Total assets	21	23	22
Total current liabilities	10	12	10
Total non-current liabilities	5	4	7
Total liabilities	15	16	17
Shareholder's equity	5	5	4
Minority interest	1	1	1
Other equity	0	0	0
Total liabilities & equity	21	23	22
Total debt	7	8	9
Net debt	2	4	6

Source: Company data, RHB

Cash Flow (SGDm)	Mar-22	Mar-23	Mar-24
Cash flow from operations	5	3	1
Cash flow from investing activities	(3)	(1)	(1)
Cash flow from financing activities	(3)	(3)	(1)
Cash at beginning of period	0	5	4
Net change in cash	(1)	(1)	(1)
Ending balance cash	5	4	3

Source: Company data, RHB

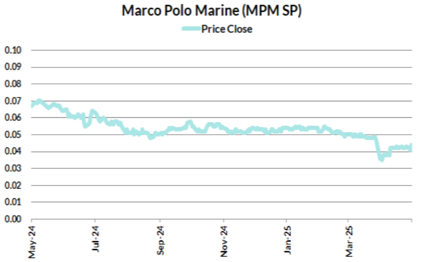
Investment Case

An ageing population play. The stock offers exposure to the ageing population and rising affluent trends in Singapore. Near-term earnings growth is largely led by a higher patient load and patient volumes. Longer-term drivers include acquisitions. Livingstone's performance is recovering, and we anticipate net profit to be on an uptrend moving forward.

Key risks. Key downside risks include the loss and departure of healthcare professionals including doctors and nurses. This would reduce its capacity to attend to patients, which would lead to a decline in revenue and earnings.

Marco Polo Marine

Well-Placed For Growth



Source: Bloomberg

Stock Profile

Bloomberg Ticker	MPM SP
Avg Turnover (SGD/USD)	0.6m/0.4m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	165
Beta (x)	0.91
BVPS (SGD)	0.05
52-wk Price low/high (SGD)	0.033 - 0.072
Free float (%)	52

Major Shareholders (%)

Apricot Capital	16.2
Nautical International	12.9
Penguin International	8.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	16.2	(18.9)	(21.8)	(36.8)
Relative	5.2	(18.6)	(25.2)	(54.7)

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Well-positioned in the construction ramp-up of offshore wind farms regionally
- Early mover in the building of commissioning service operation vessels (CSOV), which are currently in a shortage for offshore wind farm construction projects
- We currently have a BUY call and TP of SGD0.08 on this stock

Company Profile

Marco Polo Marine (MPM) is an integrated marine logistics company engaged in shipyard, shipbuilding, repair, conversion and maintenance services, oil & gas fabrications, and ship chartering. Its 34ha shipyard in Batam has a throughput of c.100 ships annually. In ship chartering, it owns a fleet of offshore vessels, tugboats, and barges.

Highlights

Robust demand for offshore wind farms in Asia. In support of climate change and decarbonisation, countries are transitioning from using traditional sources of energy to renewable and sustainable ones. According to the Global Wind Energy Council's (GWEC) Global Offshore Wind Report 2024, annual offshore wind installations are expected to triple in 2028 – from 10.8GW in 2023 to 66GW by 2033, led by growth in China and new Asian markets. As such, construction activities at offshore wind farms over the next few years are expected to be robust.

Strong utilisation rate for the new CSOV. MPM's CSOV is scheduled for its first deployment in Taiwan in 2Q25. We understand the CSOV will serve: i) Vestas Wind Systems (a global leading designer, manufacturer, installer, and service wind turbine provider, having worked on at least +154GW in wind turbines in more than 87 countries); and ii) Siemens Gamesa Renewable Energy (Siemens Gamesa) – a leading global provider of wind power products and service solutions. After its first deployment, MPM will have work lined up by customers, for the next three years. Other markets that it intends to serve include Japan, South Korea, Australia, Vietnam, and the Philippines. With the current shortage of tier-1 CSOVs, we expect charter rates to be robust, at >USD40,000/day.

Earnings growth drivers remain intact. We believe that MPM's growth will be driven by higher capacity in fleet size and shipyard capacity. Its fleet is expected to expand, to include two crew transfer vessels or CTVs to its fleet for Siemens Gamesa's offshore wind projects in Taiwan and South Korea from 2024 to 2026. On its shipyard business, MPM's fourth dry dock is scheduled for completion in 1HFY25, adding capacity for ship repairs.

Company Report Card

Results highlights. MPM's FY24 revenue was SGD124m (-2.8% YoY) while core earnings totalled SGD22m (+4% YoY), ie below our estimates. The revenue decline was largely due to the shipbuilding and repair segment, which chalked a turnover of SGD52m (-16% YoY) on lower capacity, with one of its three drydocks utilised for the construction of its CSOV. Otherwise, its ship chartering revenue grew 9% YoY to SGD72m on higher charter rates and an increase in the re-chartering of third-party vessels. GPM widened to 39.3% (+3.3ppt) due to operating leverage, especially from ship chartering. The EBIT margin was relatively stable at 30%, as the higher GPM was offset by higher operating costs including administrative and other opex. A final DPS of 0.1 SG cents was declared, equivalent to a 17% payout ratio.

May require funding for newbuilds in the future. MPM had net debt of SGD61m as at FY24. However, based on its need to grow its fleet such as the CSOVs, capex requirements are high. As such, financial resources are crucial to facilitate growth. Management will re-evaluate its options on newbuilds after the deployment of the CSOV and, depending on its plans for newbuilds, it may require further funding to carry out its newbuild plans. Capex will include growing its fleet by three new vessels – including two crew transfer vessels (CTVs) to its fleet for Siemens Gamesa offshore wind projects in Taiwan and South Korea from 2024 to 2026. More capex and funding would be required, should there be demand for more newbuilds. Operating cash flow has generally been positive over the last few years.

Minimal dividends. MPM does not have a fixed dividend policy, and has not paid dividends for at least eight years from FY15 up to FY22. In FY23, it paid a maiden token dividend of 0.1 SG cent per share. We anticipate that cash resources generated by the company will be largely reinvested back into the business on newbuild vessels or shipyard expansion. As such, we do not expect dividends over our forecasted period to be attractive.

Management. MPM is led by Sean Lee, who is the CEO and son of MPM's former Executive Chairman Lee Wan Tang. He is supported by four key independent professional executives – Director of the Offshore Division, Senior GM of Shipyard Division, Managing Director of PKR Offshore and the Group Financial Controller. The shareholding of MPM is sporadic. Apricot Capital, an investment fund partially owned by the former SGX-listed Super Group's founder, David Teo Kee Bock, holds a c.16% stake. Lee Wan Tang is estimated to own a c.13% stake via Nautical International Holdings. MPM's other substantial shareholder is SGX-listed Penguin International, which has a c.8% stake.

Investment Case

A CSOV deployment play. MPM's catalyst is based on the deployment of its new CSOV from FY25F, which is expected to deliver upside to earnings from the same financial year onwards.

Key risks. Our forecasts and TP are premised on better charter rates, and the utilisation (including the successful deployment) of its CSOV over the next two years. Failing these, any disappointment would be a risk to our earnings estimates and TP.

Profit & Loss	Dec-24	Dec-25F	Dec-26F
Total turnover (SGDm)	124	142	156
Reported net profit (SGDm)	22	28	30
Recurring net profit (SGDm)	22	28	30
Recurring net profit growth (%)	5.2	27.3	9.3
Recurring EPS (SGD)	0.01	0.01	0.01
DPS (SGD)	0.00	0.00	0.00
Dividend Yield (%)	2.3	2.3	2.3
Recurring P/E (x)	7.1	5.8	5.4
Return on average equity (%)	12.8	13.9	13.4
P/B (x)	0.9	0.8	0.7
P/CF (x)	4.3	3.6	3.3

Source: Company data, RHB

Balance Sheet (SGDm)	Jun-24	Jun-25F	Jun-26F
Total current assets	120	112	123
Total assets	229	274	306
Total current liabilities	36	57	62
Total non-current liabilities	9	16	16
Total liabilities	45	73	78
Shareholder's equity	168	185	209
Minority interest	16	16	19
Other equity	0	0	0
Total liabilities & equity	229	274	306
Total debt	2	33	33
Net debt	(61)	(36)	(44)

Source: Company data, RHB

Cash Flow (SGDm)	Jun-24	Jun-25F	Jun-26F
Cash flow from operations	28	39	46
Cash flow from investing activities	(23)	(56)	(34)
Cash flow from financing activities	6	24	(4)
Cash at beginning of period	52	61	66
Net change in cash	11	7	9
Ending balance cash	61	66	74

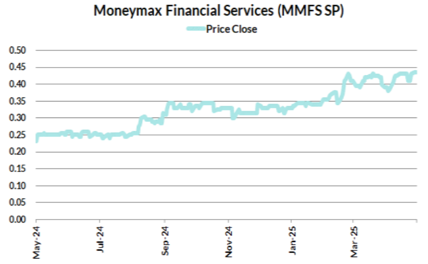
Source: Company data, RHB

Fair Value: N/A

Price: SGD0.44

MoneyMax Financial Services

Growing Via Store Network Expansion And Customer Service



Source: Bloomberg

Stock Profile

Bloomberg Ticker	MMFS SP
Avg Turnover (SGD/USD)	0.03m/0.01m
Net Gearing (%)	312
Market Cap (SGDm)	192
Beta (x)	0.60
BVPS (SGD)	0.42
52-wk Price low/high (SGD)	0.225 - 0.435
Free float (%)	13

Major Shareholders (%)

Money Farm	61.2
Lim Yong Guan	13.4
Lim Yong Sheng	10.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	10.3	21.1	30.3	79.2
Relative	(0.7)	21.4	27.0	61.3

Alfie Yeo +65 6230 0810

alfie.yeo@rhbgroup.com

Investment Merits

- Strong proxy stock to gold price; elevated gold price supports loan book
- Winning customers and market share via new outlets, strong customer service segment, and customer experience
- Trades at 5x historical P/E

Company Profile

MoneyMax Financial Services (MoneyMax) is a leading pawnbroker, retailer and trader of pre-owned luxury products, as well as a car financing and insurance service provider in South-East Asia. It opened its first store in Singapore in 2008, and has since expanded its network to over 100 outlets in Singapore and Malaysia, making it one of the largest pawnbroking and retail chains in the region.

Highlights

Strong gold price supports outlook for growing loan book. Based on our analysis, the correlation between the price of gold and amount of pawnbroking loans given in Singapore is relatively strong, at 0.7. A higher gold price, therefore, supports a larger amount of loans given. Between the gold price and value of loan per pledge, the correlation is even stronger, ie at 0.9. As such, while customers are pledging for more loans when the price of gold is high, each pledge would yield a higher loan amount. An environment of strong gold prices bodes well for pawnbrokers – their ability to supply loans and increase their loan books for net interest income revenue growth also grows. With the price of gold at an all-time high of >USD3,000/oz, the outlook on the growth of pawnbrokers' loan books is positive, against the backdrop of a turbulent global economy.

Growth driven by new outlets. MoneyMax continues to expand its footprint in the pawnbroking industry across Malaysia and Singapore. A larger store footprint and network should help it reach more customers in Singapore and Malaysia, improve its market share, and continually support sales and loan book growth.

Improving customer experience for better sales traction. MoneyMax prioritises the customer experience to boost sales traction. It is continually upgrading and refreshing outlets and customer service standards to provide a comfortable, private and secure environment for customers to carry out transactions. It implemented a drive-through pawnshop business model in Malaysia. With a more conducive and convenient environment and a high level of customer service, MoneyMax hopes to attract new customers and increase traction with existing ones. This would lead to more transactions and better sales growth for its retail and trading businesses, as well as for its pawnbroking loan book.

Company Report Card

Results highlights. FY24 revenue surged by 37% YoY to SGD391m, while earnings grew 69% YoY to SGD38m. Revenue growth was mainly driven by the sales volume increase and higher gold prices in the retail and trading of gold and luxury items segment (SGD267m, +36% YoY), and higher interest income from a higher loan book in the pawnbroking division (SGD94m, +47% YoY). Meanwhile, PBT rose by 64% YoY (SGD52m) and its margin expanded to 13.5% (+2.3ppt). Better operating leverage included improvement in staff costs, depreciation, finance costs and other operating expenses.

Balance sheet/cash flow. As a pawnbroker and lender of micro loans through pledges, MoneyMax's balance sheet needs to be funded with cash resources to enable it to give more loans – akin to customer deposits at banks. Its gearing, as such, tends to be high. Its balance sheet is largely funded by debt, but backed by the gold inventory pledged as collateral to the banks. The amount of loans made to customers is generally reflected in trade receivables. As of FY24, MoneyMax reported c.SGD754m in current and non-current trade receivables. Its current net debt-to-equity ratio stands at 3.4x. Pawnbrokers tend to grow their receivables and inventory annually, which leads to negative working capital and operating cash flow due to the constant requirement for funding to grow their loan books.

Dividend. MoneyMax has paid dividends every year for at least the past ten years. Its dividend payout ratio over the past four years has ranged 16-21%. Due to its growing loan book and earnings traction, we expect dividends to continue to be declared going forward.

Management team. MoneyMax is led by Dato' Sri Dr Lim Yong Guan, who is the chairman and co-founder of the business. His brother, Lim Yong Sheng, is also a co-founder and a non-executive director. The Lim family controls more than 80% of MoneyMax. and family members hold key management positions. Dato' Lim's spouse, son and sister hold the posts of COO, Group GM, and Deputy GM in the pawnbroking and retail positions. Management is supported by a CFO.

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (SGDm)	199	219	301
Reported net profit (SGDm)	22	23	38
Recurring net profit (SGDm)	22	23	38
Recurring net profit growth (%)	111.3	102.8	168.6
Recurring EPS (SGD)	0.05	0.05	0.09
DPS (SGD)	0.01	0.01	0.01
Dividend Yield (%)	3.2	3.2	3.2
Recurring P/E (x)	8.8	8.5	5.0
Return on average equity (%)	18.0	16.3	23.1
P/B (x)	0.7	0.6	1.0
P/CF (x)	N/A	N/A	N/A

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-22	Dec-23	Dec-24
Total current assets	431	534	712
Total assets	630	746	925
Total current liabilities	354	463	617
Total non-current liabilities	135	124	109
Total liabilities	490	587	726
Shareholder's equity	131	147	184
Minority interest	10	12	15
Other equity	0	0	0
Total liabilities & equity	630	746	925
Total debt	427	500	648
Net debt	406	482	622

Source: Company data, RHB

Cash Flow (SGDm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	(60)	(71)	(102)
Cash flow from investing activities	(5)	(3)	(2)
Cash flow from financing activities	66	67	111
Cash at beginning of period	20	21	18
Net change in cash	2	(7)	6
Ending balance cash	21	18	25

Source: Company data, RHB

Investment Case

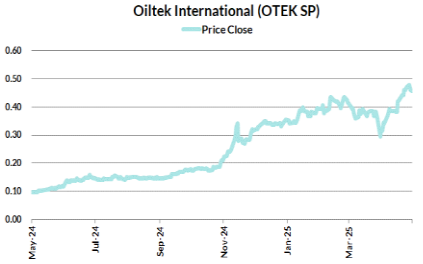
A proxy to the rise in the gold price. The performance of this stock has had a high correlation to the price of gold (at 0.8 out of 1), over the past four years. Hence, we believe that MoneyMax is a strong proxy to the gold price uptrend. The stock trades at a historical P/E of just 5x and provides upside to growth, driven by: i) The expansion of its outlet network, and ii) winning market share via its ability to provide customer service and a positive customer experience.

Key risks. Fluctuations in gold prices, the USD, and interest rates, could affect profitability. A decline in gold prices will lower the value of its gold positions, and the amount of loans that it can extend to customers. Unredeemed pledges in a lower gold price environment may also result in the loss of interest income, and lower realisable value from its gold collateral.

Oiltek International

Riding On Higher Edible Oil Refining Demand

Fair Value: N/A
Price: SGD0.46



Source: Bloomberg

Stock Profile

Bloomberg Ticker	OTEK SP
Avg Turnover (SGD/USD)	0.32m/0.01m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	199
Beta (x)	1.09
BVPS (SGD)	0.06
52-wk Price low/high (SGD)	0.1 - 0.705
Free float (%)	72

Major Shareholders (%)

Koh Brothers Group	22.7
Yong Khai Weng	2.1
Ginko-AGT Global Growth Fund	1.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	65.5	34.9	137.8	426.2
Relative	54.5	35.2	134.4	408.3

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- In a sweet spot, as global demand for fats and oils is forecasted to chart a 3.9% CAGR, led by increasing consumer demand
- Growth driven by higher demand for refining plants, new customers, increased use of biofuels, and usage of sustainable aviation fuel (SAF)
- Superior ROE of >30%, above the peer average

Company Profile

Oiltek International (Oiltek) is a vegetable and edible oil process engineering company. It provides integrated process technology and renewable energy (RE) solutions for all types of vegetable oils including palm oil, soybean oil, and rapeseed oil. After starting out as a vegetable and edible oil process engineering company, Oiltek today specialises in the EPCC of facilities and plants for edible and non-edible segments of the vegetable oil industry. It has a track record of designing, building and commercialising over 650 plants in more than 34 countries.

Highlights

Fats and oils market forecasted to expand at a 3.6% CAGR until 2029. According to market research company MarketsandMarkets, the size of the fats and oils market was estimated at USD272bn in 2024, and is projected to reach USD374bn by 2029 – reflecting a CAGR of 3.6%. This growth would be driven by increasing consumer demand for healthier options and the higher use of fats and oils in foodstuff, led by greater awareness of the nutritional value of specific oils and the development in processing and refining techniques. This will lead to higher and healthier processing requirements, which results in customers building more new refining plants – this implies more orders for Oiltek, as it is capable of constructing refining plants for processing all types of vegetable oils.

SAF to drive longer-term growth. The aviation industry, including International Civil Aviation Organization (ICAO) and International Air Transport Association (IATA), has committed to achieve net-zero carbon emissions by 2050. IATA estimated that SAF could contribute c.65% of the reduction in emissions needed by the aviation sector to achieve this goal. This will drive the usage of SAF upwards. Oiltek has the capability to treat and cleanse oil, including palm oil mill effluent (POME) and vegetable oil-based raw materials into feedstock to produce the hydrotreated vegetable oil (HVO) or renewable diesel that is used in manufacturing SAF. Increased use of SAF will, therefore, boost the demand for processing plants and production of inputs, ie HVO.

Higher demand for Oiltek services due to biodiesel mandates. Oiltek's renewable energy (RE) segment serves the RE industries, including the production of biodiesel and treatment of HVO feedstock. Both Indonesia and Malaysia – the largest producers of palm oil – are mandating higher blends of biodiesel in their production. Indonesia's mandatory blending of biodiesel was raised from 30% to 35% (B30 to B35) last year, and it is targeting to this to hit 40% (B40) in 2025 and 50% (B50) by 2026. Malaysia, which currently has a 10% blending ratio, also targets to implement a 30% biodiesel blending mandate (B30) by 2030. These will drive demand for Oiltek's services in building, optimising, upgrading, and retrofitting plants upwards.

Company Report Card

Results highlights. FY24 earnings grew 42% YoY to MYR29m on the back of MYR230m in revenue (+15% YoY). Revenue growth was led by the edible & non-edible oil refinery (+23% YoY, MYR194m) and product sales and trading (+1% YoY, MYR19m) segments, offset by a decline in the RE segment (-24% YoY, MYR18m). GPM expanded to 23.9% (+4.4ppt) due to a higher margin from the edible & non-edible oil refinery segment. Oiltek's orderbook currently stands at RM355m, with orders that will be completed in the next 18-24 months. We see its orders driven by more new customers, higher demand for oil refining capacity, the growth of biodiesel production, and the growth of SAF usage.

Balance sheet/cash flow. Oiltek is generally cash flow-generative, with positive operating cash flows over FY18-23. It typically collects project payments ahead of construction. In FY24, working capital was negative due to three significant billings at the end of the year, resulting in negative operating cash flow. Due to its cash flow-generating ability, it has been in a net cash position – MYR0.74 per share for FY24.

Dividend. Post-IPO, Oiltek had a dividend policy of 40% or more of earnings for FY22-23. It paid 1.2 and 1.6 SG cents of final DPS in FY22 and FY23 – representing payout ratios of 42% and 46%. Interim and final dividends of 0.9 and 1.6 SG cents were declared for FY24, amounting to a payout ratio of c.44%. As Oiltek is a cash-generative business, we expect the company to continue paying out dividends.

Management team. Oiltek is led by a professional management team helmed by CEO and Executive Director Yong Khai Weng. He is supported by CFO Goh Chee Yong, and the heads of the technical, operations and marketing & sales divisions. Koh Brothers Eco Engineering is Oiltek's major shareholder, with a 68% stake. Its CEO has just a 6% stake in Oiltek.

Investment Case

Riding on increasing global demand for oils and fats. Oiltek is a play on the demand for new refining plants. Increased global consumption of oils and fats will translate to more orders for Oiltek to construct vegetable oil refining plants. This counter has a superior ROE of >30%, and is trading at a slight premium above the peer average, at 22x FY25F P/E.

Key risks. Key downside risks include the inability to secure projects and prices of inputs such as steel – which would dampen revenue, margins and earnings growth

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (MYRm)	164	201	230
Reported net profit (MYRm)	13	19	30
Recurring net profit (MYRm)	13	19	30
Recurring net profit growth (%)	65.1	50.9	55.0
Recurring EPS (MYR)	0.13	0.19	0.30
DPS (SGD)	0.01	0.02	0.03
Dividend Yield (%)	0.9	1.2	1.9
Recurring P/E (x)	50.1	36.2	22.0
Return on average equity (%)	28.8	31.5	39.0
P/B (x)	11.9	10.2	7.7
P/CF (x)	10.4	2.9	N/A

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-22	Dec-23	Dec-24
Total current assets	119	181	212
Total assets	122	185	217
Total current liabilities	69	117	132
Total non-current liabilities	0	0	0
Total liabilities	69	117	132
Shareholder's equity	53	68	84
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	122	185	217
Total debt	0	0	0
Net debt	(67)	(132)	(106)

Source: Company data, RHB

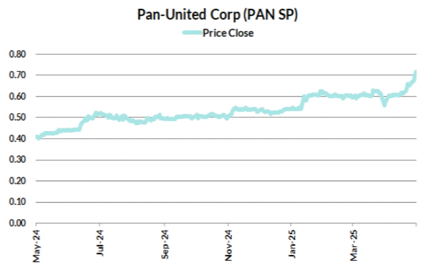
Cash Flow (MYRm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	23	74	(8)
Cash flow from investing activities	(0)	(0)	(1)
Cash flow from financing activities	7	(6)	(12)
Cash at beginning of period	43	67	132
Net change in cash	25	63	(24)
Ending balance cash	67	132	106

Source: Company data, RHB

Pan-United Corp

Fair Value: N/A
Price: SGD0.72

Beneficiary Of Singapore Construction Projects



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PAN SP
Avg Turnover (SGD/USD)	0.18m/0.01m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	499
Beta (x)	0.41
BVPS (SGD)	0.38
52-wk Price low/high (SGD)	0.42 - 0.725
Free float (%)	92

Major Shareholders (%)

Ng Bee Soon	5.0
Ng Bee Bee	1.5
Ng Han Whatt	1.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	18.3	11.8	35.2	65.1
Relative	7.4	12.1	31.9	47.2

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Leading ready-mix concrete (RMC) player in Singapore with a c.40% market share
- Riding on the pick-up in construction demand in Singapore
- Strong net cash and dividend yield, trades at 11x FY25F P/E

Company Profile

Pan-United Corp (PAN) is the largest ready-mix concrete (RMC) player in Singapore, with an estimated 40% market share. We see it as a beneficiary of Singapore's construction activities going forward. According to the Building and Construction Authority (BCA), the value of the demand for construction in Singapore is forecasted at SGD31-38bn pa over 2025-2028.

Highlights

Construction demand to remain robust. The BCA expects the demand for construction and its ensuing contracts to be worth SGD47-53bn in 2025, backed by projects that include upgrading works for public housing, Changi Airport Terminal 5, the Marina Bay Sands expansion, construction of high-specification industrial buildings, other educational and healthcare developments, the mass rapid transit or MRT network, Woodlands Checkpoint extension, and Tuas Port. BCA has forecasted total construction demand to be worth SGD39-46bn each year, from 2026 to 2029. The new Tengah and Seletar MRT lines could also be developed in the longer term.

Leading provider of high-grade green concrete. Through extensive R&D, PAN has created over 300 highly specialised low-carbon concrete solutions for all built environment needs. These solutions were largely developed in collaboration with customers, according to unique present and future specifications. In Nov 2021, PAN and 12 other ecosystem partners joined hands with the Agency for Science, Technology and Research (A*STAR) and JTC to explore setting up a testbed facility to accelerate industry adoption of emerging carbon capture and utilisation technologies.

Could benefit from Johor-Singapore Special Economic Zone (JS-SEZ). PAN has a concrete batching plant in Johor, Malaysia that was established in 2015 that serves the local market. With the development of the JS-SEZ over the next few years, we see PAN as a long-term beneficiary regarding the supply of RMC and building materials. This is to facilitate the ramp-up in construction activities within the zone – with projects that include data centres, semiconductor factories, and industrial parks.

Company Report Card

Results highlights. FY24 revenue and core earnings came in at SGD812m (+5% YoY) and SGD42m (+14% YoY). Revenue growth was led by a strong project pipeline in Singapore. GPM widened by 0.8ppt to 21.6%, while EBIT margin grew 0.4ppts to 6.4% from operating efficiencies and leverage. Particularly, staff costs grew only marginally by 1% to SGD58m.

Balance sheet/cash flow. PAN's business generates positive operating cash flow, and its balance sheet is in net cash. In FY24, operating cash flow generated amounted to SGD100m. As PAN has a well-established equipment infrastructure in Singapore, capex has been minimal – at under SGD18m for the past seven years. Net cash in FY24 grew to SGD92m, equivalent to 13 SG cents per share. As a result of its strong balance sheet, it is able to pay dividends consistently.

Dividend. Over the past four years, PAN has consistently paid out 0.5 SG cents in interim DPS, and steadily increased final dividends from 0.8 SG cents to 1.8 SG cents per share. Its dividend practice is to consistently pay out a sustainable DPS to shareholders. Over the past two years, the dividend payout ratio has been at 44-45% of earnings. As the business generates positive operating cash flow and its balance sheet is in a net cash position, we minimally expect the same level of DPS payouts ahead. PAN's dividend yield is decent at c.5%, based on Bloomberg data.

Management team. May Ng Bee Bee has been the Executive Chairman of PAN since Jul 2024. She was previously CEO from Mar 2011, and its Executive Director from Jan 2004 to Feb 2011. She is also an independent non-executive director of NTUC Enterprise Co-operative and Singapore Technologies Engineering, and a previous independent Non-Executive Chairman of Mercatus Co-operative.

Investment Case

Riding on a pick-up in construction activities. With a strong pipeline of projects ahead in both the public and private sector, coupled with the increase in construction demand forecasts by the BCA, we believe that this Singapore market leader – which owns an approximate 40% share – will be a key beneficiary of the construction sector's recovery.

Key risks. Key downside risks to our forecasts include a rise in raw material and labour costs, and a slower pace of construction which will affect demand and revenue recognition.

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (SGDm)	703	774	812
Reported net profit (SGDm)	29	36	41
Recurring net profit (SGDm)	29	37	42
Recurring net profit growth (%)	49.8	26.5	13.9
Recurring EPS (SGD)	0.04	0.05	0.06
DPS (SGD)	0.02	0.02	0.03
Dividend Yield (%)	2.5	3.2	4.2
Recurring P/E (x)	17.5	14.0	12.2
Return on average equity (%)	13.2	15.6	16.1
P/B (x)	2.3	2.1	1.8
P/CF (x)	24.2	8.1	5.7

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-22	Dec-23	Dec-24
Total current assets	260	276	314
Total assets	421	454	500
Total current liabilities	157	166	181
Total non-current liabilities	46	50	48
Total liabilities	203	216	229
Shareholder's equity	211	232	265
Minority interest	7	6	6
Other equity	0	0	0
Total liabilities & equity	421	454	500
Total debt	55	21	15
Net debt	(10)	(43)	(92)

Source: Company data, RHB

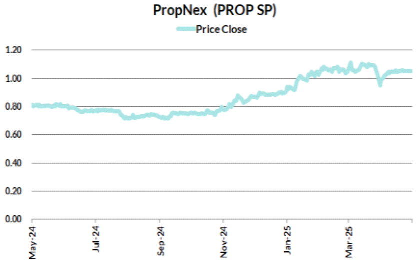
Cash Flow (SGDm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	27	58	100
Cash flow from investing activities	(9)	(8)	(15)
Cas flow from financing activities	(9)	(53)	(31)
Cash at beginning of period	64	65	64
Net change in cash	2	1	42
Ending balance cash	65	64	107

Source: Company data, RHB

PropNex

Fair Value: N/A
Price: SGD 1.05

Asset-Light Proxy To a Resurgent Singapore Residential Market



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PROP SP
Avg Turnover (SGD/USD)	0.84m/0.73m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	777
Beta (x)	0.71
BVPS (SGD)	0.17
52-wk Price low/high (SGD)	0.737 - 1.143
Free float (%)	22

Major Shareholders (%)

P&N Holdings	55.6
Fong Keng Seong	10.3
Gafoore Mohamed Ismail	8.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	1.4	(1.4)	29.9	22.4
Relative	(12.7)	(1.7)	25.8	3.8

Vijay Natarajan +65 6320 0825
vijay.natarajan@rhbgroup.com

Investment Merits

- Largest Singapore-listed real estate agency with a c.60% market share of residential transaction volumes
- Net cash position of c.SGD112m
- Asset-light cash-generating business with superior ROE of >30% and c.8% FY24 dividend yield

Company Profile

PropNex is Singapore's largest listed real estate agency with >13,000 salespersons in Singapore and over 15,000 salespersons in total, across 23 regional offices in Indonesia, Malaysia, Vietnam, Cambodia, and Australia. As an integrated real estate services provider, its key business segments are in real estate brokerage, real estate consultancy, and training. It has leading market shares in the private residential (new launches and resale), landed residential (resale), and Housing Development Board (HDB) (resale) segments. PropNex was listed on the Mainboard of the SGX on 2 Jul 2018.

Highlights

Expecting strong 2025 earnings, backed by surging new home sales. Primary residential sales volumes have recovered strongly since late last year, with c.3,375 units sold in 1Q from projects such as Parktown Residences, The Orie, and Lentor Central Residences. This brings developer sales to c.50% of last year's total sales, on track to hit our 9,000-10,000 unit estimate for this year. PropNex will also be recognising revenues from strong 4Q24 volumes last year, which saw c.3,420 units sold (>50% of 2024's new launch sales volumes). This is due to a 2-6-month lag for earnings recognition of new launches. GPMs for primary sales are also nearly double that of the resale segment, which should help boost net profit. Resale and rental market activity are expected to be relatively resilient, with an anticipated 5-10% YoY growth.

Sitting on a cash pile of SGD112m, with no debt and minimal capex requirements. PropNex has been paying out most of its earnings (65-140%) as dividends since its IPO, offering a highly attractive dividend yield of c.8% based on FY24 dividends. Management has alluded to the possibility of paying additional special dividends in FY25, in conjunction with its 25th anniversary. Other options for cash include potential asset acquisitions or M&As in Singapore and overseas. Management, however, is not in a rush to deploy and is awaiting compelling opportunities aligned with its goals, as it currently enjoys a healthy interest income on its cash.

Diversified revenue sources, primarily driven by Singapore residential market. In FY24, project marketing (new home sales) was the largest revenue contributor, accounting for 24% of the total, followed by the private resale (24%), rental (23%), and HDB resale segments (20%). The sales mix is largely dependent on market conditions as well as the number of new launches, which can fluctuate across the year, while private resale and HDB resale transaction volumes are relatively stable. The group has also been slowly diversifying earnings from the commercial & industrial transaction market, which currently accounts for c.3% of the total.

Company Report Card

FY24 net profit declined 14% YoY primarily due to a 23.4% YoY decrease in commission income from project marketing on the back of fewer new launches. The new launch segment has higher gross margins, ie typically in the teens, and double that of the resale segment, where margins are in high single digits. The company has guided for a strong FY25, supported by revenue recognition from the surge in private new homes and a favourable property market outlook.

Dividends. For FY24, PropNex paid a total of SGD0.0775 in DPS, including a special DPS of SGD0.025, to commemorate its 25th anniversary in 2025.

Management. Ismail Gafoor is the CEO and Executive Director of PropNex. He is also the founder and largest shareholder, holding a c.64% stake in the company. Kelvin Fong, who has more than two decades of real estate sales and team building experience, joined PropNex in 2002, and is currently the deputy CEO.

Investment Case

Trading at ex-cash FY24 P/E of c.15x and offers stable >5% dividends. Earnings are likely to undergo a strong recovery in FY25, based on the abovementioned thesis – which may likely compress its P/E. During market upcycles, we believe real estate agencies have room to trade at mid-to-high-teen P/Es. This, coupled with its net cash position and the possibility of special dividends, are the catalysts and also limit its downside risks.

Key risks: Implementation of additional stringent property cooling measures dampening market appetite, a rebound in interest rates, and Singapore's economy entering a severe recession.

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (SGDm)	1,029.2	838.1	783.0
Reported net profit (SGDm)	62	48	41
Recurring net profit (SGDm)	62	48	41
Recurring net profit growth (%)	30.4	-23.3	-14.4
Recurring EPS (SGD)	0.08	0.06	0.06
DPS (SGD)	0.14	0.06	0.08
Dividend Yield (%)	12.9	5.7	7.4
Recurring P/E (x)	12.5	16.3	19.0
Return on average equity (%)	49.7	38.2	33.2
P/B (x)	6.19	6.21	6.29
P/CF (x)	15.1	13.3	20.4

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-22	Dec-23	Dec-24
Total current assets	368	323	272
Total assets	375	343	286
Total current liabilities	246	216	160
Total non-current liabilities	3	1	1
Total liabilities	249	217	161
Shareholder's equity	126	125	123
Minority interest	1	1	1
Other equity	0	0	0
Total liabilities & equity	375	343	286
Total debt	0	0	0
Net debt	(139)	(133)	(112)

Source: Company data, RHB

Cash Flow (SGDm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	51	58	38
Cash flow from investing activities	(4)	(12)	(14)
Cash flow from financing activities	(54)	(52)	(45)
Cash at beginning of period	146	139	133
Net change in cash	(7)	(5)	(22)
Ending balance cash	139	133	112

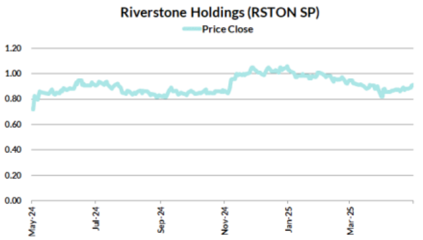
Source: Company data, RHB

Riverstone

RIVERSTONE HOLDINGS LIMITED

Target Price:	SGD0.95
Price:	SGD0.91

On a Solid Footing To Capture Growth Opportunities



Source: Bloomberg

Stock Profile

Bloomberg Ticker	RSTON SP
Avg Turnover (SGD/USD)	2.82m/0.83m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	1,386
Beta (x)	0.48
BVPS (SGD)	0.33
52-wk Price low/high (SGD)	0.76 - 1.106
Free float (%)	35

Major Shareholders (%)

Ringlet Investment	50.8
Lee Wai Keong	8.8
Employees Provident Fund	4.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	3.6	(15.6)	(2.6)	13.6
Relative	(7.7)	(15.5)	(6.2)	(4.6)

Singapore Research
research.sg.equity@rhbgroup.com

Investment Merits

- Above-industry average margin profile
- Established relationships with major technology customers
- Consistent dividend payouts even without a dividend policy

Company Profile

Riverstone is principally involved in manufacturing cleanroom and healthcare gloves, and has a presence of more than 33 years in Malaysia. The group exports more than 80% of its products across the world – serving customers from the hard disk drive (HDD), semiconductor, pharmaceutical, healthcare services, and other industries. It currently has five manufacturing facilities in Malaysia, Thailand, and China, with a total annual production capacity of 10.5bn gloves.

Highlights

Above-industry average margins. Riverstone's robust margins profile is predicated by its strategic presence in the cleanroom gloves segment, which typically fetches higher margins (GPM: c.50%) than healthcare gloves (GPM: 20%). Given the complexity and sophistication of cleanroom gloves, the group has been able to command pricing power based on the various specifications required by customers. Notably, Riverstone has more than 20 years of experience in the production of cleanroom gloves, and caters to various technological industries, eg HDDs, and sensors and chip manufacturing, among others. It has a 40% market share within the Class 100 cleanroom gloves segment, ie the second-highest cleanroom glove standard as defined by the US Food & Drug Administration.

Cleanroom gloves. We believe Riverstone will benefit from the recovery in global semiconductor sales in 2025 (estimated to grow by 11.2%), largely underpinned by the demand for logic integrated circuits and a strong recovery in the memory space, thanks to the boom in artificial intelligence-related servers and equipment. In Feb 2025, semiconductor sales continued to grow robustly, after chalking a revenue of USD46.9bn – marking an increase of 17% YoY (Feb 2024: +19%), according to the Semiconductor Industry Association.

Healthcare glove. We gather that Riverstone is looking to diversify its product offerings towards specialty gloves (primarily used in the hospital de-contamination segment), which typically have higher ASPs vs healthcare examination gloves. Such initiatives will enable Riverstone, in our view, to widen its exposure and decrease its dependence on examination gloves (less sophistication and comprises many players), thereby allowing it to achieve above-industry ASPs.

That said, the group's healthcare glove ASP remains exceptionally strong, at c.USD27 per 1,000 pieces (vs the Malaysia big-4 glovemakers' USD21 per 1,000 pieces), thanks to its stronger product mix in the non-examination gloves segment.

Operating environment remains favourable. We believe the demand for medical and surgical gloves should pick up after the inventory destocking cycle in June. That said, client enquiries for May have already shown signs of recovery. Meanwhile, the US import tariff differentials between China (145%) and Malaysia (10%) for products exported to the US offer low-hanging fruit for Malaysian manufacturers, as they allow for a price advantage – this enables Malaysia's players to further solidify their position in the world's largest glove consumption market, in our view.

Company Report Card

Results highlights. Riverstone ended 2024 with a strong set of numbers, with core earnings of MYR289m (+33% YoY) – in line with the Street estimate. The solid performance was mainly driven by a sequential recovery in the customised healthcare glove unit, a pick-up in cleanroom glove orders (although the 4Q24 sales volume was generally weaker due to shipment delays), and an improved product mix (cleanroom:healthcare mix is 40:60).

Robust net cash position. Riverstone has always maintained a healthy balance sheet, with net cash of MYR715m as at 2024 (2023: MYR875m). The decrease in net cash was mainly due to a hefty dividend payout in 4Q24 (254% payout ratio) – ahead of the implementation of a 2% dividend tax in 2025. Despite not having a related policy, it has a sturdy track record of paying dividends. Prior to the COVID-19 pandemic, Riverstone rewarded shareholders by paying at least 40% of annual PATAMI as dividends. Its dividend payout ratio was exceptionally strong (at 160%) in FY22, before retracing to 84% and 124% in FY23-24.

Management. The group was co-founded by CEO Wong Teek Son and COO Lee Wai Keong in Nov 1991. Both remain on the board of directors and are proactively involved in setting Riverstone's strategic direction.

Investment Case

We expect Riverstone's earnings to be anchored by a robust pick-up in semiconductor sales, demand recovery for healthcare gloves, and a more favourable operating environment. Our DCF-derived TP of SGD1.18 implies 19x FY25F P/E, which is +0.8SD above the group's pre-pandemic 5-year historical mean of 15x. Our premium valuation was predicated by Riverstone's unique exposure to the cleanroom gloves segment, an above-industry margins profile, and consistent dividend payouts. Key downside risks include weaker-than-expected demand, higher-than-expected raw material costs, and persistent challenges in passing through cost increases.

Profit & Loss	Dec-24	Dec-25F	Dec-26F
Total turnover (MYRm)	1,073	1,204	1,232
Reported net profit (MYRm)	287	270	280
Recurring net profit (MYRm)	289	270	280
Recurring net profit growth (%)	32.7	(6.4)	3.5
Recurring EPS (MYR)	0.19	0.18	0.19
DPS (MYR)	0.24	0.15	0.15
Dividend Yield (%)	7.9	7.4	7.7
Recurring P/E (x)	15.7	19.5	18.8
Return on average equity (%)	18.2	16.9	16.9
P/B (x)	2.8	3.2	3.1
P/CF (x)	12.2	11.9	10.7

Source: Company data, RHB

Balance Sheet (MYRm)	Dec-24	Dec-25F	Dec-26F
Total current assets	1001	1011	1043
Total assets	1779	1820	1879
Total current liabilities	134	121	124
Total non-current liabilities	69	69	69
Total liabilities	202	189	192
Shareholder's equity	1577	1631	1687
Minority interest	0	0	0
Total liabilities & equity	1779	1820	1879
Total debt	0	0	0
Net debt/(cash)	(715)	(714)	(738)

Source: Company data, RHB

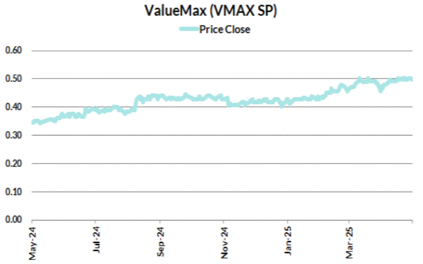
Cash Flow (MYRm)	Dec-24	Dec-25F	Dec-26F
Cash flow from operations	307	315	348
Cash flow from investing activities	(80)	(100)	(100)
Cash flow from financing activities	(364)	(216)	(224)
Cash at beginning of period	1171	1010	1009
Net change in cash	(160)	(1)	25
Ending balance cash	1010	1009	1034

Source: Company data, RHB

ValueMax

Growing On All Fronts

Fair Value: N/A
Price: SGD0.50



Source: Bloomberg

Stock Profile

Bloomberg Ticker	VMAX SP
Avg Turnover (SGD/USD)	0.08m/0.01m
Net Gearing (%)	132
Market Cap (SGDm)	481
Beta (x)	0.40
BVPS (SGD)	0.59
52-wk Price low/high (SGD)	0.36 - 0.535
Free float (%)	9

Major Shareholders (%)

Yeah Holdings	67.5
Yeah Hiang Nam	23.7
Tan Soon Liang	0.02

Share Performance (%)

	1m	3m	6m	12m
Absolute	1.0	12.2	12.2	38.4
Relative	(9.9)	12.5	8.9	20.4

Alfie Yeo +65 6230 0810
alfie.yeo@rhbgroup.com

Investment Merits

- Strong proxy stock to gold price; elevated gold price supports loan book
- Growth to be led by bigger loan book, outlet expansion, and increased retail sales
- Trades at 5x historical P/E, with growth from all fronts

Company Profile

Founded in 1988, ValueMax is a pawnbroking chain with over 45 outlets across Singapore. Services include pawnbroking, secured moneylending, as well as the retail and trading of pre-owned jewellery and gold. It also operates around 27 outlets in Malaysia through affiliated companies.

Highlights

Strong gold price supports outlook for growing loan book. Our analysis indicates that there is a relatively strong correlation (ratio: 0.7) between the gold price and the amount of pawnbroking loans given out in Singapore. A higher price of gold, therefore, supports a bigger amount of loans being given. Between gold prices and the value of loans per pledge, the correlation is even stronger (ratio: 0.9). So, while customers are pledging for more loans when the price of gold is high, each pledge would yield a relatively higher loan amount. As such, an environment of strong gold prices bodes well for pawnbrokers to give more loans and increase their loan books for net interest income revenue growth. With the gold price at an all-time high of above USD3,000/oz, the outlook to grow prawnbrokers' loan books is positive, against a backdrop of a turbulent global economy.

Growing through more outlets and acquisitions. ValueMax will grow by expanding its network of pawnbroking outlets across Singapore and Malaysia via acquisitions and new outlets. It will also seek to acquire outlets whenever the opportunity arises. Since FY24, Valuemax made three pawnbroking and retail acquisitions in Singapore, and opened a new pawnbroking outlet in Malaysia. It will also continue to grow its moneylending business.

Pre-owned jewellery business. Sales for ValueMax's retail and trading of jewellery and gold segment have grown rapidly, at a CAGR of 13% over the past five years. Besides growing through a bigger loan book, outlet expansion and acquisitions, ValueMax is focusing to exploit the firm demand in the pre-owned jewellery retail space. Pre-owned jewellery retail bypasses the process of manufacturing new items, and reduces energy usage and environmental impact, which is environmentally sustainable. Its lower pricing, which excludes labour costs, GST and intermediary fees makes pre-owned jewellery an attractive segment to win and build a bigger customer base in.

Company Report Card

Results highlights. FY24 revenue grew by 38% YoY to SGD456m, while earnings surged 57% YoY to SGD83m, which included a SGD10.1m one-time gain on the dilution of interest in the listing of an associate company, Well Chip Group, on Bursa Malaysia. Revenue growth was driven by all three segments: i) Retailing and trading jewellery and gold (SGD344m, +51% YoY), ii) pawnbroking (SGD49m, +15% YoY), and iii) moneylending (SGD63m, +4% YoY). GPM declined to 28.5% (-1.8ppt) from 30.3% in FY23, due to a higher sales mix stemming from lower-margin retail and trading of jewellery and gold. The group's operating margin remained relatively stable, at 19.7%.

Balance sheet/cash flow. As a pawnbroker and lender of micro loans through pledges, its balance sheet needs to be funded with cash resources to enable it to give more loans, akin to customer deposits made in banks. Its gearing level, hence, tends to be high. ValueMax's balance sheet is largely funded by debt, but backed by gold inventory pledged as collateral to the banks. The amount of loans made to customers is generally reflected in its trade receivables. As of FY24, ValueMax reported around SGD1bn in current and non-current trade receivables. Its current net debt-to-equity ratio stands at 1.3x. Pawnbrokers tend to grow their receivables and inventory annually, which leads to negative working capital and operating cash flow due to the constant requirement for funding to grow their loan book.

Dividend. ValueMax has consistently paid out dividends annually for at least the past ten years. Its dividend payout ratio over this period averaged 35%. Due to its growing loan book and earnings traction, we expect dividends to continue to be declared, going forward.

Management team. ValueMax is majority-owned by the founding Yeah family at over 80% shareholding. It is largely a family-run business – with founder Yeah Hiang Nam as the Executive Chairman, his sons Yeah Chia Kai as CEO and Yeah Chia Wei as Chief Credit and Risk Officer, and his daughter Yeah Lee Ching as Executive Director. They are supported by a CFO and a director of business development, along with four independent non-executive directors.

Investment Case

A proxy to the increase in the price of gold. The stock's performance has had a high correlation to gold prices (at a ratio of 0.8 out of 1) over the past four years. As such, we believe that the stock is a strong proxy to the gold price uptrend. ValueMax is trading at its historical P/E of just 5x, which offers upside – premised on a larger loan book, outlet expansion, and growth from the increase in jewellery retail sales.

Key risks. Fluctuation in gold prices, the value of the USD, and interest rates, could affect profitability. A decline in gold prices will lower the value of its gold positions, and the amount of loans that it can extend to customers. Unredeemed pledges in a lower gold price environment may also lead to a loss of interest income, and lower realisable value from its gold collateral.

Profit & Loss	Dec-22	Dec-23	Dec-24
Total turnover (SGDm)	287	331	456
Reported net profit (SGDm)	44	53	83
Recurring net profit (SGDm)	44	53	83
Recurring net profit growth (%)	107.0	119.0	156.7
Recurring EPS (SGD)	0.06	0.07	0.09
DPS (SGD)	0.03	0.03	0.03
Dividend Yield (%)	5.1	5.1	5.1
Recurring P/E (x)	8.5	7.5	5.8
Return on average equity (%)	12.9	13.4	17.7
P/B (x)	0.7	0.6	0.9
P/CF (x)	N/A	55.4	N/A

Source: Company data, RHB

Balance Sheet (SGDm)	Dec-22	Dec-23	Dec-24
Total current assets	770	875	874
Total assets	1010	1077	1247
Total current liabilities	601	592	674
Total non-current liabilities	40	56	55
Total liabilities	641	648	729
Shareholder's equity	364	423	512
Minority interest	5	5	6
Other equity	0	0	0
Total liabilities & equity	1010	1077	1247
Total debt	619	622	698
Net debt	608	606	682

Source: Company data, RHB

Cash Flow (SGDm)	Dec-22	Dec-23	Dec-24
Cash flow from operations	(163)	4	(56)
Cash flow from investing activities	(0)	(6)	(11)
Cash flow from financing activities	156	6	65
Cash at beginning of period	15	11	15
Net change in cash	(8)	4	(3)
Ending balance cash	11	15	17

Source: Company data, RHB

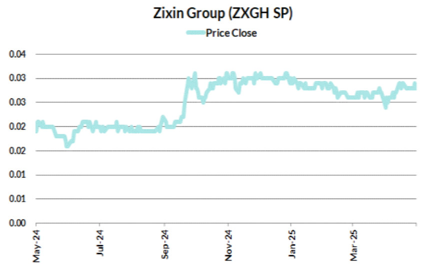
ZIXIN GROUP HOLDINGS 紫心集团控股

Zixin Group

Fair Value: N/A

Price: SGD0.028

Capacity Expansion Driving Growth



Source: Bloomberg

Stock Profile

Bloomberg Ticker	ZXGH SP
Avg Turnover (SGD/USD)	0.09m/0.01m
Net Gearing (%)	Net Cash
Market Cap (SGDm)	45
Beta (x)	0.18
BVPS (SGD)	0.07
52-wk Price low/high (SGD)	0.014 - 0.032
Free float (%)	72

Major Shareholders (%)

Liang Chengwang	15.3
Thomas Clive Khoo	11.3
Pts Capital	10.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	16.7	(3.4)	(6.7)	49.8
Relative	5.7	(3.1)	(10.0)	31.8

Alfie Yeo +65 6230 0810

alfie.yeo@rhbgroup.com

Investment Merits

- Earnings uplift anticipated in FY26 through higher volume sales, better margins, and contribution from new revenue sources
- New farmland cultivation capacity in Hainan expected to kick in from FY27 onwards
- Trades at 6x FY25F P/E

Company Profile

Zixin Group (Zixin) is a biotech-focused sweet potato integrated industrial value chain operator in Liancheng, China, with 8,268mu of land for sweet potatoes cultivation. Core business areas: i) Cultivation and supply, ii) product innovation and food production, iii) brand building, marketing and distribution channel building, and iv) recovery and recycling.

Highlights

Expect higher volume sales and better margins going forward. Zixin's seedlings are currently cultivated on 100mu of land. It has put in place an additional 200mu of land to cultivate more seedlings for sale to external parties from FY26 onwards. On the sweet potato cultivation side, since 1H25, Zixin has made use of third-party processing and cold storage facilities to extend the shelf life of harvested sweet potato products by 3-6 months. The longer shelf life of the harvest will result in better margins and a higher volume sell-through over a longer period, since fresh sweet potatoes have a short shelf life of 3-5 weeks.

New revenue streams from high-technology manufacturing facility and feed ingredients. Zixin recently expanded into two new revenue streams. It has a high-technology manufacturing facility that will enable it to produce and sell higher-margin food products such as vacuum packed steamed sweet potatoes and functional food products such as purple sweet potato powder. It has also expanded into feed ingredients, producing probiotic-infused chicken and white duck feed ingredients from fermented sweet potato agricultural waste. We should expect to see the manufacturing facilities ramping up from FY26 onwards.

More land for sweet potato cultivation and sale over the longer term. Zixin has partnered with CITIC Construction in Hainan to establish another sweet potato cultivation area. The project, with a land size of 5,000mu for seedlings and 1000,000mu for a sweet potato plantation, is expected to be completed in FY27. The maiden revenue contribution is also expected to be in FY27.

Company Report Card

Results highlights. 1H25 revenue grew 33% YoY to CNY157m through the higher sales volume of fresh sweet potatoes. This, in turn, stemmed from lengthening their shelf life from outsourced handing and cold storage, which reduced spoilage. Outsourcing sweet potatoes handling also helped to reduce costs, which delivered a better GPM (33.2%, +3.6ppt). A reduction in marketing expenses, offset by an increase in administrative expenses, helped to lift PBT to CNY10m, reversing from a loss of CNY1.7m in 1H24. Headline earnings, hence, turned around from a loss of CNY3.4m to CNY7.8m.

Balance sheet/cash flow. Zixin's 1H25 balance sheet is in net cash of CNY136m. It raised SGD2.1m of rights cum SGD26m warrants if fully exercised in 1H25 for business expansion in both China and Singapore. Conversion of rights stands at 4.5 SG cents and dilution is c.10%, based on its current share base if the 144m shares attached to the warrants are exercised into shares before Jun 2026.

Dividend. Zixin does not have a formal dividend policy, and has not paid any dividends for at least the past three years. The Board has decided to preserve its cash resources in favour of operational and capex expansion, including renovations and installation of plant equipment and machinery in the new factory building.

Management team. Zixin is led by Executive Chairman and CEO Liang Chengwang. He oversees the group's businesses and corporate developments, as well as formulates overall corporate strategies. He supervises major financing plans and other key executives' appointments. He has three independent non-executive directors with him on the board, and is assisted by a CFO and a group financial controller. Liang owns c.15% of Zixin, and is its largest shareholder.

Investment Case

Exposure to the growth and capacity expansion of China's agriculture production. The stock offers exposure to the growth and expansion of the sweet potato cultivation and sale business in China. Capacity expansion is expected to drive growth, both in the immediate and longer term. At its current location in China's Liancheng County, the seedling cultivation area is set to expand, while lengthening the shelf life of sweet potatoes will enable it sell more produce. More revenue sources from high-tech manufacturing and feed ingredients will further support growth. Its new site in Hainan is expected to increase capacity exponentially. This stock is trading at 6x forward P/E.

Key risks. Its cultivation land is leased – so leases will expire in time. As Zixin manages sweet potato farms and harvests sweet potatoes for production and sale, key risks include unfavourable weather that will affect harvests and crop yields.

Profit & Loss	Mar-22	Mar-23	Mar-24
Total turnover (CNYm)	289	220	318
Reported net profit (CNYm)	4	(14)	13
Recurring net profit (CNYm)	4	(14)	13
Recurring net profit growth (%)	N/A	N/A	N/A
Recurring EPS (CNY)	0.00	(0.01)	0.01
DPS (CNY)	0.00	0.00	0.00
Dividend Yield (%)	0.00	0.00	0.00
Recurring P/E (x)	7.5	N/A	2.9
Return on average equity (%)	0.8	(2.8)	4.7
P/B (x)	0.2	0.2	0.4
P/CF (x)	N/A	2.4	2.5

Source: Company data, RHB

Balance Sheet (CNYm)	Mar-22	Mar-23	Mar-24
Total current assets	311	286	275
Total assets	569	587	613
Total current liabilities	55	84	92
Total non-current liabilities	0	3	6
Total liabilities	55	87	99
Shareholder's equity	514	500	514
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	569	587	613
Total debt	36	48	59
Net debt	(162)	(158)	(97)

Source: Company data, RHB

Cash Flow (CNYm)	Mar-22	Mar-23	Mar-24
Cash flow from operations	(38)	50	65
Cash flow from investing activities	(20)	(54)	(125)
Cash flow from financing activities	59	11	11
Cash at beginning of period	196	198	205
Net change in cash	1	8	(49)
Ending balance cash	198	205	211

Source: Company data, RHB

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months
Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral: Share price may fall within the range of +/- 10% over the next 12 months
Take Profit: Target price has been attained. Look to accumulate at lower levels
Sell: Share price may fall by more than 10% over the next 12 months
Not Rated: Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report 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. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

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 the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement 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 and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts 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. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Bhd. The views and opinions in this report are our own as of the date hereof and is 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. RHB Investment Bank Bhd has no obligation to update its opinion or the information in this report.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

RESTRICTIONS ON DISTRIBUTION

Malaysia

Save as disclosed in the following link RHB Research Conflict Disclosures - May 2025 and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
   **For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Indonesia

Save as disclosed in the following link RHB Research Conflict Disclosures - May 2025 and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

1. PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report.
   For the avoidance of doubt, interest in securities include the following:
   a) Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report*;
   b) Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities*.
   c) Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
   d) Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
2. PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of PT RHB Sekuritas Indonesia's staff** or associated person serve as a director or board member* of the subject company(ies) covered in this report.
4. PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. PT RHB Sekuritas Indonesia** did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

Notes:
**The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.*
***The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.*

Singapore

Save as disclosed in the following link RHB Research Conflict Disclosures - May 2025 and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

1. RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
2. RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
3. RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
4. RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
5. RHB Bank Berhad, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
6. RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

Analyst Certification

The analyst(s) who prepared this report, and their associates hereby, certify that:
(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 2302 8100
Fax : +603 2302 8134

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 5093 9888
Fax : +6221 5093 9777

SINGAPORE

RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
Fax: +65 6509 0470

Together we progress