

Hong Kong

Neutral (no change)

Highlighted Companies

Henderson Land Development ADD, TP HK\$38.30, HK\$28.90 close

Henderson Land Development (HLD) is one of the largest beneficiaries of HKSAR government's Northern Metropolis plan, holding a huge farmland reserve of 45m sq ft in site area. It trades at a 52% discount to NAV and a 6.2% FY22F dividend yield.

Link REIT ADD, TP HK\$80.00, HK\$63.60 close

We think Link REIT is a key beneficiary of recovery in HK's retail market. It guides for a mild-single-digit positive rental reversion for its HK retail portfolio in FY3/23F and trades at a 5.3% FY3/23F DPU yield.

Sun Hung Kai Properties Ltd ADD, TP HK\$143.0, HK\$92.8 close

Sun Hung Kai Properties (SHKP) should benefit from its sizeable landbank and farmland reserve on a stable HK home price outlook. It trades at a 53% discount to NAV and a 5.4% FY6/22F dividend yield.

Summary Valuation Metrics

P/E (x)	Dec-22F	Dec-23F	Dec-24F
Henderson Land Development	9.75	9.13	8.19
Link REIT	19.55	19.02	18.18
Sun Hung Kai Properties Ltd	8.88	8.07	
P/BV (x)	Dec-22F	Dec-23F	Dec-24F
Henderson Land Development	0.41	0.40	0.39
Link REIT	0.82	0.82	0.81
Sun Hung Kai Properties Ltd	0.44	0.42	
Dividend Yield	Dec-22F	Dec-23F	Dec-24F
Henderson Land Development	6.23%	6.40%	6.57%
Link REIT	5.01%	5.26%	5.50%
Sun Hung Kai Properties Ltd	5.36%	5.38%	

Analyst(s)



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Property - Overall

Rate hikes unlikely to deter primary sales

- Despite faster rate hikes, we think developers will continue to achieve high sell-through rates in 2H22F by pricing primary flats conservatively.
- Office rents will still largely be under pressure in 2H22F, on the back of new completions amid the prolonged closure of HK's borders.
- Except for Link, which is mass-market focused, we expect retail landlords to experience mildly negative rental reversions due to weak economic recovery.
- We prefer SHKP and HLD among developers for their strong sales pipelines. We also like Link among landlords for resumption of positive rental reversion.

Conservative primary pricing to enable high sell-through rates

Although the interest rate hike cycle came faster than we expected, recent primary launches by key HK developers have continued to receive upbeat response from homebuyers: our statistics show that the 15 primary projects first launched in 1H22 achieved an average sell-through rate of 74%. We believe developers will continue to employ the strategy of pricing primary flats conservatively (i.e. setting primary ASPs close to the secondary ASPs of nearby projects) in 2H22F, to absorb homebuyers' pent-up demand and make up for the loss of sales during the fifth wave of the Covid-19 outbreak.

More softening of HK office rents through 2023F

HK's office rents have stabilised a bit in 1H22, supported by leasing activities after the peak of the fifth wave of the Covid-19 outbreak. However, as 7.4m sq ft of new office space enters the leasing market from 2022 to 1Q24, we expect office rents to soften further from 2H22F through 2023F, leading to an extended trend of negative rental reversions for office landlords.

Faster recovery for mass market-focused retail landlords

HK's retail sales in May 22 came weaker than expected, despite consumption vouchers and relaxation of social distancing measures. We think meaningful recovery of HK's retail sales is unlikely until a clear road map for the reopening of HK's borders is published by the HKSAR government. Amid weak recovery of HK's economy, mass market-focused retail landlords should recover, in terms of rental reversion, faster than high-end or luxury-focused peers, which rely heavily on inbound tourists.

Reiterate sector Neutral; preferred names: SHKP, HLD, Link

We reiterate our sector Neutral rating on HK property but remain positive on developers (trading at 0.2 s.d. above the 5-year average discount to NAV). We prefer SHKP and HLD among HK developers for their strong primary launch pipelines in the next 6-12 months and their huge saleable resources that could be converted from farmland reserves in the New Territories. We also like Link REIT for the resumption of positive rental reversions of its HK malls and potentially DPU-accretive acquisitions. Key downside risks for the sector: a prolonged Covid-19 outbreak in HK, prolonged closure of HK borders, and a decrease in secondary home prices. Reopening of HK's borders is a key upside risk for the sector.

Figure 1: CGS-CIMB's latest forecast for HK property market

	2019	2020	2021	2022F	2023F
Secondary residential price yoy %	+2.1%	-1.1%	+4.7%	(-5)-(0)%	+0-3%
Primary transactions (# of units) yoy %	+10.0%	-21.7%	+20.0%	-25%	+15%
Secondary transactions (# of units) yoy %	-8.5%	+20.7%	+18.8%	-20%	+10%
Central office rent yoy %	-10%	-14%	-2%	(-3)-0%	(-3)-0%
Wanchai/Island East/TST office rent yoy %	(-8)-(+2)%	(-20)-(-8)%	(-8)-(+3)%	(-8)-(-3)%	(-3)-0%
Kowloon East office rent yoy %	-9%	-10%	0%	(-8)-(-3)%	(-3)-0%
Shopping mall rent yoy %	-3.8%	-5.2%	+2.8%	(-5)-(+5)%	+0-3%
Total tourist arrivals to HK yoy %	-14.2%	-93.6%	-97.4%	202%	1095%
Total retail sales value yoy %	-11.1%	-24.3%	+8.1%	3.0%	8.0%

SOURCES: CGS-CIMB RESEARCH, CENTALINE PROPERTY, RATING AND VALUATION DEPT, KNIGHT FRANK, CENSUS AND STATISTICS DEPT, HK TOURISM BOARD

Figure 2: HK property valuation summary

Short Name	Ticker	Share price (HK\$)	TP (HK\$)	Rating	Mkt cap (US\$ m)	NAV/sh (HK\$)	Disc. to NAV		P/E (x)				P/BV (x)			Dividend yield (%)			Net Gearing (%)		
							NAV (%)	Upside (%)	2021	2022F	2023F	2024F	2021	2022F	2023F	2021	2022F	2023F	2021	2022F	2023F
CK Asset	1113 HK	56.10	58.10	ADD	26,051	105.6	47	4	9.6	8.8	8.6	8.3	0.55	0.53	0.51	3.9	4.0	4.0	9	2	3
HLD	12 HK	28.90	38.30	ADD	17,832	63.9	55	33	10.3	9.8	9.1	8.2	0.42	0.41	0.40	6.2	6.2	6.4	43	41	39
Kerry Prop	683 HK	21.50	28.90	ADD	3,984	64.1	66	34	3.7	6.3	5.2	5.7	0.27	0.26	0.25	17.0	6.3	6.5	16	21	20
NWD	17 HK	27.70	42.50	ADD	8,885	70.8	61	53	10.0	9.5	6.6	7.6	0.32	0.33	0.32	7.4	7.4	7.6	40	43	42
SHKP	16 HK	92.80	143.00	ADD	34,273	204.7	55	54	9.0	9.3	8.5	7.7	0.45	0.44	0.43	5.3	5.3	5.4	15	14	13
Sino	83 HK	11.54	12.10	ADD	11,352	20.1	43	5	8.6	12.4	13.4	11.8	0.55	0.52	0.50	7.2	4.9	4.9	(24)	(24)	(23)
Wharf Holdings	4 HK	28.00	27.30	HOLD	10,906	49.6	44	(3)	23.5	15.9	13.7	13.4	0.53	0.52	0.50	1.4	1.9	2.2	8	8	8
HLP	101 HK	14.58	18.00	HOLD	8,361	30.0	51	23	15.0	13.7	10.9	9.5	0.46	0.45	0.45	5.3	5.3	5.5	24	25	23
HKL*	HKL SP	5.09	6.10	ADD	11,880	10.2	50	20	12.3	12.2	12.0	11.5	0.34	0.34	0.31	4.3	4.3	4.3	15	17	17
Hysan	14 HK	23.55	26.60	ADD	3,088	59.2	60	13	10.4	10.4	9.6	8.9	0.33	0.33	0.32	6.1	6.1	6.2	11	15	14
Swire Prop	1972 HK	18.98	21.00	HOLD	14,151	38.1	50	11	11.6	13.8	12.7	11.5	0.38	0.38	0.38	5.0	5.2	5.3	4	4	3
Wharf REIC	1997 HK	35.90	37.50	HOLD	13,892	57.7	38	4	16.7	16.3	14.9	14.0	0.53	0.52	0.51	3.6	3.6	4.1	23	21	20
Champion REIT	2778 HK	3.50	4.10	HOLD	2,656	6.3	44	17	13.9	14.1	13.8	13.1	0.42	0.42	0.42	6.5	6.4	6.6	28	26	25
Link REIT	823 HK	63.60	80.00	ADD	17,105	79.7	20	26	113.3	19.5	19.7	18.7	0.83	0.82	0.82	4.6	4.8	5.1	27	31	31
Midland	1200 HK	0.72	1.29	ADD	66	NA	NA	79	5.2	NA	9.2	3.1	0.44	0.46	0.44	0.0	0.0	2.2	(69)	(42)	(39)
Developers							53	26	10.7	10.3	9.3	9.0	0.44	0.43	0.42	6.9	5.2	5.3	15	15	15
Landlords & REITs							45	16	27.6	14.3	13.4	12.5	0.47	0.46	0.46	5.1	5.1	5.3	19	20	19
Simple average (ex. Midland)							49	21	19.1	12.3	11.3	10.7	0.46	0.45	0.44	6.0	5.1	5.3	17	17	17
																Share price data as of 4 Jul 2022; * HKL data stated in US\$					
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORT																					

Rate hikes unlikely to deter primary sales

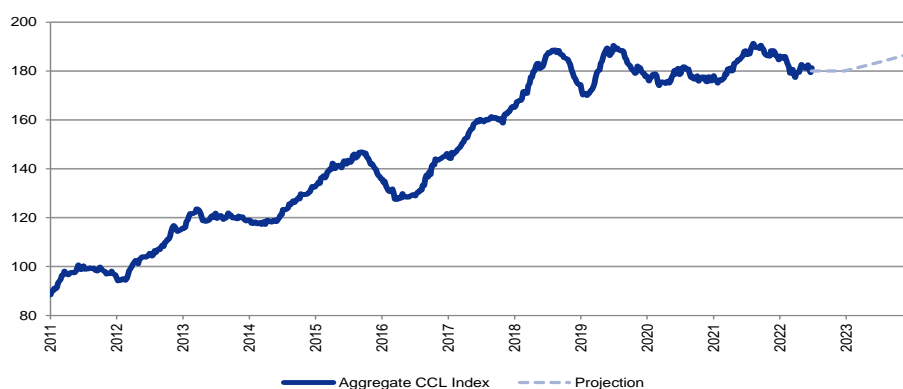
Conservative pricing to enable high sell-through rates in 2H22F

Faster-than-expected rate hikes to dampen short-term home price outlook ➤

HK's secondary home prices softened by 2% in 1H22, on the back of the weak economy, hampered by the fifth wave of Covid-19 outbreak and expectations for a fast increase in HK's interest rates due to rapid US rate hikes (Fed fund rates expectations lifted by 50-75bp since we published in mid-May a report on the impact of US interest rate hike). Nevertheless, we have not witnessed substantial price cuts in the secondary market, primarily because flat owners have relatively strong holding power after so many years of low interest rates in HK, without the need to sell their units at a large discount to average prices quoted in recent nearby transactions.

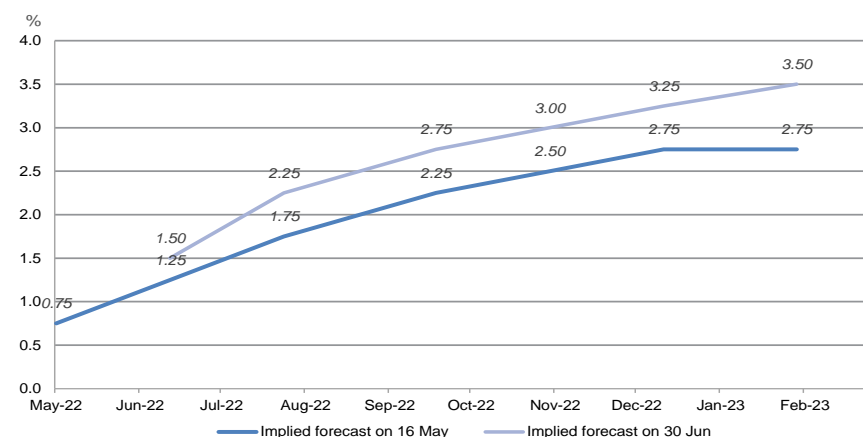
Institutional investors whom we have talked to during our virtual property conference last month agree that home prices could correct a bit further from the current level because of interest rate hikes in HK, but do not expect a substantial correction, due to Hong Kong Mortgage Corporation's relaxation of the Mortgage Insurance Programme (MIP) tailored for first-home purchasers.

Figure 3: Secondary home price (CCL Index) hovering around the peak since mid-2018



SOURCES: CGS-CIMB RESEARCH, CENTALINE PROPERTY

Figure 4: Futures implied Fed fund rate (lower-bound) forecast: rates forecast lifted by 50-75bp after 1.5 months



*FORECAST CAPTURED AS AT 30 JUN 2022
SOURCES: CGS-CIMB RESEARCH, CME GROUP

High sell-through rates to maintain for mass- and middle-market-focused primary projects ➤

As discussed in our HK property sector notes in May ([link](#)) and Jun ([link](#)), HK developers have been conservative in pricing their primary launches to catch up with the loss of property sales during the peak of the fifth wave of the Covid-19 outbreak and to achieve high sell-through rates. This strategy has worked well so far for mass- and middle-market-focused projects: the average sell-through rate for the 15 projects first launched this year is 74%, with Grand Mayfair I and II achieving in aggregate an exceptional sell-through rate of 96% for launched units.

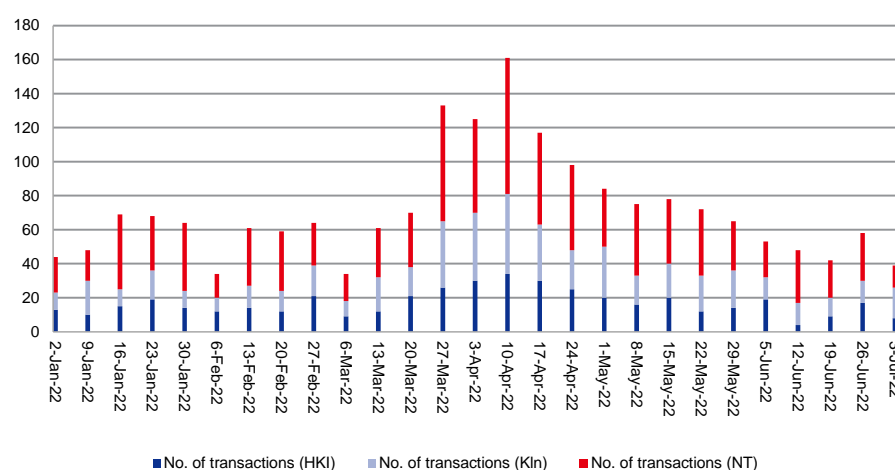
The prosperity in the primary market is, however, achieved at the expense of the secondary market: since primary launches resumed in mid-Apr, weekly secondary transactions in major private housing estates have been declining from over 120 in early- to mid-Apr 22 to about 40 in late-Jun 22 (Fig 6). As developers continue to price the primary launches close to the nearby secondary ASPs, we believe the volume of secondary transactions will continue to be under pressure in 2H22F.

Figure 5: Statistics of 15 primary projects first launched in 2022

Developer	Project name	District	Total # of units of project	# of units launched for sale	# of units sold	Sell through rate (%)
Country Garden	Allegro	Kowloon City	190	71	20	28%
HLD	Baker Circle-Dover	Hung Hom	324	250	138	55%
HLD	The Quinn · Square Mile	Tai Kok Tsui	614	318	147	46%
HLD	The Henley II	Kai Tak	301	98	15	15%
HLD / URA	The Harmonie	Cheung Sha Wan	337	314	259	82%
Kerry	10 LaSalle	Ho Man Tin	73	73	72	99%
SHKP	Prince Central	Mong kok	101	37	16	43%
SHKP	St. Michel Ph 2	Sha Tin	139	45	13	29%
SHKP	Silicon Hill Ph 1	Pak Shek Kok	576	564	562	100%
SHKP	The YOHO Hub Ph B	Yuen Long	1,030	674	443	66%
SHKP / CKA	Grand Jeté Ph1	Tuen Mun (Tai Lam)	400	244	114	47%
Sino Land / K. Wah / COLI	Grand Mayfair I	Kam Tin	715	715	710	99%
Sino Land / K. Wah / COLI	Grand Mayfair II	Kam Tin	805	716	657	92%
Sino Land / K. Wah / CM Land	Villa Garda I (Lohas Park Package 11)	Tseung Kwan O (Lohas Park)	592	476	238	50%
Wheelock	Monaco Marine (Monaco One Ph 2)	Kai Tak	559	450	308	68%
Total			6,756	5,045	3,712	74%
Grand Mayfair only			1,520	1,431	1,367	96%
Excl. Grand Mayfair			5,236	3,614	2,345	65%

*Blue rows indicate sell-through rates >=70%; sales statistics as of 3 Jul 2022. Villa Garda I includes 238 units for Batch 2 which are not yet pre-sold
Units sold include units pre-sold before the fifth wave of Covid-19 outbreak in HK
SOURCES: CGS-CIMB RESEARCH, HK ECONOMIC JOURNAL (HKEJ), HKET, MINGPAO, MIDLAND REALTY, CENTALINE PROPERTY

Figure 6: Weekly secondary transactions of Midland's 35 major private housing estates on a decline since mid-Apr



SOURCES: CGS-CIMB RESEARCH, MIDLAND REALTY

Lower secondary home price forecast ➤

We revise down our secondary home price forecast for 2022F to -5% to 0% (from -3% to +3%), on the back of a faster-than-expected interest rate hike cycle. However, as we expect the homebuyers to fully digest the impact of rate hikes and borders to reopen in 2023F, we still project secondary home prices to rebound by up to 3% in 2023F. Meanwhile, we maintain our forecasts for the number of transactions in primary and secondary markets in 2022F — equivalent to 25% and 20% yoy declines, respectively, on the back of a high base of transactions in 2021.

Figure 7: Our key forecasts for HK's residential market

	2019	2020	2021	2022F	2023F
Secondary residential price yoy %	+2.1%	-1.1%	+4.7%	(-5)-(0)%	+0-3%
Primary transactions (# of units) yoy %	+10.0%	-21.7%	+20.0%	-25%	+15%
Secondary transactions (# of units) yoy %	-8.5%	+20.7%	+18.8%	-20%	+10%

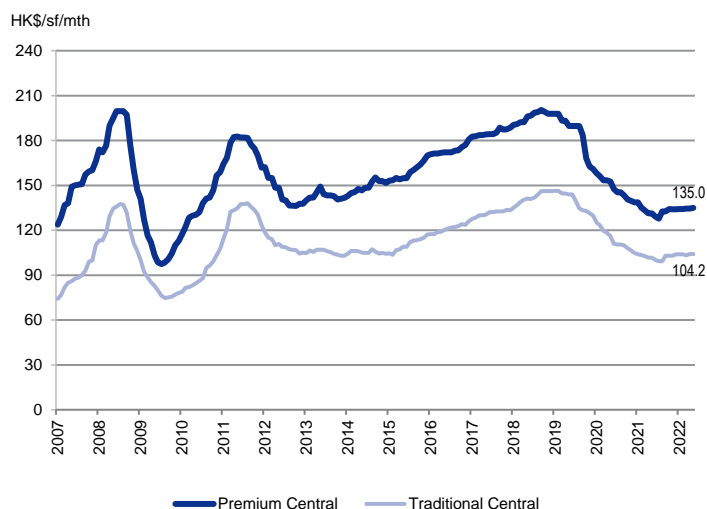
SOURCES: CGS-CIMB RESEARCH, MIDLAND REALTY

Office rents stabilised recently, but supply of new office space is imminent

Central office rents seeing first signs of stabilisation ... ➤

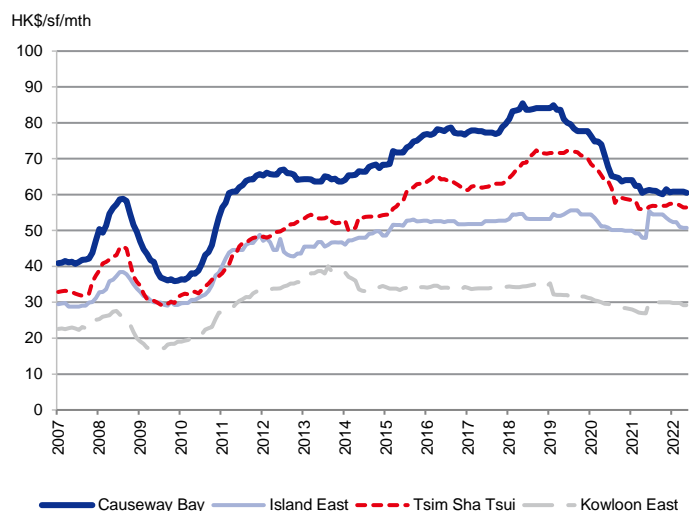
HK's office space leasing momentum began to pick up in Apr 22 as local social distancing restrictions loosened after the fifth wave of the Covid-19 outbreak had peaked. Rents have been stable for several months in Central, indicating that the lowest office spot rents since 2010 have been able to retain existing clients or attract new tenants to Central office spaces. With rental gaps (ratios of rents in premium Central to rents in decentralised business districts) hovering at an almost all-time low of 2.0-2.5x, we think that financially capable tenants looking for an upgrade or expansion of office space would be interested in moving to Central, leading to an extended trend of "office recentralisation".

Figure 8: Office rents in Central (as of May 22)



SOURCES: CGS-CIMB RESEARCH, KNIGHT FRANK

Figure 9: Office rents in decentralised districts (as of May 22)



SOURCES: CGS-CIMB RESEARCH, KNIGHT FRANK

... but re-rating of office landlords unlikely until a clearer roadmap for reopening of HK's borders ➤

We estimate about 7.4m sq ft of new office space completion in both Central and decentralised business districts of HK from 2022F through 1Q24F. On the back of the prolonged closure of HK's borders and upcoming new office space completions, investors whom we spoke to agree that there would be higher office space vacancies and lower office spot rents for the rest of 2022F.

In our view, rents for office space in broader HK will remain under pressure in 2H22F and 2023F, as rental contracts signed in 2018-2019 (i.e. at the peak of HK's office leasing market) could be renewed with lower office rents (i.e. negative

rental reversions). A re-rating of office landlords looks unlikely to us until a clearer roadmap for the reopening of HK's borders is announced, which could lead to a potential turnaround of the existing trend of office landlords' negative rental reversions.

Figure 10: Major office completions in HK from 2022F to 1Q24F

Building name	Developer / Landlord	Location	Expected year of completion	Office GFA (sf)^	Total GFA (sf)^
NCB Innovation Centre (888 Lai Chi Kok Rd)	NWD (retaining partial ownership)	Lai Chi Kok	Completed	539,000	539,000
Boton Technology Innovation Tower (368 Kwun Tong Rd)	Billion (retaining partial ownership)	Kwun Tong	Completed	227,000	242,000
11 SKIES	NWD	Sky City, Chek Lap Kok	Completed	570,000	3,800,000
Landmark South	Sino Land / Empire Group	Wong Chuk Hang	2Q2022	218,222	256,957
NovoJaffe	Rykadan Capital	218 Jaffe Rd, Wan Chai	2022	48,990	48,990
One North	Sino Land	Long Ping, Yuen Long	3Q2022	445,000	558,000
AIRSIDE	Nan Fung	Muk Yuen Street, Kai Tak	2022	1,200,000	1,900,000
Two Taikoo Place	Swire Prop	Pan Hoi Street, Quarry Bay	3Q2022	1,000,000	1,000,000
Cheung Kong Center II	CKA	10 Harcourt Road, Central	2023	493,577	493,577
The Henderson	HLD	2 Murray Road, Central	2023	465,000	465,000
83 King Lam St.	NWD	King Lam St.	4Q2023	1,200,000	1,200,000
NKIL 6572	NWD	Wing Hong St.	1Q2024	420,000	420,000
Total				7,476,789	12,073,524

^ BASED ON GROSS AREA

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, HK ECONOMIC JOURNAL (HKEJ), HKET

Revision of key forecasts for HK office rents ➤

We project 0-8% yoy declines in office spot rents in Central and decentralised business districts in 2022F; in particular, we see slightly more downside in decentralised business districts and Kowloon East than in Central, on the back of narrowing rental gaps and new office space completions. The decline in office spot rents should moderate further in 2023F, on the back of a higher chance for the reopening of HK's borders, which could offset the potentially negative impact of new office space completions.

Figure 11: Our key forecasts for HK's office market

	2019	2020	2021	2022F	2023F
Central office rent yoy %	-10%	-14%	-2%	(-3)-0%	(-3)-0%
Wanchai/Island East/TST office rent yoy %	(-8)-(+2)%	(-20)-(-8)%	(-8)-(+3)%	(-8)-(-3)%	(-3)-0%
Kowloon East office rent yoy %	-9%	-10%	0%	(-8)-(-3)%	(-3)-0%

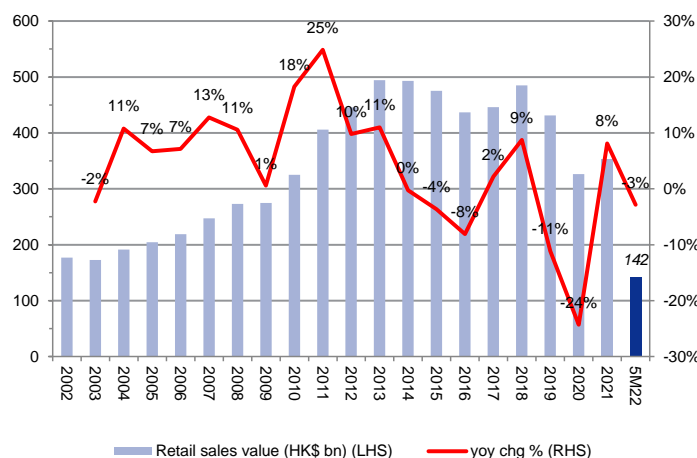
SOURCES: CGS-CIMB RESEARCH, KNIGHT FRANK

Investors' conservative view on retail landlords in agreement with weak retail sales data

Weak economic outlook dampened retail sales in May ➤

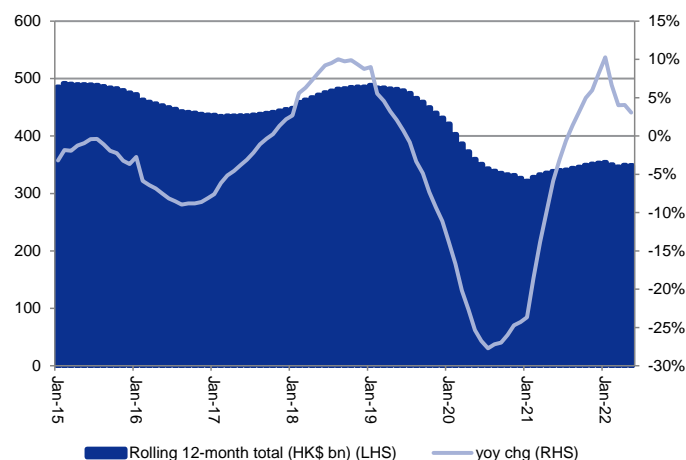
The investors we spoke to have largely digested a lower chance for large-scale reopening of HK's borders this year, in view of the current situation of the Covid-19 pandemic in HK and China, and have been looking forward to traces of recovery of HK's retail sales supported by local consumption. Retail sales in Apr 22 was strong, with an 11% yoy rebound, on the back of the easing of social distancing measures in mid-May and the launch of the second round of the Consumption Voucher Scheme (CVS) by the HKSAR government. However, even with the CVS in place, sales in May 22 declined by 2% yoy — which may suggest local residents' conservative local consumption amid a weaker economic growth outlook (hampered by the delayed reopening of HK's borders and rapid increase in interest rates). HK's retail sales in 5M22 declined by 3% yoy to HK\$142bn.

Figure 12: HK's annual and 5M22 retail sales



SOURCES: CGS-CIMB RESEARCH, CENSUS AND STATISTICS DEPT

Figure 13: HK's rolling 12-month total of retail sales (up to May 22)



SOURCES: CGS-CIMB RESEARCH, CENSUS AND STATISTICS DEPT

Revision of key forecasts for HK's retail market ➤

We lower our forecast for HK's retail sales yoy growth in 2022, from 10% to 3%, after taking into account the negative impacts of the fifth wave of the Covid-19 outbreak and the prolonged closure of HK's borders. We also lower the average monthly inbound tourists to HK in 2022F to 23,000 (+202% yoy), from 250,000 (+3,190% yoy) previously, to factor in later-than-expected relaxation of quarantine measures for inbound tourists and residents to HK. Nevertheless, we keep our rent forecasts for shopping malls in 2022F largely unchanged (i.e. -5% to +5%), taking into account retail landlords' views of the rental reversions of their portfolios.

Figure 14: Our key forecasts for HK's retail market

	2019	2020	2021	2022F	2023F
Shopping mall rent yoy %	-3.8%	-5.2%	+2.8%	(-5)-(+5)%	+0-3%
Total tourist arrivals to HK yoy %	-14.2%	-93.6%	-97.4%	202%	1095%
Total retail sales value yoy %	-11.1%	-24.3%	+8.1%	3.0%	8.0%

SOURCES: CGS-CIMB RESEARCH, RATING AND VALUATION DEPT, HK TOURISM BOARD, CENSUS AND STATISTICS DEPT

Reiterate Neutral sector rating; increase in primary transactions to boost developers' valuations

Sector top picks: SHKP, HLD, Link ➤

HK property developers under our coverage (i.e. SHKP, HLD, NWD, CKA, Sino Land, Kerry and WHL) currently trade at a 51% discount to NAV (0.2 s.d. above the 5-year average of 52%), while HK landlords we cover (i.e. Wharf REIC, Swire Prop, HKL, HLP, Hysan, Link REIT and Champion REIT) trade at a 38% average discount to NAV (0.9 s.d. below the 5-year average of 32%).

We reiterate our Neutral rating on HK's property sector overall — positive on residential, neutral on retail landlords, and cautious on office landlords. We still prefer developers to pure landlords: despite the softer property price outlook for 2022F, we believe that a recovery in primary property transactions after the fifth wave of Covid-19 outbreak could lift developers' revenue from development property (DP) sales and potentially trigger developers' re-rating. Developers' cash flows from DP sales and recurring income from investment property (IP) portfolios would enable them to better weather the prolonged lockdowns in HK. Among the developers, we prefer SHKP and HLD for their strong primary launch pipelines in the next 6-12 months and the HKSAR government's faster approval of conversion of agricultural land reserves into their landbank in the New Territories, thus boosting their NAV/share.

For landlords, we still like Link REIT for its turnaround of the negative rental reversion trend at its HK malls and for its DPU-accretive acquisitions in China or overseas.

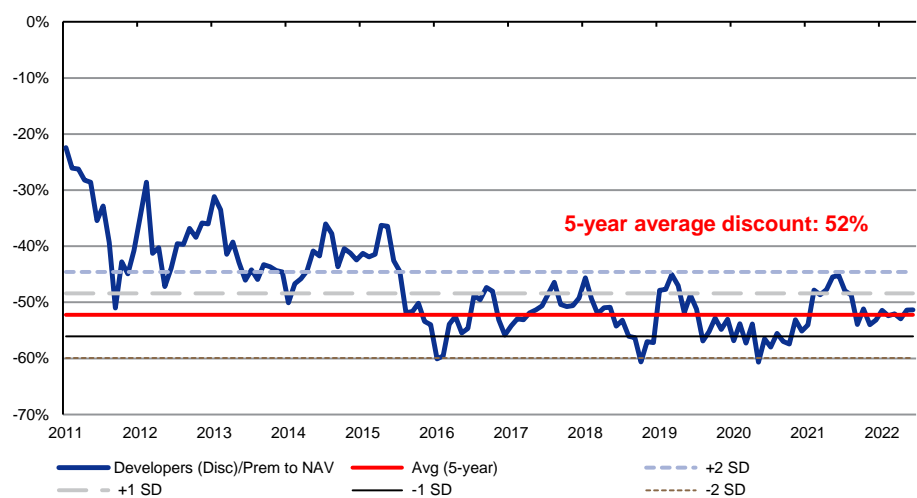
Key upside risks for the sector include:

- Higher-than-expected primary property transactions or sell-through rates.
- Higher-than-expected increase in secondary home prices, which could lead to better pricing for developers' primary flats.
- Reopening of HK's borders, which could drive higher tourist traffic, higher rental income from IP, and higher DP sales from buyers from China.

Key downside risks for the sector include:

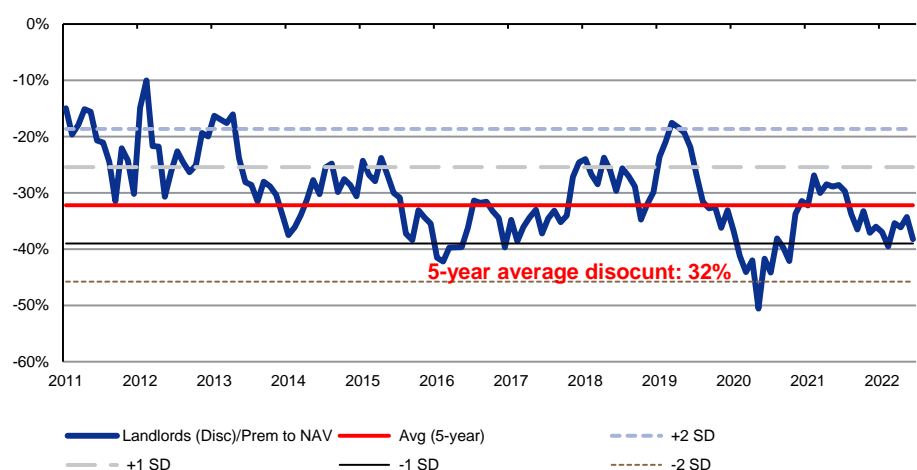
- New wave of Covid-19 outbreak in HK.
- Prolonged closure of HK's borders, which could lead to low tourist traffic, continual negative rental reversions of landlords' IP portfolio, and delay in full recovery of developers' DP sales.
- Decrease in secondary home prices, which could lead to more conservative pricing for developers' primary units.

Figure 15: Developers' discount to NAV



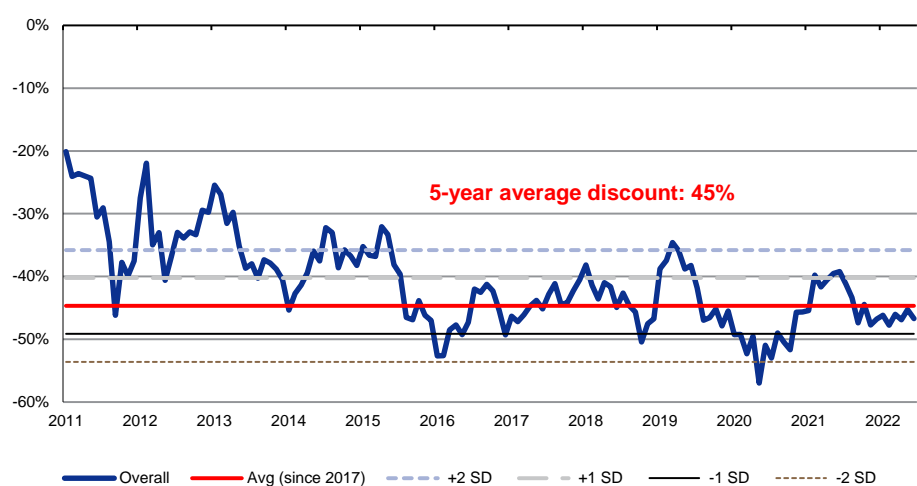
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, OCOMPANY REPORTS

Figure 16: HK landlords' discount to NAV



SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, OCOMPANY REPORTS

Figure 17: HK property overall discount to NAV



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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022

632 companies under coverage for quarter ended on 31 March 2022

	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

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

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

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

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

Recommendation Framework

Stock Ratings

Definition:

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

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

Sector Ratings

Definition:

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

Country Ratings

Definition:

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