

IPO write-up

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Stock Information

Stock code:	1359 HK
Issue size:	5.31884b shares (all new)
Green shoe option:	15%
Public/Placement tranche:	5%/95%
Share issue price:	HKD3.00-3.58
Market cap after listing:	HKD106.4-126.9b
Use of proceeds (net):	HKD16.965b, 60% develop distressed asset management, 20% develop financial investment and asset management business, 20% capital contribution to subsidiaries
Application list open	28th Nov- 3rd Dec 2013
Expected listing date:	12th Dec 2013
Book runners:	BofA Merrill Lynch, Goldman Sachs, UBS, BOCI, Morgan Stanley, Credit Suisse, CCBI
Profit forecast:	N/A
Dividend policy:	No fixed dividend policy (indicative only)
PBR:	1.13-1.31x FY13E price to book value (media reports)
Post IPO shareholders	Ministry of Finance (69.57%), NSSF (8.17%), UBS (4.24%), CITIC Capital (1.72%), Standard Chartered Bank (1.29%)
Cornerstone investors	10 investors, including China Life (Group), Och-Ziff, Norges Bank, China Ping An etc. Total amount USD1.088b, 48.12% of total fund raised, 7.22% of post-IPO share capital,

China Cinda

Company background

China Cinda Asset Management (“Cinda”) is the leading AMC (Asset Management Company) in China. The company focuses on distressed asset management and provides customized financial solutions and differentiated asset management services to clients through the synergistic operation of diversified business platforms.

Its principal business segments include i) distressed asset management business, (ii) financial investment and asset management business and (iii) financial services business.

Selling points and strength

- 1) As the pioneer and the leader of China’s distressed asset management industry, Cinda plays a unique role in China’s economy, and is well positioned to continue to capture the significant opportunities arising from China’s economic transformation and development.
- 2) Cinda has achieved sustainable business growth based on the leading distressed asset management capabilities and through continued business innovation.
- 3) Cinda’s large DES (debt-to-equity swap) Asset portfolio provides it with significant value appreciation potential, extensive equity investment management experience and strong support for business development.

Some points of concern

- 1) If Cinda is unable to maintain the growth of its distressed debt asset portfolio, its competitive position, results of operations and financial condition may be materially and adversely affected.
- 2) If the company is unable to effectively maintain the quality of its distressed debt asset portfolio, results of operations and financial condition may be materially and adversely affected.

Financial Summary (Year ended Dec 31)

CNY million	FY2010	FY2011	FY2012	1H13
Income	24,260.4	24,382.1	32,335.2	18,669.4
Cost and other expenses	(12,940.6)	(13,683.2)	(14,901.5)	(6,922.4)
Impairment losses on assets	(495.7)	(536.5)	(4,601.0)	(3,475.9)
Interest expenses	(1,366.3)	(1,807.0)	(3,697.6)	(3,155.1)
Profit before tax	9,956.4	9,058.2	9,595.9	5,137.4
Net profit	7,399.0	6,762.8	7,306.3	4,064.8

Source: Company data, Maybank Kim Eng

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