UOBKayHian

Country Daily | Singapore

Thursday, 12 November 2026



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52486.5	0.5	(1.6)	1.6	9.2
S&P 500	7619.4	1.3	(0.9)	(2.5)	11.3
FTSE 100	10835.5	0.8	0.1	2.7	9.1
AS30	9291.3	0.3	3.8	4.0	3.0
CSI 300	4075.7	0.4	(0.6)	(5.0)	(12.0)
FSSTI	5289.7	0.6	0.4	(2.3)	13.8
HSCEI	8171.5	(1.1)	1.4	0.0	(8.3)
HSI	24315.9	(1.0)	1.7	0.4	(5.1)
JCI	5115.0	(0.2)	4.0	(13.8)	(40.8)
KLCI	1595.2	(0.6)	(1.6)	(1.4)	(5.1)
KOSPI	5375.4	2.6	(5.4)	(15.8)	27.6
Nikkei 225	61248.6	1.3	(1.5)	(11.3)	21.7
SET	1502.1	0.4	0.0	(4.4)	19.2
TWSE	44257.2	3.6	3.0	(10.2)	52.8
BDI	2959	3.4	9.8	1.4	57.6
CPO (RM/mt)	3985	(2.8)	(8.7)	(10.9)	1.3
Brent Crude (US$/bbl)	93	1.3	(2.1)	(11.5)	52.3

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Bangkok	23 Nov	23 Nov
Corporate Roadshow with NTT DC REIT (NTTDCR SP)	Kuala Lumpur	25 Nov	25 Nov
Virtual Analyst Presentation by Jonathan Koh on S-REITs Results Wrap	Singapore	25 Nov	25 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Date
Balance of Trade OCT	17 Nov
Non-Oil Exports MoM OCT	17 Nov
Non-Oil Exports YoY OCT	17 Nov
MAS 12-Week Bill Auction	17 Nov

Top Stories

Company Results | UMS Integration (UMSH SP/**BUY**/S$1.89/Target: S$2.40)

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- 3Q26 earnings rose 102% yoy and 9% qoq to S$21m, driven by new customer ramp-up. Revenue increased 61% yoy to S$95m despite OEM parts shortages. 9M26 earnings of S$54.5m (+78% yoy) were in line at 76% of our full-year forecast. UMS remains positive on customer demand and is expanding capacity in Malaysia and Vietnam. Maintain BUY with a lower target price of S$2.40.

Company Results | Valuetronics (VALUE SP/**BUY**/S$0.93/Target: S$1.40)

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- VALUE raised its interim dividend by 75% to 14 HK cents/share. ICE revenue grew 18.6% yoy, driving group revenue growth of 7.3% and PBT growth of 1.3%. The HK$300m capital return programme continues to progress, supported by HK$1.15b net cash. Maintain BUY with a target price of S$1.40. Further capital returns, ICE growth and potential GPU asset disposals are re-rating catalysts.

Company Update | City Developments (CIT SP/**BUY**/S$7.12/Target: S$11.85)

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- Operating performance improved in 3Q26, with recurring income underpinned by higher occupancy at its Singapore office and UK living portfolio. Residential sales value was stable yoy. However, management guided for a weaker 2H26 yoy on a high 2H25 base, forex losses and potential property impairments. It also indicated a delay in certain capital recycling transactions to 2027. Nonetheless, CIT remains committed to executing its strategic objectives to unlock embedded value and strengthen its financial position. Maintain BUY; target price: S$11.85.

Company Update | Yangzijiang Shipbuilding (YZJSGD SP/**BUY**/S$4.61/Target: S$5.30)

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- Yangzijiang Shipbuilding secured US$6.98b in new orders in 10M26, exceeding its 2026 target by 55%, while its record US$26.3b orderbook extends revenue visibility through 2030. Further wins remain possible, but limited earlier delivery slots and unresolved US-China port-charge measures somewhat reduce visibility on 2027 order intake. We maintain our earnings forecasts, with 21%/17% yoy growth projected for 2027/28, supported by the orderbook, stable margins and capacity expansion. Maintain BUY with a lower target price of S$5.30.

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Market Spotlight

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- US stocks were higher on Wednesday. All indices rose as information technology, energy and industrials sectors gained. There were more advancers than decliners on both the NYSE and NASDAQ.
- The FSSTI rose 31.07 points to 5,289.66, on the back of strength in DBS, Singtel and OCBC Bank. Both mid- and small-cap indices rose, with a broad market advance on S$2.11b turnover.

Technical Analysis

Raffles Medical Group (RFMD SP) Page 16 →

- Trading Buy Range: S$0.840-0.845

Yangzijiang Financial (YZJFH SP) Page 16 →

- Trading Buy Range: S$0.210-0.215

UMS Integration (UMSH SP)

3Q26: Earnings In Line; New Customer Ramp-up Drives Growth

Highlights

- 3Q26 earnings rose 102% yoy and 9% qoq to S$21m. 9M26 earnings of S$54.5m (+78% yoy) were largely in line at 76% of our full-year forecast.
- 3Q26 revenue grew 61% yoy and 9% qoq to S$95m, led by an 87% yoy rise in semiconductor component sales to S$56m.
- Customer demand and outlook remain robust. Capacity expansion in Malaysia and Vietnam supports future growth. Maintain BUY with a 27% lower target price of S$2.40.

3Q26 Results

Year to 31 Dec (S$m)	3Q26	3Q25	yoy % chg	9M26	9M25	yoy % chg
Revenue	95.4	59.3	61	251.9	184.3	37
Gross profit	49.4	34.5	43	133.1	103.3	29
Gross margin (%)	51.8	58.2	-6.4ppt	52.8	56.1	-3.2ppt
PATMI	**21.1**	**10.5**	**102**	**54.5**	**30.5**	**78**
Net margin (%)	22.1	17.6	4.5ppt	21.6	16.6	5.1ppt

Source: UMS, UOB Kay Hian

Analysis

- **9M26 earnings in line with expectations.** UMS Integration (UMS) reported 9M26 earnings of S$54.5m (+78% yoy), which accounts for 76% of our 2026 forecast. 3Q26 earnings rose 102% yoy and 8.7% qoq to S$21.1m. 9M26 revenue of S$251.9m already exceeds the S$251.1m revenue recorded for full-year 2025.
- **New customer ramp-up drives semiconductor growth.** 3Q26 revenue increased 61% yoy/9% qoq to S$95.4m. Semiconductor sales rose 65% yoy to S$83.1m, led by an 87% increase in component sales to S$55.8m. Integrated system sales grew 32% yoy to S$27.3m but fell 19% qoq due to OEM parts shortages, which management expects to ease. Aerospace sales rose 55% yoy to S$9.7m. Malaysia revenue surged 209% yoy to S$24.3m as production for the new customer accelerated; Taiwan and South Korea sales grew 94% and 86% respectively.
- **Margins softened, but cash generation remained strong.** 3Q26 gross material margin fell to 51.8% from 58.2% a year earlier, due to less favourable product mix as component sales to the new customer ramped up. A S$1.6m forex gain also supported earnings. Operating cash flow was S$21.2m in 3Q26 and S$52.7m in 9M26. A third interim dividend of 1.0 S cent/share was declared.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	242	251	341	420	483
EBITDA	65	75	118	140	158
Operating profit	46	50	88	108	124
Net profit (rep./act.)	41	42	77	93	107
Net profit (adj.)	41	42	77	93	107
EPS (S$ cent)	5.8	5.9	8.2	9.9	11.4
PE (x)	32.8	32.1	23.1	19.1	16.6
P/B (x)	3.2	3.1	3.0	2.8	2.5
EV/EBITDA (x)	24.6	21.5	13.6	11.5	10.2
Dividend yield (%)	2.8	2.3	2.6	2.6	2.6
Net margin (%)	16.9	16.7	22.5	22.1	22.2
Net debt/(cash) to equity (%)	(18.9)	(10.0)	(33.1)	(33.8)	(37.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	10.5	9.9	15.0	15.0	16.0
Consensus net profit (S$m)	-	-	70	88	101
UOBKH/Consensus (x)	-	-	1.11	1.06	1.06

Source: UMS, Bloomberg, UOB Kay Hian

Analyst(s)

John Cheong
johncheong@uobkh.com
+65 6590 6623

BUY (Maintained)

Share Price	S$1.89
Target Price	S$2.40
Upside	+27.0%
Previous TP	S$3.27

Stock Data

Sector	Information Technology
Bloomberg ticker	UMSH SP
Shares issued (m)	941.1
Market cap (S$m)	1,778.7
Market cap (US$m)	1,387.3
3-mth avg daily t'over (US$m)	18.1

Price Performance (%)

52-week high/low				S$3.15/S$1.03
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(32.7)	(25.0)	(19.9)	64.1	66.4

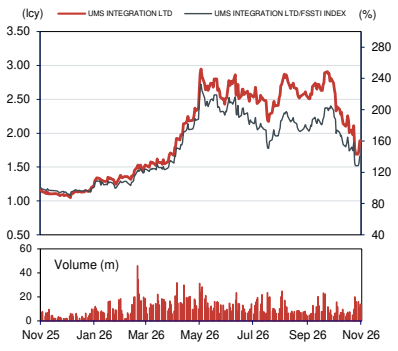
Major Shareholders (%)

Luong Andy	14.04
Catcher Technology	5.12

Balance Sheet

FY26 NAV/Share (S$)	0.63
FY26 Net Cash/Share (S$)	0.05

Price Chart



Source: Bloomberg

Company Description

UMS provides high precision components and complex electromechanical assembly and final testing for semiconductor equipment manufacturers.

- **Capacity expansion supports the next phase of growth.** UMS reports strong demand guidance from both major customers, supported by AI, memory and advanced packaging investments. It is setting up a Vietnam joint venture to complement Singapore and Malaysia operations. The October placement of 52.9m shares raised S$138.6m net proceeds for projects in Penang, Vietnam and Singapore. These initiatives expand capacity and diversify its production footprint as new customer programmes ramp up.
- **The outlook for the semiconductor industry remains robust** as global semiconductor giants continue to accelerate production to meet surging AI demand. According to SEMI, global 300mm front-end fab equipment spending is projected to reach US$149b in 2026, up 31% yoy. Investment is expected to continue growing at double-digit rates through 2029, reaching US$227b. The stronger investment trajectory is accompanied by a sustained pipeline of new 300mm fabs and production lines moving through construction and into operation. Excluding pure R&D fabs, SEMI projects 20 new 300mm fabs or lines to begin construction worldwide in 2026 and 18 in 2027.

Valuation/Recommendation

- **Maintain BUY with a 27% lower target price of S$2.40.** This is based on 24.3x 2027F PE (+1SD above mean) on the enlarged share base from Malaysia placement exercise, vs the previous 32x (+2SD above mean) to account for the recent semiconductor sector derating. We remain positive on the semiconductor sector outlook, rising contributions from the new customer and capacity expansion.

Earnings Revision/Risk

- **Net profit forecasts raised by 7-11%.** We raised 2026/27/28 earnings forecasts by 5%/16%/20% after raising our revenue estimates by 7%/10%/11%, supported by the positive outlook for increased orders from the new customer. Risks include prolonged parts shortages, customer concentration, weaker product mix and execution delays in capacity expansion.

Share Price Catalyst

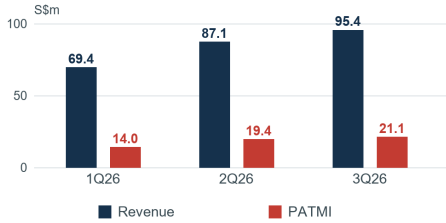
- Faster customer ramp-up and easing OEM parts shortages.
- New project wins and successful capacity expansion.

Historical PE Band



Source: UMS, UOB Kay Hian

Quarterly Performance



Source: UMS, UOB Kay Hian

Peer Comparison

Company	Ticker	Trading Curr (lcy)	Price @ 11 Nov 26 (lcy)	Market Cap (US$m)	PE 2026 (x)	PE 2027 (x)	P/B 2026 (x)	P/B 2027 (x)	EV/EBITDA 2026 (x)	EV/EBITDA 2027 (x)	ROE 2026 (%)	Yield 2026 (%)
AEM	AEM SP	SGD	7.05	1,754	25.7	22.5	4.0	3.6	18.0	16.1	16.7	1.0
Venture	VMS SP	SGD	15.31	3,429	17.9	16.9	1.6	1.5	11.2	10.6	8.8	5.2
Frencken	FRKN SP	SGD	1.89	698	17.9	16.6	1.6	1.5	10.7	9.9	9.1	1.7
Singapore average						**20.5**	**18.7**	**2.4**	**2.2**	**13.3**	**12.2**	**11.5**
Kulicke & Soffa	KLIC US	USD	69.7	3,647	17.9	12.6	n.a.	n.a.	12.4	7.0	22.7	1.2
ASML	ASML NA	EUR	1405.2	607,604	33.8	24.6	21.8	14.8	27.3	19.7	70.0	0.7
Applied Materials	AMAT US	USD	372.53	295,639	29.1	20.0	11.3	8.9	24.8	16.7	43.1	0.5
Lam Research	LRCX US	USD	222.39	277,803	38.4	23.0	22.3	15.5	31.7	18.5	65.1	0.5
KLA Corp	KLAC US	USD	152.99	199,653	41.6	26.4	31.5	21.7	32.8	21.5	87.5	3.9
Teradyne	TER US	USD	245.4	38,313	26.0	20.1	10.3	7.9	20.3	15.5	42.9	0.2
Global average					**31.1**	**21.1**	**19.4**	**13.8**	**24.9**	**16.5**	**55.2**	**1.2**
UWC	UWC MK	MYR	6.68	1,810	78.5	42.5	12.9	9.9	47.6	30.1	17.9	0.0
Sam Engineering	SEQB MK	MYR	3.74	622	31.2	22.0	1.8	1.7	13.7	11.2	5.6	0.7
Coraza Integrated	CORAZA MK	MYR	1.23	150	30.8	21.6	3.6	3.1	12.8	9.9	12.6	n.a.
Greatech	GREATEC MK	MYR	2.53	1,562	40.8	26.6	5.4	4.6	28.8	19.0	14.5	0.1
Inari Amertron	INRI MK	MYR	2.27	2,160	67.8	31.1	3.1	3.0	39.5	18.2	4.6	2.1
Northeast	NE MK	MYR	0.96	174	19.2	17.1	n.a.	n.a.	9.8	8.4	12.7	0.0
Oppstar	OPPSTAR MK	MYR	0.525	83	25.0	22.8	2.6	2.6	n.a.	n.a.	n.a.	n.a.
Pentamaster	PENT MK	MYR	5.29	924	52.9	33.7	4.4	4.0	24.7	18.2	8.1	0.4
Vitrox	VITRO MK	MYR	10.06	4,680	54.1	42.8	13.7	11.3	46.4	37.7	26.9	0.5
Malaysia average						**44.5**	**28.9**	**6.0**	**5.0**	**27.9**	**19.1**	**12.9**
UMS	UMSH SP	SGD	1.89	1,387	23.1	19.1	3.0	2.8	15.0	12.6	15.0	2.6

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**251.1**	**341.4**	**420.0**	**483.0**
EBITDA	75.0	118.1	139.9	158.4
Deprec. & amort.	24.9	29.9	32.0	34.0
EBIT	50.1	88.2	107.9	124.4
Total other non-operating income	(0.0)	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.5	0.0	0.0	0.0
Pre-tax profit	**50.6**	**88.3**	**107.9**	**124.4**
Tax	(6.6)	(9.3)	(12.9)	(14.9)
Minorities	(2.0)	(2.0)	(2.0)	(2.0)
Net profit	**41.9**	**77.0**	**92.9**	**107.4**
Net profit (adj.)	41.9	77.0	92.9	107.4

Balance Sheet (Pre-Placement)

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	194.4	190.5	183.6	174.5
Other LT assets	96.3	96.2	96.2	96.2
Cash/ST investment	43.1	197.9	217.4	264.5
Other current assets	194.8	221.1	273.3	308.9
Total assets	**528.5**	**705.6**	**770.4**	**844.1**
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	53.5	55.8	67.6	77.0
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	18.6	24.7	31.8	35.7
Shareholders' equity	428.7	597.3	643.2	703.6
Minority interest	27.8	27.8	27.8	27.8
Total liabilities & equity	**528.5**	**705.6**	**770.4**	**844.2**

Cash Flow (Pre-Placement)

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**39.7**	**89.2**	**91.6**	**119.2**
Pre-tax profit	50.3	88.3	107.9	124.4
Tax	(6.0)	(6.3)	(9.2)	(12.5)
Deprec. & amort.	24.9	29.9	32.0	34.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(21.8)	(20.7)	(37.1)	(24.7)
Non-cash items	(7.7)	(1.9)	(2.0)	(2.1)
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	**(36.6)**	**(26.0)**	**(25.0)**	**(25.0)**
Capex (growth)	(38.6)	(26.0)	(25.0)	(25.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	2.0	0.0	0.0	0.0
Financing	**(37.4)**	**91.6**	**(47.1)**	**(47.1)**
Dividend payments	(31.3)	(42.4)	(47.1)	(47.1)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(0.8)	0.0	0.0	0.0
Others/interest paid	(5.4)	134.0	0.0	0.0
Net cash inflow (outflow)	**(34.4)**	**154.8**	**19.5**	**47.1**
Beginning cash & cash equivalent	**79.9**	**43.1**	**197.9**	**217.4**
Changes due to forex impact	(2.5)	0.0	0.0	0.0
Ending cash & cash equivalent	**43.1**	**197.9**	**217.4**	**264.5**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	29.9	34.6	33.3	32.8
Pre-tax margin	20.1	25.8	25.7	25.8
Net margin	16.7	22.5	22.1	22.2
ROA	8.1	12.5	12.6	13.3
ROE	9.9	15.0	15.0	16.0
Growth				
Turnover	3.7	36.0	23.0	15.0
EBITDA	14.8	57.5	18.4	13.3
Pre-tax profit	7.4	74.6	22.3	15.3
Net profit	2.4	83.7	20.7	15.6
Net profit (adj.)	2.4	83.7	20.7	15.6
EPS	2.4	38.7	20.7	15.6
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(10.0)	(33.1)	(33.8)	(37.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

Valuetronics (VALUE SP)

1HFY27: Dividend Up 75%; ICE Drives Growth

Highlights

- 1HFY27 revenue of HK$897.3m (+7.3% yoy) and PATMI of HK$89.8m (-3.5% yoy) are ahead of the run-rate, representing 53.8% and 56.1% of our FY27 forecasts respectively.
- Interim dividends surged 75% yoy to 14 HK cents/share, while ICE revenue grew 18.6% yoy to HK$837.9m. Strong net cash of HK$1.15b supports the HK$300m capital return programme.
- Maintain BUY with a 25% lower target price of S$1.40, pegged to 16x FY28F ex-cash PE (+1SD), down from 19x (+2SD) to reflect the broader tech sector de-rating.

1HFY27 Results

Year to 31 Mar (HK$m)	1HFY27	1HFY26	yoy % chg	2HFY26	hoh % chg
Revenue	**897.3**	**836.2**	**7.3**	823.7	8.9
Gross Profit	**167.9**	**164.7**	**1.9**	**155.1**	**8.3**
Gross margin (%)	18.7	19.7	(1.0ppt)	18.9	(0.2ppt)
Profit before tax	**106.3**	**105.0**	**1.3**	**36.1**	**n.m.**
Net profit (continuing ops)	95.9	98.1	(2.2)	70.5	36.0
Net profit (attributable)	**89.8**	**93.0**	**(3.5)**	**24.1**	**271.7**
Dividend (HK cents/share)	**14.0**	**8.0**	**75.0**	**30.0**	**(53.3)**

Source: VALUE, UOB Kay Hian

Analysis

- **Revenue and PATMI ahead of run-rate.** Revenue rose 7.3% yoy to HK$897.3m, driven by higher contributions from ICE's network access solutions and captioned phone customers. Reported PATMI declined 3.5% yoy to HK$89.8m, weighed down by higher component costs and increased taxes following changes to tax incentives in Vietnam. Revenue and PATMI accounted for 53.8% and 56.1% of our FY27 forecasts respectively. PBT grew 1.3% yoy to HK$106.3m despite a 1.0ppt decline in gross profit margin to 18.7% amid semiconductor supply constraints. Excluding discontinued GPU cloud operations, net profit declined 2.2% yoy to HK$95.9m.
- **Interim dividend jumps 75% to 14 HK cents/share.** Management declared an ordinary interim dividend of 8 HK cents/share (1HFY26: 4 HK cents) and a special interim dividend of 6 HK cents/share (1HFY26: 4 HK cents), bringing total interim dividends to 14 HK cents/share (+75% yoy). This represents a payout ratio of approximately 59.8%, in line with its revised dividend policy of 50-70% of net profit, reinforcing management's commitment to enhancing shareholder returns through its HK$300m capital return programme.

Key Financials

Year to 31 Mar (HK$m)	2025	2026	2027F	2028F	2029F
Net turnover	1,729	1,660	1,668	1,714	1,782
EBITDA	219	183	258	265	273
Operating profit	175	137	177	192	205
Net profit (rep./act.)	166	111	160	174	186
Net profit (adj.)	166	149	160	174	186
EPS (HK$)	40.6	36.4	39.0	42.4	45.3
PE (x)	14.0	15.6	14.6	13.4	12.6
P/B (x)	1.6	1.6	1.6	1.6	1.6
EV/EBITDA (x)	4.9	5.8	4.1	4.0	3.9
Dividend yield (%)	4.7	6.7	6.9	7.5	8.0
Net margin (%)	9.6	6.7	9.6	10.1	10.4
Net debt/(cash) to equity (%)	(75.2)	(82.6)	(85.4)	(87.1)	(89.0)
Interest cover (x)	352.8	269.0	207.4	241.1	271.2
ROE (%)	11.7	7.6	10.9	11.8	12.6
Consensus net profit (HK$m)	-	-	163	172	-
UOBKH/Consensus (x)	-	-	0.98	1.01	-

Source: VALUE, Bloomberg, UOB Kay Hian

Analyst(s)

John Cheong
johncheong@uobkh.com
+65 6590 6623

Shaina Mahtani
shainamahtani@uobkh.com
+65 6590 6633

BUY (Maintained)

Share Price	S$0.93
Target Price	S$1.40
Upside	50.5%
Previous TP	S$1.88

Stock Data

GICS sector	Information Technology
Bloomberg ticker:	VALUE SP
Shares issued (m):	407.9
Market Cap (S$m):	379.4
Market cap (US$m):	296.0
3-mth avg t'over (US$m):	0.6

Price Performance (%)

52-week high/low				S$1.21/S$0.81
1mth	3mth	6mth	1yr	YTD
(8.8)	(6.1)	(16.2)	12.0	8.8

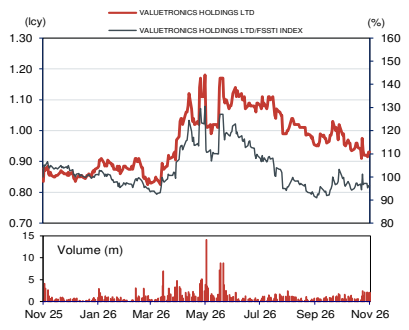
Major Shareholders (%)

Tse Chong Hing	18.57
Chow Kok Kit	7.82

Balance Sheet Metrics

FY27 NAV/Share (HK$)	3.59
FY27 Net Cash/ Share (HK$)	3.06

Price Chart



Source: Bloomberg

Company Description

Valuetronics Holdings Ltd. offers original equipment manufacturing and original design manufacturing services. The Company serves customers in the telecommunications, industrial, commercial electronic products, and consumer electronic products industries.

- **ICE segment continues to drive revenue growth.** ICE revenue grew 18.6% yoy to HK$837.9m, supported by strong demand from network access and captioned phone customers, accounting for 93.4% of total revenue (1HFY26: 84.5%). This offset a 54.3% decline in Consumer electronics (CE) revenue to HK$59.4m following the phase-out of traditional consumer lifestyle products. Management expects ICE growth to continue in FY27, while CE revenue is expected to decline despite new project wins. Automotive opportunities remain longer-term growth drivers given lengthy qualification cycles.
- **HK$300m capital return programme supported by strong net cash.** VALUE paid HK$65.7m in FY26 special dividends in August and declared a further HK$24.5m special interim dividend for 1HFY27. The group has also utilised HK$31.4m to repurchase 5.1m shares, representing 39% of its HK$80m FY27 buyback allocation. Net cash remained strong at HK$1.15b with no bank borrowings, while operating cash flow stood at HK$76.3m against capex of HK$18.4m. We expect continued execution of the FY27-28 capital return programme to enhance shareholder returns, supported by its strong balance sheet while allowing for future growth.
- **GPU disposal remains ongoing following Trio AI cessation.** Following the cessation of Trio AI's operations in Aug 26, VALUE recorded a HK$6.1m loss from discontinued operations, mainly attributable to depreciation of GPU servers and related hardware. Approximately HK$127.5m of GPU-related assets have been classified as held for sale, with management currently engaging potential buyers to recover value from these assets. A sale could release additional cash, although the timing and proceeds remain uncertain.

Earnings Revision/Risk

- We maintain our earnings estimates. Key risks are component costs and trade policies.

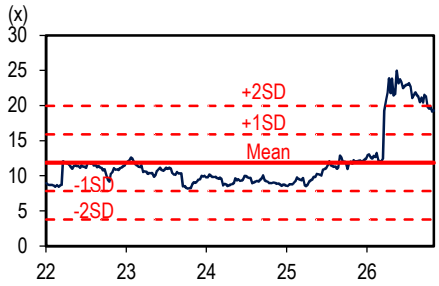
Valuation/Recommendation

- **Maintain BUY with a 25% lower target price of S$1.40,** pegged to 16x FY28F ex-cash PE (+1SD above mean), with 50% discount ascribed to cash. This is lowered from 19x PE (+2SD above mean) previously to account for general sector derating in the tech sector. Higher dividends, progress on capital returns and sustained ICE growth support our positive view.

Share Price Catalyst

- Further execution of the HK$300m capital return programme and GPU asset disposals.
- Continued ICE customer growth and new entertainment product launches.

Historical PE Band



Source: VALUE, UOB Kay Hian

Peer Comparison

Company	Ticker	Trading Curr	Price @ 11-Nov-26	Market Cap	PE			P/B			ROE	Yield
					2025	2026	2027	2025	2026	2027	2026	2026
		(lcy)	(lcy)	(US$m)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
AEM	AEM SP	SGD	7.05	1,755	130.6	25.7	22.5	4.5	4.0	3.6	16.7	1.0
Aztech	AZTECH SP	SGD	0.365	220	7.0	14.1	9.6	1.0	1.2	1.2	7.5	5.5
Frencken	FRKN SP	SGD	1.89	698	20.6	17.9	16.6	1.7	1.6	1.5	9.1	1.7
UMS	UMSH SP	SGD	1.89	1,388	32.3	23.1	19.1	3.1	3.0	2.8	15.0	2.6
Venture	VMS SP	SGD	15.31	3,429	19.4	17.9	16.9	1.6	1.6	1.5	8.8	5.2
Singapore average (Excl AEM)						**19.8**	**18.2**	**15.5**	**1.8**	**1.8**	**1.7**	**10.1**
Coraza Integrated	CORAZA MK	MYR	1.23	150	42.9	30.8	21.6	4.2	3.6	3.1	12.6	n.a.
Greatech	GREATEC MK	MYR	2.53	1,562	73.1	40.8	26.6	6.3	5.4	4.6	14.5	0.1
Inari Amertron	INRI MK	MYR	2.27	2,160	39.3	67.8	31.1	3.1	3.1	3.0	4.6	2.1
Northeast	NE MK	MYR	0.96	174	34.3	19.2	17.1	2.7	n.a.	n.a.	12.7	0.0
Oppstar	OPPSTAR MK	MYR	0.525	83	n.a.	25.0	22.8	2.8	2.6	2.6	n.a.	n.a.
Pentamaster	PENT MK	MYR	5.29	924	60.7	52.9	33.7	4.8	4.4	4.0	8.1	0.4
Sam Engineering	SEQB MK	MYR	3.74	622	56.6	31.2	22.0	2.0	1.8	1.7	5.6	0.7
UWC	UWC MK	MYR	6.68	1,810	181.5	78.5	42.5	15.4	12.9	9.9	17.9	0.0
Vitrox	VITRO MK	MYR	10.06	4,680	142.9	54.1	42.8	16.8	13.7	11.3	26.9	0.5
Malaysia average						**78.9**	**44.5**	**28.9**	**6.5**	**6.0**	**5.0**	**12.9**	**0.5**
Valuetronics	VALUE SP	SGD	0.93	296	19.6	14.6	13.4	1.6	1.6	1.6	10.9	6.9

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Mar (HK$m)	2026	2027F	2028F	2029F
Net turnover	**1,660.2**	**1,668.3**	**1,714.2**	**1,782.0**
EBITDA	183.4	257.5	265.4	272.5
Deprec. & amort.	46.6	80.5	73.3	67.4
EBIT	136.8	177.0	192.2	205.1
Total other non-operating income	0.0	(0.0)	0.0	(0.0)
Net interest income/(expense)	(0.7)	(1.2)	(1.1)	(1.0)
Pre-tax profit	130.7	175.8	191.1	204.1
Tax	(19.3)	(15.8)	(17.2)	(18.4)
Minorities	0.0	0.0	0.0	0.0
Net profit	**111.4**	**159.9**	**173.9**	**185.7**
Net profit (adj.)	149.2	159.9	173.9	185.7
Net turnover	**1,660.2**	**1,668.3**	**1,714.2**	**1,782.0**

Balance Sheet

Year to 31 Mar (HK$m)	2026	2027F	2028F	2029F
Fixed assets	366.0	333.0	306.4	281.9
Other LT assets	60.1	60.1	60.1	60.1
Cash/ST investment	1,213.8	1,254.4	1,279.9	1,307.2
Other current assets	544.2	546.7	560.6	581.1
Total assets	**2,184.1**	**2,194.1**	**2,207.0**	**2,230.3**
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	709.4	719.5	732.3	755.6
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	5.4	5.4	5.4	5.4
Shareholders' equity	1,469.3	1,469.3	1,469.3	1,469.3
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	**2,184.1**	**2,194.1**	**2,207.0**	**2,230.3**

Cash flow

Year to 31 Mar (HK$m)	2026	2027F	2028F	2029F
Operating	**182.2**	**248.1**	**246.0**	**255.9**
Pre-tax profit	130.7	175.8	191.1	204.1
Tax	(2.8)	(15.8)	(17.2)	(18.4)
Deprec. & amort.	47.3	80.5	73.3	67.4
Associates	0.0	0.0	0.0	0.0
Working capital changes	46.1	7.6	(1.1)	2.8
Non-cash items	(0.1)	0.0	0.0	0.0
Other operating cashflows	(39.0)	0.0	0.0	0.0
Investing	**(3.9)**	**(47.6)**	**(46.6)**	**(42.9)**
Capex (growth)	(47.0)	(47.6)	(46.6)	(42.9)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.1	0.0	0.0	0.0
Others	43.1	0.0	0.0	0.0
Financing	**(110.9)**	**(159.9)**	**(173.9)**	**(185.7)**
Dividend payments	(110.3)	(159.9)	(173.9)	(185.7)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(0.6)	0.0	0.0	0.0
Net cash inflow (outflow)	**67.5**	**40.6**	**25.6**	**27.3**
Beginning cash & cash equivalent	**1,093.8**	**1,213.8**	**1,254.4**	**1,279.9**
Changes due to forex impact	9.3	0.0	0.0	0.0
Ending cash & cash equivalent	**1,170.6**	**1,254.4**	**1,279.9**	**1,307.2**

Key Metric

Year to 31 Mar (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	11.0	15.4	15.5	15.3
Pre-tax margin	7.9	10.5	11.1	11.5
Net margin	6.7	9.6	10.1	10.4
ROA	5.1	7.3	7.9	8.4
ROE	7.6	10.9	11.8	12.6
Growth				
Turnover	(4.0)	0.5	2.8	4.0
EBITDA	(16.1)	40.4	3.1	2.7
Pre-tax profit	(25.2)	34.5	8.7	6.8
Net profit	(33.1)	43.5	8.7	6.8
Net profit (adj.)	(10.4)	7.2	8.7	6.8
EPS	(10.4)	7.2	8.7	6.8
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(82.6)	(85.4)	(87.1)	(89.0)
Interest cover (x)	269.0	207.4	241.1	271.2

City Developments (CIT SP)

Resilient Operating Performance

Highlights

- **Business as usual.** In its 3Q26 operational update, CIT reported stable residential sales value yoy while its investment property portfolio enjoyed higher occupancy amid positive rental reversion. Its hospitality segment saw an improved 6.4% growth in portfolio RevPAR. Gearing stayed stable qoq at 75% as at end-3Q26.
- **Guiding for 2H26 to be weaker yoy.** Although this does not come as a surprise given the very high base of PATMI in 2H25 (due mainly to divestment gains from South Beach), CIT alerted that forex losses on its SGD-denominated intercompany loan receivable due to the strengthening of Korean won vs S$ could drag on earnings while year-end property valuations may result in impairment losses.
- **Capital recycling transactions delayed to 2027.** CIT updated that under the current challenging market conditions, certain capital recycling transactions originally envisaged for the remainder for 2026 are now expected to complete in 2027 instead. Nonetheless, CIT remains committed to executing its strategic objectives to: a) unlock embedded value through S$6b of divestments, and b) strengthen its financial position by lowering gearing to 55% by 2029.
- **Maintain BUY with a target price of S$11.85.**

Analysis

- **Reported S$322.6m residential sales in 3Q26, bringing 9M26 sales to around S$1.2b**. While 3Q26 sales value was slightly ahead of 3Q25's level, the 9M26 sales value was below the S$2.5b recorded for 9M25. After 3Q26, there has been a continued increase in take-up rates at Lucerne Grand (73% sold) and Union Square Residences (80% sold), while Canning Hill Piers obtained TOP.
- **730 new units to be launched in 1Q27**. City Developments (CIT) is scheduled to roll out two executive condominium (EC) projects in 1Q27 – 430-unit Wynwood Grand in Woodlands and 300-unit Solano Grand at Senja Close. We expect these two developments to be well received as both sites were acquired under the previous EC framework.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	3,271.2	3,587.1	4,158.5	3,534.3	3,667.1
EBITDA	691.0	583.2	1,123.2	959.6	876.1
Operating profit	413.7	293.5	826.5	661.5	576.6
Net profit (rep./act.)	201.3	629.7	565.1	351.0	250.9
Net profit (adj.)	201.3	629.7	565.1	351.0	250.9
EPS (S$ cent)	22.4	70.5	63.3	39.3	28.1
PE (x)	31.7	10.1	11.3	18.1	25.4
P/B (x)	0.7	0.7	0.6	0.6	0.5
EV/EBITDA (x)	26.9	31.8	16.5	19.3	21.2
Dividend yield (%)	1.4	1.7	3.1	1.9	1.3
Net margin (%)	6.2	17.6	13.6	9.9	6.8
Net debt/(cash) to equity (%)	113.5	118.2	110.2	99.5	92.8
Interest cover (x)	1.9	1.4	3.3	2.6	2.4
ROE (%)	2.2	6.7	5.6	3.3	2.2
Consensus net profit (S$m)	-	-	437.5	466.9	473.7
UOBKH/Consensus (x)	-	-	1.29	0.75	0.53

Source: City Developments, Bloomberg, UOB Kay Hian

Analyst(s)

Lock Mun Yee
munyeelock@uobkh.com
+65 6590 6266

BUY (Maintained)

Share Price	S$7.12
Target Price	S$11.85
Upside	66.4%

Stock Data

Sector	Real Estate
Bloomberg ticker	CIT SP
Shares issued (m)	893.4
Market cap (S$m)	6,361.0
Market cap (US$m)	4,960.2
3-mth avg daily t'over (US$m)	14.4

Price Performance (%)

52-week high/low				S$10.09/S$6.95
1mth	3mth	6mth	1yr	YTD
0.3	(9.0)	(12.2)	(2.6)	(11.0)

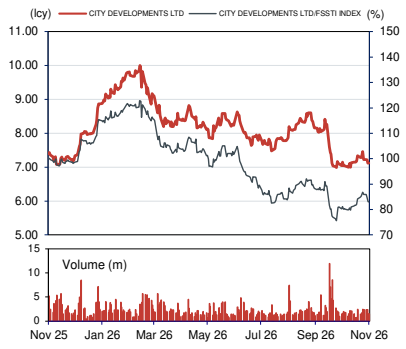
Major Shareholders (%)

Hong Leong Investment Hldgs	49.45

Balance Sheet Metrics

FY26 NAV/Share (S$)	11.70
FY26 Net Debt/Share (S$)	12.90

Price Chart



Source: Bloomberg

Company Description

CIT is a global real estate operating company with a geographically diverse portfolio comprising residences, offices, hotels, serviced apartments and shopping malls.

- **Recurring income fortified by strong office and retail tenancies.** Singapore office saw an uptick in occupancy level to 97.4% amid positive rental reversions while Singapore retail occupancy stood at 97.1%. Newport Tower and Union Square Central, scheduled to complete in 2027 and 2028 respectively, have attracted leasing interest from cybersecurity, fintech, financial and professional services sectors. While UK commercial portfolio committed occupancy dipped qoq to 82.8%, management indicated that leasing activity has picked up with a total 96,680sf currently under offer. We estimate that portfolio occupancy could rise above 90% upon full conversion.
- **Hospitality RevPAR up 6.4% yoy in 9M26 vs +4.9% yoy in 1H26.** The improvement in hotel segment performance came on the back of a 2.3% rise in occupancy and a 3.1% higher average room rate. Gross operating (GOP) margin rose 0.5% to 32.5% in 9M26. The best RevPAR yoy growths by geography came from the US (+15.4%), Australasia (+11.8%) and Asia (+1.2%). Management expects RevPAR growth to continue for the rest of 2026, supported by recovery in corporate and group travel.
- **Living sector portfolio continues to gain traction.** Occupancy at CIT's UK rental housing properties such as The Junction saw an uptick in take-up rates to 94% while its UK student accommodation portfolio also enjoyed a higher take-up rate of 83% for the 2026/27 academic year. This should build on the group's recurring income base as it ramps up occupancy and rental performance.

Valuation/Recommendation

- **We maintain our BUY rating on CIT** on the back of its attractive valuation at 0.62x P/B and 58% discount to our RNAV estimate of S$16.92. We believe the potential positive knock-on benefits from a lower net debt-to-equity ratio and higher ROE, as the group executes its portfolio optimisation strategy on the back of the strategic review, should close the valuation gap between share price and asset backing. Our target price of S$11.85 is premised on a 30% discount to RNAV.

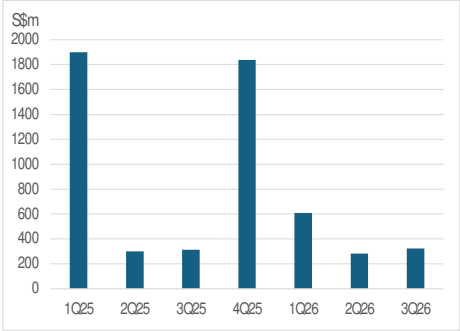
Earnings Revision/Risk

- We keep our RNAV at S$16.92 and maintain our target price at S$11.85, based on a 30% discount to RNAV. Key risks to our view include a longer-than-expected timeline to divest assets or lower-than-projected divestment gains.

Share Price Catalyst

- Strong execution outcome for its asset sales and capital recycling efforts, resulting in a robust improvement in ROE.

Total Residential Sales Value



Source: City Developments, UOB Kay Hian

Key Operating Hotel Statics

	Room Occupancy			Average Room Rate			RevPAR			GOP Margin		
	9M 2026	9M 2025	Incr/ (Decr)	9M 2026	9M 2025*	Incr/ (Decr)	9M 2026	9M 2025*	Incr/ (Decr)	9M 2026	9M 2025	Incr/ (Decr)
	%	%	%pts	$	$	%	$	$	%	%	%	%pts
Singapore	81.2	78.5	2.7	201.2	201.9	(0.3)	163.3	158.5	3.0	36.4	38.9	(2.5)
Rest of Asia	66.1	66.7	(0.6)	151.5	149.5	1.3	100.2	99.8	0.4	37.2	35.8	1.4
Total Asia	**71.9**	**71.3**	**0.6**	**172.9**	**172.1**	**0.5**	**124.2**	**122.7**	**1.2**	**36.8**	**37.3**	**(0.5)**
Australasia	**74.8**	**70.5**	**4.3**	**184.6**	**175.1**	**5.4**	**138.1**	**123.5**	**11.8**	**33.6**	**31.3**	**2.3**
London	85.1	80.0	5.1	287.9	312.5	(7.9)	245.0	250.1	(2.0)	46.5	47.4	(0.9)
Rest of UK and Europe	77.9	80.7	(2.8)	220.7	213.0	3.6	172.0	171.9	0.1	28.4	29.0	(0.6)
Total Europe	**82.0**	**80.4**	**1.6**	**260.5**	**263.5**	**(1.1)**	**213.7**	**211.8**	**0.9**	**39.9**	**39.7**	**0.2**
New York	87.3	86.9	0.4	366.2	338.0	8.3	319.8	293.6	8.9	19.9	18.3	1.6
Regional US	57.5	54.1	3.4	226.5	209.3	8.2	130.4	113.3	15.1	15.5	17.5	(2.0)
Total US	**72.5**	**69.0**	**3.5**	**311.1**	**283.1**	**9.9**	**225.6**	**195.5**	**15.4**	**18.5**	**18.1**	**0.4**
Total Group	**75.2**	**72.9**	**2.3**	**232.9**	**225.9**	**3.1**	**175.2**	**164.6**	**6.4**	**32.5**	**32.0**	**0.5**

Source: City Developments, UOB Kay Hian

RNAV Breakdown

Investment properties	**Stake**	**NLA**	**Mkt value (S$m)**	**Value/share (S$)**
Republic Plaza	100%	769,069	2996.1	3.35
City House	100%	157,283	475.6	0.53
Palais Renaissance	100%	111,061	300.4	0.34
King's Centre	100%	91,183	98.2	0.11
City Square Mall	100%	473,671	1188.4	1.33
Delfi orchard	100%	91,279	208.2	0.23
Katong Shopping Centre	100%	187,334	341.8	0.38
The Arcade	100%	48,815	111.3	0.12
Le Grove	100%	137	133.0	0.15
Biltmore Court & Tower USA	100%	377,995	235.0	0.26
125 Old Broad St UK	100%	329,396	302.2	0.34
Aldgate House UK	100%	209,860	367.7	0.41
St Katharine Docks UK	100%	525,201	746.8	0.84
330 Collins St AU	67%	193,907	116.8	0.13
Hong Leong Plaza Hongqiao - office	100%	345,229	40.9	0.05
Hong Leong Hongqiao Center - office	100%	360,432	47.4	0.05
Hong Leong Hongqiao Center - retail	100%	24,266	5.1	0.01
Hong Leong Technology Park Shenzhen	100%	931,274	36.8	0.04
Owned hotels	**Stake**	**Rooms**		
M Social Singapore	100%	293	162.8	0.18
Millinium Hilton Bangkok	58%	533	86.3	0.10
M Social Suzhou	100%	292	55.9	0.06
M&C hotels	**Stake**	**Rooms**		
Rest of Asia	100%	3,744	936.8	1.05
Australasia	86%	2,204	551.1	0.62
New York	100%	2,238	1,509.9	1.69
Regional US	100%	2,525	257.8	0.29
London	100%	2,343	1,463.5	1.64
Rest of Europe	100%	2,316	444.5	0.50
Living assets		**Units**		
UK PRS	100%	1,505	733.7	0.82
UK PBSA	100%	2,368	454.5	0.51
Japan PRS	100%	2,246	584.0	0.65
Australia BTR	100%	563	354.7	0.40
PV of development profits				
Singapore residential and other projects under devt			2852.9	3.19
China			62.2	0.07
Australia and others			15.5	0.02
Associates	**Stake**	**Issued units**		
CDL HT	29%	1,270.8	280.2	0.31
IREIT	21%	1,344.8	52.7	0.06
First Sponsor	35%	1,129.3	385.4	0.43
GAV			18,996.1	21.26
Other net assets/liabilities			7,466.3	8.36
Net cash/debt			-11,336.4	-12.69
RNAV			15,126.1	
RNAV/share			**16.93**	
Assumed discount			30%	
TP			**11.85**	

Source: City Developments, UOB Kay Hian

Profit & Loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**3,587**	**4,159**	**3,534**	**3,667**
EBITDA	583	1,123	960	876
Deprec. & amort.	290	297	298	299
EBIT	293	827	662	577
Total other non-operating income	30	0	0	0
Associate contributions	181	167	154	122
Net interest income/(expense)	(404)	(342)	(373)	(368)
Pre-tax profit	**772**	**708**	**443**	**331**
Tax	(136)	(137)	(89)	(77)
Minorities	(6)	(5)	(3)	(2)
Net profit	**630**	**565**	**351**	**251**
Net profit (adj.)	630	509	351	251

Balance Sheet

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	12,114	12,171	12,228	12,284
Other LT assets	3,857	4,024	4,178	4,300
Cash/ST investment	2,060	2,024	2,653	3,084
Other current assets	9,019	9,743	9,660	9,802
Total assets	**27,049**	**27,961**	**28,718**	**29,470**
ST debt	3,176	3,176	3,176	3,176
Other current liabilities	1,790	1,684	1,648	1,742
LT debt	10,221	10,371	10,521	10,671
Other LT liabilities	1,603	1,603	1,603	1,603
Shareholders' equity	9,592	10,454	11,094	11,599
Minority interest	668	674	677	679
Total liabilities & equity	**27,049**	**27,961**	**28,718**	**29,470**

Cash Flow

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**(1,512)**	**333**	**967**	**762**
Pre-tax profit	772	708	443	331
Tax	(119)	(137)	(89)	(77)
Deprec. & amort.	290	297	298	299
Associates	(181)	(167)	(154)	(122)
Working capital changes	(2,075)	(709)	96	(37)
Non-cash items	(612)	0	0	0
Other operating cashflows	415	342	373	368
Investing	**397**	**102**	**63**	**40**
Capex (growth)	(1,005)	(150)	(150)	(150)
Investments	1,345	167	154	122
Others	56	85	59	68
Financing	**421**	**(471)**	**(401)**	**(371)**
Dividend payments	(139)	(194)	(120)	(85)
Issue of shares	0	0	0	0
Proceeds from borrowings	3,151	150	150	150
Loan repayment	(2,016)	0	0	0
Others/interest paid	(574)	(427)	(432)	(436)
Net cash inflow (outflow)	**(694)**	**(36)**	**629**	**431**
Beginning cash & cash equivalent	**2,689**	**1,995**	**1,959**	**2,588**
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	**1,995**	**1,959**	**2,588**	**3,020**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	16.3	27.0	27.2	23.9
Pre-tax margin	21.5	17.0	12.5	9.0
Net margin	17.6	13.6	9.9	6.8
ROA	2.5	2.2	1.3	0.9
ROE	6.7	5.8	3.5	2.4
Growth				
Turnover	(27.4)	15.9	(15.0)	(11.8)
EBITDA	(36.2)	92.6	(14.6)	(22.0)
Pre-tax profit	63.3	(8.2)	(37.4)	(53.3)
Net profit	98.4	(10.3)	(37.9)	(55.6)
Net profit (adj.)	212.8	(10.3)	(37.9)	(28.5)
EPS	101.4	(10.3)	(37.9)	(55.6)
Leverage				
Debt to total capital	130.6	121.7	116.4	112.8
Debt to equity	139.7	129.6	123.5	119.4
Net debt/(cash) to equity	118.2	110.2	99.6	92.8
Interest cover	1.4	3.3	2.6	2.4

Yangzijiang Shipbuilding (YZJSGD SP)

Strong New Contract Wins Bring Orderbook To A New Record-high Level, Extending Earnings Visibility Through 2030

Highlights

- YZJ made good progress in contract wins, having secured US$6.98b in new orders in 10M26, 55% above its US$4.5b 2026 target. Its orderbook reached a record US$26.3b as of end-Oct 26, extending revenue visibility into 2030.
- Further order wins remain possible in the near term. However, visibility on the 2027 order win outlook appears more limited at this juncture, given the lack of earlier delivery slots before 2030, and continued uncertainties related to the unresolved US-China port charge measures.
- We maintain our earnings forecasts for YZJ, projecting 21% and 17% yoy earnings growth in 2027 and 2028, respectively, underpinned by its strong orderbook, stable margins and capacity expansion.
- Maintain BUY with a lower target price of S$5.30 based on 9.0x 2028F PE.

Analysis

- **Strong order wins of over US$5b in Aug-Oct 26...** According to Yangzijiang Shipbuilding's (YZJ) 3Q26 business update, the company secured US$6.98b in new orders in 10M26, or 55% above its US$4.5b full-year target. This implies that more than US$5b of orders were secured during Aug-Oct 26, a significant increase from the US$1.96b booked in 7M26. New wins were underpinned by ultra-large LNG dual-fuel containerships, which typically offer YZJ the highest margins among vessel types, and large bulk carriers.
- **…bringing the orderbook to a new record-high US$26.3b, extending revenue visibility in 2030.** Following these new orders, YZJ's orderbook increased to US$26.3b as of end-Oct 26, from US$22.4b as of end-Jun 26. Management shared that most of YZJ's 2030 delivery slots for large vessels have been taken up. The company is now focused on filling the remaining 2030 slots while opening delivery slots for 2031.
- **Likely to secure further orders in the near term.** Management shared that there are still contracts under active negotiation that could be signed later this year or early next year. This includes ongoing discussions with Seaspan to build six larger containerships.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	26,542	28,505	34,971	40,541	40,731
EBITDA	7,469	9,611	11,978	14,157	13,924
Operating profit	7,008	9,081	11,373	13,393	13,119
Net profit (rep./act.)	6,634	8,637	10,462	12,193	12,054
Net profit (adj.)	6,543	8,425	10,268	12,002	11,863
EPS (Fen)	165.6	213.8	260.9	305.0	301.4
PE (x)	14.5	11.2	9.2	7.9	8.0
P/B (x)	3.6	2.9	2.5	2.1	1.8
EV/EBITDA (x)	10.4	8.1	6.5	5.5	5.6
Dividend yield (%)	2.6	4.3	5.5	6.4	6.3
Net margin (%)	25.0	30.3	29.9	30.1	29.6
Net debt/(cash) to equity (%)	(81.2)	(64.2)	(43.7)	(49.6)	(53.6)
ROE (%)	28.1	29.6	29.6	29.0	24.9
Consensus net profit	-	-	10,999	12,294	13,238
UOBKH/Consensus (x)	-	-	0.93	0.98	0.90

Source: YZJ, Bloomberg, UOB Kay Hian

Analyst(s)

Roy Chen, CFA
roychen@uobkh.com
+65 6590 6627

BUY (Maintained)

Share Price	S$4.61
Target Price	S$5.30
Upside	14.9%
Previous TP	S$5.90

Stock Data

Sector	Industrials
Bloomberg ticker	YZJSGD SP
Shares issued (m)	3,935.6
Market cap (S$m)	18,143.1
Market cap (US$m)	14,152.2
3-mth avg daily t'over (US$m)	59.6

Price Performance (%)

52-week high/low				S$5.41/S$3.16
1mth	3mth	6mth	1yr	YTD
(9.6)	(1.1)	17.9	36.0	32.5

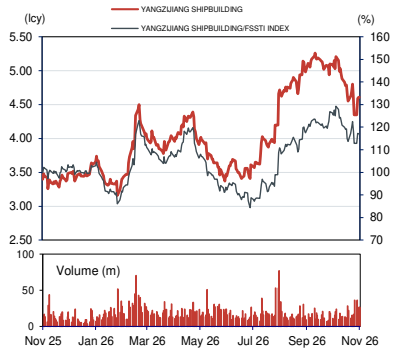
Major Shareholders (%)

Yangzi Int'l Hldgs	21.7
Lido Point Invt	9.6

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	9.79
FY26 Net Debt/(Cash)/Share (Rmb)	(4.28)

Price Chart



Source: Bloomberg

Company Description

Established in 1956, the company has four shipyards in Jiangsu, China, and is the country's largest private shipyard. Its products include containerships, oil/chemical tankers and bulk carriers with a client network across North America, Europe and Asia.

- **Guiding for hoh stable gross profit margins.** Management expects 2H26 margins to remain comparable with the strong 1H26 level, when shipbuilding gross profit margin was 37.1%, supported by a similar vessel mix and still-benign steel prices, despite some unfavourable impact from renminbi appreciation. We believe YZJ's selective approach to new orders remains important, as the company continues to prioritise vessel types and contract terms that protect margins rather than compete aggressively on price. Looking beyond 2H26, our base case is that YZJ's favourable orderbook structure, with good-margin containerships accounting for approximately 74% of orderbook value, should continue to support decent margin levels over the medium term.
- **Hongyuan yard remains on track; new yard development is being explored.** The Hongyuan yard has commenced operations and remains on track to reach full operations in early-27. Management expects it to contribute approximately 20% of group revenue in 2027. In addition, YZJ has approached the local government to seek approval for the development of the Runze yard. If approved, the project could add new delivery slots as early as 2029, supported by client demand. However, discussions remain at an early stage, and there is no guarantee that YZJ will proceed with the development.
- **2027 order-win target remains comparable with 2026, but visibility is limited.** Management is targeting at least a similar level of contract wins in 2027 as in 2026, implying a target of at least US$4.5b. However, it also cautioned that visibility on 2027 order momentum remains limited at this juncture. In addition, recent order wins have largely filled YZJ's 2030 delivery slots, and the lack of earlier delivery slots may reduce its attractiveness when tendering for new projects with certain customers.
- **Unresolved US-China port charges may still add uncertainty to future contract awards.** Recall that the US introduced Section 301 fees on Chinese-owned, operated and China-built vessels in Oct 25, prompting reciprocal measures from China. Although the charges have been suspended, with the suspension recently extended into Jan 27, the underlying issue remains unresolved. Continued uncertainty and potential policy swings could delay customers' fleet-planning decisions and dampen sentiment towards placing new orders, particularly for China-built vessels serving US-linked trades. While management sees no cancellation risks for YZJ's secured orders, this policy uncertainty may still create volatility in the timing of future order wins, in our view.

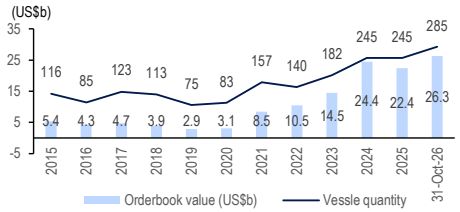
Earnings Revision/Risk

- **We keep our 2026-28 earnings forecast largely intact.**
- **Key risks:** a) renewed escalation in US-China trade tensions, including discriminatory charges on China-built vessels; b) adverse movements in steel prices and the USD:CNY exchange rate; and c) intensifying competition that erodes margins on new contracts.

Valuation/Recommendation

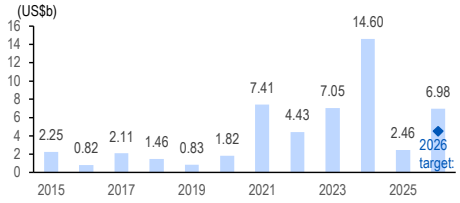
- **Maintain BUY with a lower target price of S$5.30.** Our updated target price is now based on a lower 9.0x 2028F PE peg (1.5SD above YZJ's historical mean PE of 6.1x), compared with the previous 10.1x PE peg (+2SD). Our lowered PE peg takes into accounts: a) more limited visibility for 2027 order win outlook, and b) recent valuation de-rating of the shipbuilding sector (share prices of YZJ's regional peers have re-treated 10-40% in the past two months).
- We continue to like YZJ for its strong medium-term earnings growth, underpinned by its strong orderbook, largely stable margins and capacity expansion. YZJ offers an attractive 5.5-6.4% yield in 2026-28F, by our estimate, based on a 50% payout ratio.

Orderbook On Hand



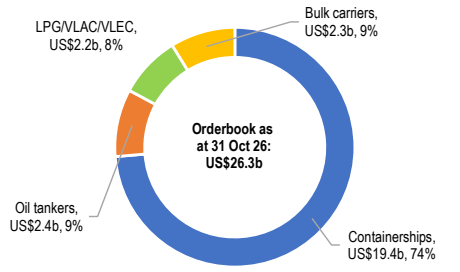
Source: YZJ

Order Win Trend



Source: YZJ

Orderbook Composition



Source: YZJ

PE-based Valuation

		2026F	2027F	2028F
EPS		Rmb2.66	Rmb3.10	Rmb3.06
		S$0.51	S$0.60	S$0.59
PE peg		---------- Target price ----------		
+2.0SD	10.0x	S$5.09	S$5.93	S$5.86
+1.5SD	**9.0x**	S$4.60	S$5.36	**S$5.30**
+1.0SD	8.0x	S$4.10	S$4.78	S$4.73
+0.5SD	7.1x	S$3.61	S$4.21	S$4.16
Mean	6.1x	S$3.12	S$3.64	S$3.59

Source: YZJ

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	**28,505**	**34,971**	**40,541**	**40,731**
EBITDA	9,611	11,978	14,157	13,924
Deprec. & amort.	530	605	765	805
EBIT	9,081	11,373	13,393	13,119
Total other non-op. income	0	0	0	(0)
Associate contributions	861	1,133	1,290	1,287
Net interest income/(expense)	735	361	399	500
Pre-tax profit	**10,677**	**12,867**	**15,082**	**14,907**
Tax	(2,045)	(2,413)	(2,896)	(2,860)
Minorities	5	7	7	7
Net profit	**8,637**	**10,462**	**12,193**	**12,054**
Net profit (adj.)	8,425	10,268	12,002	11,863

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	11,334	13,058	13,248	13,448
Other LT assets	3,724	9,723	10,497	11,269
Cash/ST investment	26,144	19,344	22,558	27,585
Other current assets	17,131	18,989	22,002	22,105
Total assets	**58,334**	**61,114**	**68,305**	**74,407**
ST debt	5,500	2,500	0	0
Other current liabilities	19,040	18,459	21,183	21,276
LT debt	0	0	0	0
Other LT liabilities	1,536	1,536	1,536	1,536
Shareholders' equity	32,142	38,511	45,485	51,501
Minority interest	116	109	102	95
Total liabilities & equity	**58,334**	**61,114**	**68,305**	**74,407**

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	**4,465**	**12,806**	**11,370**	**11,554**
Pre-tax profit	10,677	12,867	15,082	14,907
Tax	(1,368)	(2,413)	(2,896)	(2,860)
Deprec. & amort.	530	605	765	805
Associates	(861)	(1,133)	(1,290)	(1,287)
Working capital changes	(4,422)	2,880	(290)	(10)
Non-cash items	0	0	0	0
Other operating cashflows	(91)	0	0	(0)
Investing	**(8,482)**	**(7,194)**	**(438)**	**(490)**
Capex	(2,138)	(2,329)	(955)	(1,005)
Investment	(833)	(5,318)	0	0
Proceeds from sale of assets	0	0	0	0
Others	(5,511)	453	516	515
Financing	**(4,027)**	**(7,093)**	**(7,719)**	**(6,037)**
Dividend payments	(2,608)	(4,093)	(5,219)	(6,037)
Proceeds from borrowings	0	0	0	0
Loan repayment	(1,300)	(3,000)	(2,500)	0
Others/interest paid	(119)	0	0	0
Net cash inflow (outflow)	**(8,044)**	**(1,481)**	**3,213**	**5,027**
Beginning cash & cash equiv.	**28,120**	**20,076**	**18,594**	**21,808**
Changes due to forex impact	0	0	0	0
Ending cash & cash equiv.	**20,076**	**18,594**	**21,808**	**26,835**

Key Metric

Year to 31 Dec	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	33.7	34.3	34.9	34.2
Pre-tax margin	37.5	36.8	37.2	36.6
Net margin	30.3	29.9	30.1	29.6
ROA	15.3	17.5	18.8	16.9
ROE	29.6	29.6	29.0	24.9
Growth (% yoy)				
Turnover	7.4	22.7	15.9	0.5
EBITDA	28.7	24.6	18.2	(1.6)
Pre-tax profit	30.5	20.5	17.2	(1.2)
Net profit	30.2	21.1	16.5	(1.1)
Net profit (adj.)	28.8	21.9	16.9	(1.2)
EPS	29.1	22.0	16.9	(1.2)
Leverage				
Debt to total capital	14.6	6.1	0.0	0.0
Debt to equity	17.1	6.5	0.0	0.0
Net debt/(cash) to equity	(64.2)	(43.7)	(49.6)	(53.6)

Market News

US stocks were higher on Wednesday, as information technology, energy and industrials sectors led shares higher. At the close of the NYSE, the Dow Jones rose 0.49% while the S&P 500 index was up 1.31% and the NASDAQ Composite index gained 1.60%. Advancing stocks outnumbered falling ones on the NYSE by 1,446 to 1,258 and 79 ended unchanged; on the Nasdaq Stock Exchange, 3,069 advanced and 1,841 declined, while 195 ended unchanged.

During the last trading session, the FSSTI index rose 31.07pt to 5,289.66. Among the top active stocks were OCBC Bank (+0.8%), DBS (+0.9%), UMS (+8.0%), SIA (+0.4%) and Singtel (+1.2%). The FTSE ST Mid Cap index rose 0.2%, while the FTSE ST Small Cap Index gained 1.3%. The broader market had 324 gainers and 242 losers with a total trading value of S$2.11b.

Technical Analysis

Analyst(s)

Wong Shueh Ting CFTe
shuehting@uobkh.com
+65 6590 6616



Raffles Medical Group (RFMD SP)

Trading buy range:	S$0.840-0.845
Last price:	S$0.845
Target price:	S$0.935
Protective stop:	S$0.825

Price has formed a swing floor at the S$0.805 support baseline. It defended its position above the resistance-turned-support zone on intraday retests, printing a sequence of higher highs. The RSI is in positive territory and sloping upward with positive velocity. As long as price remains defended above the converted support, we see a continued upward expansion towards the upper resistance.

The potential upside target is S$0.935. Stop-loss could be placed at S$0.825.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental HOLD and target price of S$0.94.



Yangzijiang Financial (YZJFH SP)

Trading buy range:	S$0.210-0.215
Last price:	S$0.215
Target price:	S$0.275
Protective stop:	S$0.195

Price successfully defended its position above the resistance-turned-support baseline. It is currently moving within a potential flag continuation pattern. The RSI is in bullish territory and continues to slope upward with positive velocity. As long as price remains defended above the converted support baseline, we see an upward breakout wave targeting the upper resistance.

The potential upside target is S$0.275. Stop-loss could be placed at S$0.195.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

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