

# AMTD China Property Weekly

Monday  
5 March 2018

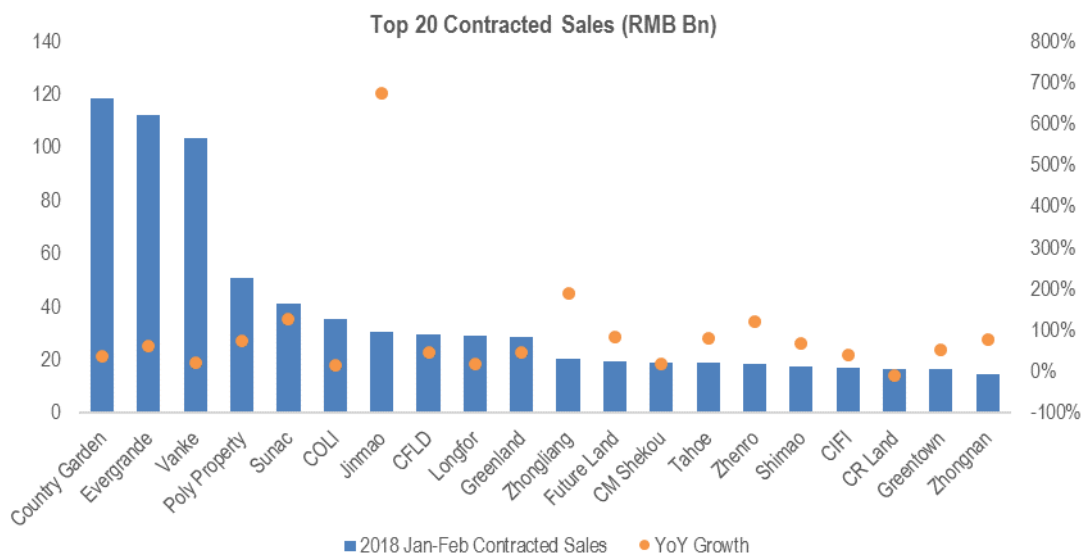


**AMTD Property Weekly**  
Date: 26 Feb 2018 - 4 Mar 2018

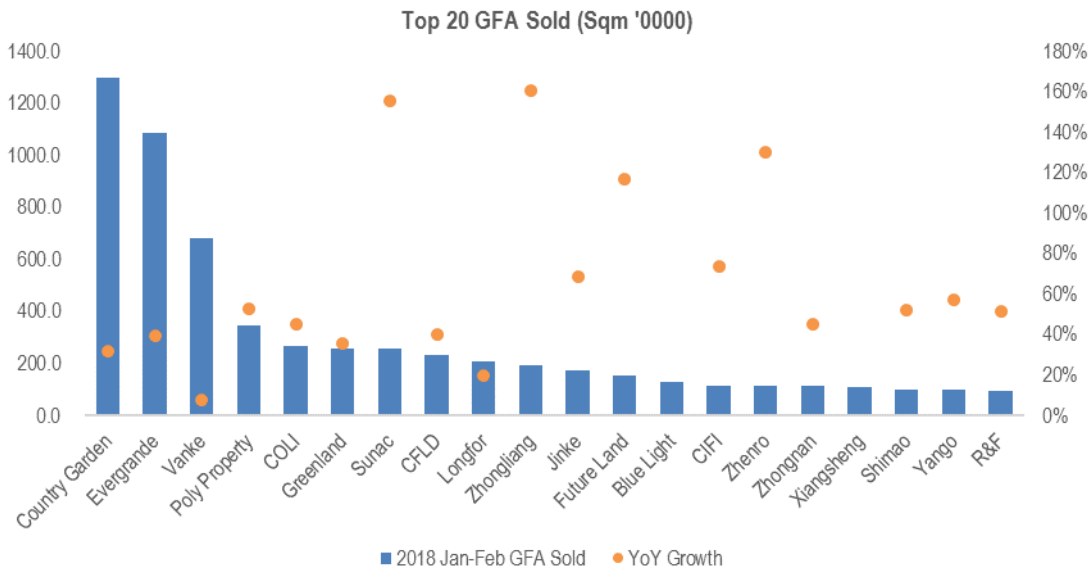
## China Property News

### Property Sales Tracker

Property developers' sales and GFA sold results till February 2018



Source: CRIC, AMTD Research



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### AMTD Comment:

Home sales result in first two months 2018 was strong and many developers have achieved over 50% YoY growth regarding contacted sales. We believe the increase was boosted by sufficient mortgage quota at the beginning of the year and part of the numbers was a delayed booking from sales in November and December 2017. Mortgage has been curbed again in 1<sup>st</sup> tier cities. We believe shanty housing redevelopment will still be the main driver for strong sales in 2<sup>nd</sup> tier and 3<sup>rd</sup> tier cities. According to news from government website, cash compensation of shanty housing redevelopment is based on home selling price at current level in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities in 2018. We expect cash compensation rate for shanty housing to increase to over 60%. This will become a significant incentive for shanty housing residents to buy a new housing. We believe the sales and GFA sold will record YoY decline in 1<sup>st</sup> tier cities. Sales in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities will be polarized cities by cities, depending on compensation level by shanty housing redevelopment.

## China Property Market and Policy Dynamics

### 1 NPC Speeds Up Draft of Long-Awaited Real Estate Tax Rules

The National People's Congress, China's legislature body, is accelerating the process of drafting the much-anticipated real estate tax law. Officials say discussions of crucial issues and solicitation of legal opinions are being accelerated to achieve first review. Real estate taxes, unlike current property taxes which levy taxes only on urban commercial properties, has been a major concern, because it will cover all the properties including residential housing.

Source: [Asia Times](#)

### 2 Stance to Strengthen Regulation and Control of Property Market Pressures Will Continue

According to current trend, more tier 2 and tier 3 cities will implement the property control policies. The market control policies will not loosen and the real estate market trading volume this year is expected to decline. There may be a bounce-back in tier 1 and 2 cities due to the demand, however, this rebound will not be very strong.

Source: [Sina Property](#)

### 3 Property Price in Secondary Market Kept Dropping in Beijing

According to a third-party data, there were 7,361 second-hand housing deals in Beijing in February, with a 30.1% decline MoM and 39.5% decline YoY. The 7-day break in Chinese New Year drags down the sales. Regarding sales price, it deroped 0.7% MoM and there was a significant drop after Chinese New Year.

Source: [Sina News](#)

#### **4 Citic Bank Suspends Mortgages in Beijing**

China Citic Bank Corp. has stopped offering mortgage loans larger than 2 million yuan. The suspension is another sign that banks are taking a more cautious stance toward the real estate market amid a government campaign to cool property prices and impose tougher financial oversight on consumer lending to control financial risks.

Source: Caixin

## Property Company News

### 1 China Vanke [2202.HK] Sales Down 7.6% to Rmb35.6bn in February

**China Vanke [2202.HK]** said it achieved a sales area of 2.402 million square metres in February, with a sales amount of Rmb35.6 billion, a decrease of 7.56% from a year earlier. From January to February of 2018, the developer achieved an accumulated sales area of 6.845 million square metres and a sales amount of Rmb103.58 billion, up 19.57% year-on-year.

Source: [ETnet](#)

### 2 China Jinmao [817.HK] Seeks About HK\$8b Loan

After proposing the issuance of RMB 1.25 billion senior notes, the company is in talks with banks for a facility which may have 3Y and 5Y tranches. The loan will be used for general company operation use.

Source: Bloomberg {NSN P4Y2546KLVR4 <GO>}

### 3 Fitch Assigns Yuzhou Properties [1628.HK] USD Notes Final 'BB-'

Fitch Ratings has assigned Yuzhou Properties Company Limited's (BB-/Stable) USD375 million 6.375% US dollar senior notes due 2021 a final 'BB-' rating. The notes are rated at the same level as Yuzhou's senior unsecured rating because they constitute its direct and senior unsecured obligations.

Source: [Guandian Property](#); Bloomberg {NSN P4Y0FW3PWT1D <GO>}

### 4 Agile Group [3383.HK] Sells Additional \$100M Senior Perpetual Securities

**Agile [3383.HK]** and UBS entered agreement for the additional issue; upsized securities will be issued on the same date and will be consolidated and form a single series with \$300m 6.875% senior perpetual capital securities, according to statement to Hong Kong stock exchange. Proceeds to be used for refinancing existing debts.

Source: [Guandian Property](#)

### 5 Country Garden [2007.HK] Says XIE Shutai Resigns as Executive Director

According to company announcement on 2<sup>nd</sup> March 2018, Mr. XIE Shutai ("Mr. Xie") has tendered resignation from his position as executive Director of the Company due to personal health reason. Mr. MEI Wenjue ("Mr. Mei") has tendered resignation from his position as independent non-executive Director of the Company due to other work commitment.

Source: Company announcement; [Guandian Property](#)

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