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Dividend Forecasting Bi-weekly Brief

31st August 2022

APAC what to watch

Mainland China: Downturn of dividend payments expected for real estate participants amid central bank's third cut of LPR

China central bank announced recently that it will cut five-year loan prime rate from 4.45% to **4.3%** and one-year loan prime rate from 3.7% to **3.65%**. This mainly serves to stem the worsening property crisis due to the weakening demand in the housing market. **Country Garden(*ISIN*:*KYG245241032*),** one of the best in sales real estate developers in mainland China disclosed recently that group record a core net profit of CNY 4.91 billion for 1H 2022. This represents a significant decline of **67%** in core net profit compared to prior year. Company suspended the interim dividend due to the poor performance under the challenging housing market environment. Both market downturn and the slowdown in the construction progress are expected for the rest of 2022.
We have revised down most of the mainland market participants dividend forecasts and we expect country garden to pay CNY0.08 for the final dividend with low confidence rank at the current stage.

Korea: Half-year dividend review

Despite many macroeconomic uncertainties lingering, 10 stocks have initiated/resumed interim dividend this year as South Korea's earnings season has passed in August, making the total count 32 for interim-paying stocks(under KOSPI 200 and KOSDAQ 150). Most notably **S Oil *(ISIN: KR7010950004)*** has raised its dividend by 150% YoY to KRW2,500, emboldened by exceptionally strong FY for oil refineries. To our surprise, another oil refinery **SK Innovation *(ISIN: KR7096770003)*** as once again withheld dividend despite making turnaround in 2021 and foreseeing a record-high net profit of KRW3.0trn this year.

India: Credit rates climb to 14.2% with banks dividend payments surge expected

According to the Reserve Bank of India data as of 25th August 2022, banks credit growth accelerated to **14.2%** in June 2022. This will result in upside earnings and increased dividends to be paid by the banks. In our view, large private sector banks like **HDFC Bank *(ISIN: INE040A01034)*** and **ICICI Bank (*ISIN:INE090 A01021)*** will gain more from this scenario as compared to public sector banks. As a result, we are expecting **HDFC Bank** to increase their annual dividend by 19.35% YoY to INR 18.5 per share and **ICICI Bank** to pay INR 6 per share which implies 20% YoY growth.

Dividend Payments Trend for Mainland Real Estate Participants

Company Name	ISIN	FY18-FY22 Dividend Trend
China Vanke	CNE0000000T2	
Greenland Holdings	CNE000000388	
Poly Developments and Holdings	CNE000001ND1	
Seazen Holdings	CNE100002BF8	
Agile Group Holdings	KYG011981035	
Country Garden Holdings	KYG245241032	
Longfor Properties	KYG5635P1090	
Zhenrong Properties	KYG8569A1067	

*We currently forecast dividend cut for China Vanke, Agile Group Holdings, Greenland Holdings, Country Garden Holdings, and Longfor properties based on the profit warning documents that companies currently disclosed.

APAC special reports

Frasers Logistics and Commercial Trust: strong rental reversion to support continuous growth

We expect company's DPS continue to grow to SGD 0.04 per share which represents 2.2% increase y-o-y based on company's positive outlook.

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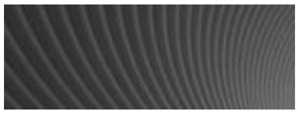

CSPC Pharmaceutical Group: the missing growth engine

The multibillion Hong Kong-listed pharmaceutical company is expected to increase dividend payments by 6% y-o-y, amounted to HKD 0.19 per share. Group's earning is expected to slow down in FY2022.

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