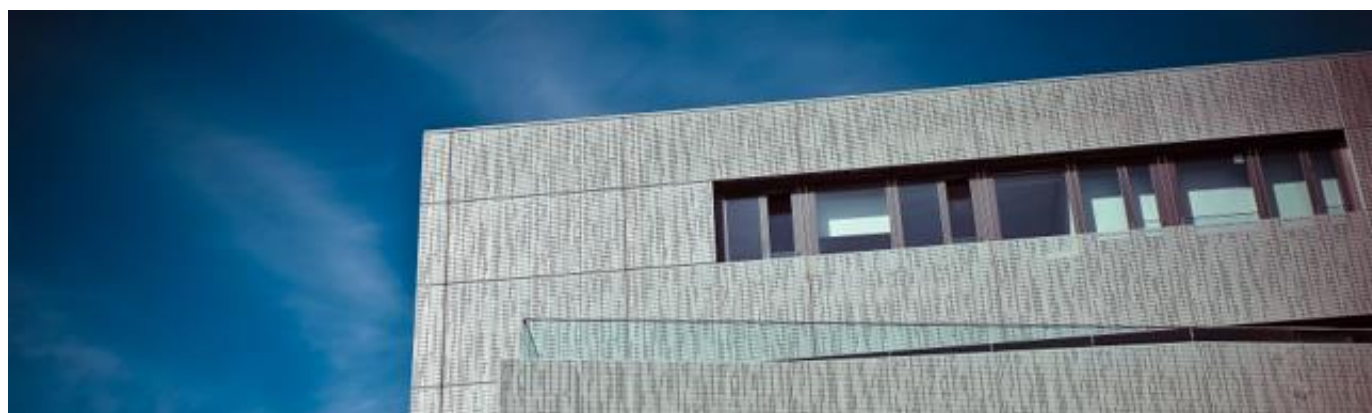


AMTD China Property Weekly



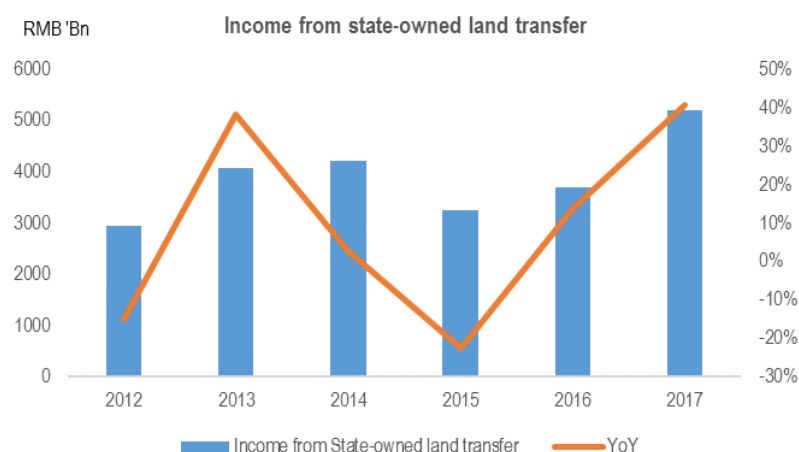
AMTD Property Weekly

Date: 22 Jan 2018 - 29 Jan 2018

China Property News

Property Activity Tracker

Local government income from state-owned land transfer 2012 – 2017 (RMB 'Bn)



Source: Ministry of Finance of PRC, AMTD Research

AMTD 2018 Outlook:

As the destocking carried on in 2016 & 2017, land replenishment became one top task for property developers in 2017. According to Ministry of Finance of PRC data, local governments' income from land transfer reached a record high of Rmb 5.2 trillion in 2017, up by 40.7% YoY. Yangtze River Delta and Greater Bay Area were the main regions for developers to replenish land reserve. We expect the developers will maintain a stable supply in 2018 as they may not release the inventory at one time, so that their margins can be maintained even after a surge in home price in 2017. In the meanwhile, average premium rate of land transfer dropped by 14 pts to 29% in 2017, reflecting a fading enthusiasm from developers in the face of a very

tight policy cycle. We expect the land price will have a moderate growth in a deleveraging circumstance, rather than another round of rocketing.

China Property Market and Policy Dynamics

1 China's Banking Regulator to Step up Risk Control in 2018

According to banking regulator on Friday, 26 January 2018, China will continue to strengthen financial supervision in the banking sector in 2018, preventing risks such as high corporate debt and household leverage. The CBRC will work to reduce the debt ratio of companies and control the financing of companies with heavy debt.

Source: [Xinhua](#)

2 Beijing's Grade A Office Rentals to Drop in 2018

Average rental rates of grade A offices in Beijing are expected to drop 1.2 percent year-on-year in 2018 during the peak time for office space, according to a report from real estate consultancy Colliers International. A total of 11 new projects will be completed in 2018, with a gross area of 1 million square meters, to provide more leasable office space in the market

Source: [China Daily](#)

3 China's Experiment to Tame Wild Home Market

Chinese President Xi Jinping has unleashed the world's biggest experiment aimed at taming runaway property prices. In the meantime, local governments, developers, banks flock to the business. Shanghai has allocated 42.5 million square meters of land for rental homes through 2020. In Beijing, about 30 percent of new supply by 2021 is designated for rental dwellings.

Source: Bloomberg {NSN P33JR66TTDSA <GO>}

4 Beijing to Build More Houses, Bolster Rental Market

Beijing plans to allocate 1,200 hectares of land to build residential property this year, and more will be added to further develop the city's rental market. Beijing supplied a total of 721 hectares of land for residential housing last year. In April 2017, the city announced plans to supply 6,000 hectares of land by 2021 in a bid to meet the market demand of residential houses.

Source: [The Standard](#)

Property Company News

1 Agile's [3383.HK] Property Management Arm Launches Up to \$605 Million IPO

A-Living Services Co., the property management arm of Chinese developer **Agile Group Holdings Ltd. [3383.HK]**, started taking orders for a Hong Kong initial public offering that could raise as much as \$605 million. The Guangzhou-based property manager is offering 333.3 million new shares at HK\$10.80 to HK\$14.20 apiece.

Source: [Guandian Property](#)

2 Shimao Property [813.HK]: New USD Bond Offer No Impact on Moody's Ba2 CFR

Moody's Investors Service says that Shimao Property Holdings Limited's Ba2 corporate family rating and Ba3 senior unsecured debt rating are unaffected by the company's announcement of a positive profit alert and its proposed USD bond offering. The rating outlook remains stable.

Source: Bloomberg {NSN P36CP73PWT1C <GO>}

3 Cifi [884.HK] Proposes Issue of HK\$2.79B Zero Coupon Convertible Bonds

According to HKEX, **Cifi [884.HK]** may upsize the convertible bonds due 2019 by HK\$304m, to be subscribed by an existing shareholder. Initial conversion price is HK\$9.30 per share, representing around 30% premium to last close. The HK\$2.79b issue, assuming full conversion, can be converted to 300m shares, representing 3.8% of enlarged issued capital. Proceeds to be used for repaying existing debts, general working capital

Source: [Guandian Property](#) ;

4 Vanke [2202.HK] Completed the Acquisition of GLP Ltd.

Vanke [2202.HK] announced that delisting of GLP from the Mainboard of the SGX-ST took place on 22 January 2018. Pursuant to certain further agreements entered into among the Company, through its wholly-owned subsidiaries, and the relevant Consortium members in relation to the Acquisition (the "Further Agreements"), the Company, through its wholly-owned subsidiaries, confirms its capital contribution in feeder funds established by itself as well as by certain other Consortium members for the purpose of the Acquisition in the total amount of approximately US\$2,454 million (approximately HK\$19.145 billion).

Source: Company announcement; Bloomberg {NSN P2YDBX3PWT1C <GO>}

5 Powerlong [1238.HK] Canceled 1b yuan Bond Sale

On January 26, **Powerlong [1238.HK]** canceled 1b yuan bond sale without giving reasons. The bond was originally planned to be issued on Jan 23rd and 24th. In the meanwhile, Country Garden also canceled the bond offering of 1.8 billion yuan due to recent market volatility.

Source: [Guandian Property](#)

6 BJ Capital Land [2868.HK] Proposed Issue of Domestic Corporate Bonds in PRC

The company says it will issue a domestic corporate bond with principal not more than 5 bn yuan. The proceeds will be used to build rental housing, repay debts. The deal shall be issued in one or more tranches. Maturity term will be 3+N years/5+N years/any longer period as acceptable by the market, with one re-pricing period for every 3 or 5 interest-bearing years or any longer period as acceptable by the market.

Source: [Guandian Property](#)

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IMPORTANT DISCLOSURES

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