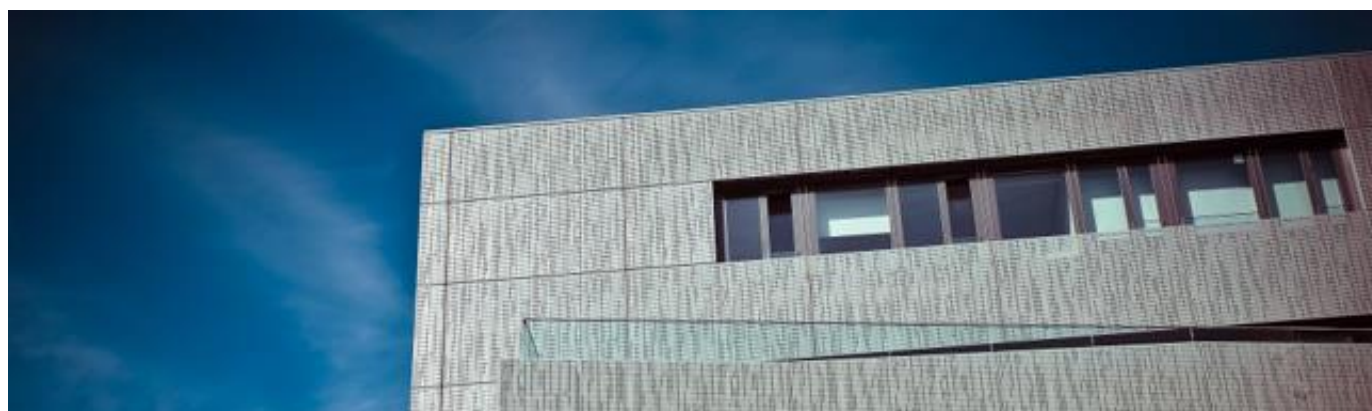


# AMTD China Property Weekly



## AMTD Property Weekly

Date: 29 Jan 2018 – 4 Feb 2018

## China Property News

### China Property Market and Policy Dynamics

#### 1 Some China Banks Halt Loans to Property Developers

Some banks in China have suspended providing loans or granting new credit lines to real estate developers. As the regulatory scrutiny becomes more critical on banking loans as well as trustee funds to the property market, developers will face more challenges on financing and liquidity.

**AMTD Outlook:** Financing tightening is harsher than our expectation. We believe this move is part of the deleveraging measures in the financial sector. We also believe mortgages as well as other property related loans will be curbed in a deleveraging environment. Developers will launch more saleable resources despite a tight price cap policy in order to achieve more sales before running out of mortgage quota in 2H2017. We recommend investors to be selective and our top picks are KWG (1813.HK) and China Aoyuan (3883.HK); please refer to our previous report – ‘China property sector 1H17 Results Review’ and ‘China Aoyuan Targeting RMB 100bn of sales by 2020’ for more details ([http://www.amtdgroup.com/en/re\\_china\\_property\\_sector\\_1H17\\_results\\_review](http://www.amtdgroup.com/en/re_china_property_sector_1H17_results_review); Bloomberg {NSN P2MZDM33A3RC <GO>} ).

Source: [Zhongzheng](#)

#### 2 No.1 Central Document: focusing on rural property rights

On February 4th, No.1 Central Document was released focusing on rural issues. It mentions that the using rights of homesteads and rural housing will be adjusted to a proper level to preserve farmers’ rights. In the meanwhile, the document prohibited villa and private lounge construction on homestead land.

Source: [Guandian Property](#)

### **3 Bank of China to Offer Financing Support to Rental Homes**

Bank of China signed agreement to offer more than Rmb 200b financing to eight real estate developers including China Vanke, China Resources Land, China Merchants Property and Poly Real Estate, to support rental homes development. The bank also signed agreement to offer Rmb 170b financing to some local companies to develop rental homes for talents

Source: [Bank of China announcement](#)

### **4 China Is Said to Urge Scrutiny of M&A Loans Used to Buy Land**

China's banking regulator has told lenders in Shanghai to increase their scrutiny of loans for mergers and acquisitions to ensure the funds aren't used to buy land. The regulator continues crackdown of flow of funds into risky real estate.

Source: Bloomberg {NSN P3GB8P6JJUP <GO>}

### **5 Beijing housing prices fall in 2017**

Home prices in Beijing declined in 2017 as a result of tough control measures introduced mainly in March to cool the property sector. according to the Beijing Municipal Commission of Housing and Urban-Rural Development, in Dec 2017, prices of new homes, including public housing, fell 0.9 percent yoy to Rmb 37,800 per sqm. Prices of existing homes, dropped 1.2 percent year on year to Rmb 59,100 per square meter.

Source: [Xinhua News](#)

### 1 Country Garden [2007.HK] Fundraising for Potential Acquisitions

Some smaller companies will struggle to survive amid government-led deleveraging. Therefore **Country Garden [2007.HK]** wants to have ample cash to fund potential acquisitions to raise market share. The company will seek to control acquisition targets to expand land bank at low costs. Capital raised to primarily fund domestic acquisitions and repayment of offshore loans

Source: Bloomberg {NSN P3JWIG6KLVR5 <GO>}

### 2 Vanke [2202.HK] January Sales Update

**China Vanke [2202.HK]** announced its monthly sales in January 2018. Total GFA sold was 4,444K Sqm with a sales amount of RMB 67.98 billion, up by 41.27% yoy. In the meanwhile, the company has acquired 14 new projects with a attributable GFA of 1,155K sqm.

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

### 3 China Vanke [2202.HK] Names Zhu Jiusheng as President

According to a statement to Shenzhen Stock Exchange, **China Vanke [2202.HK]** names Zhu Jiusheng as President and CEO, replacing Yu Liang. In the meanwhile, the company also plans to use direct debt financing tools to raise up to 35b yuan.

Source: [Guandian Property](#) ;

### 4 Shui On Land [272.HK] Controlling Holder May Privatize Company

Controlling shareholder Lo Hong-sui is in talks with banks for financing and reviewing options including possibility to acquire the company. Total fund for the financing will be around US\$3 billion. The company says no definite plans have been determined, no agreements have been signed.

Source: [Guandian Property](#)

### 5 Evergrande Issuance of HK\$18b 4.25% Convertible Bonds

On January 30<sup>th</sup> 2018, **Evergrande [3333.HK]** issued HK\$18.00 billion 4.25% convertible bonds due 2023. Initial conversion price is HK\$38.99 per share, representing 40% premium to last close. Assuming full conversion at HK\$38.99 apiece, bonds will be converted into 461.7m shares, representing ~3.39% of enlarged issued share capital.

Source: [Guandian Property](#)

## 6 Powerlong [1238.HK] to Issue HK\$1.99B Zero Coupon Convertibles Bonds

Convertible bonds represent about 8.38% of enlarged share capital assuming full conversion of the bonds at initial conversion price of HK\$5.4463 each. Proceeds will be used for repayment of existing debt and general working capital.

Source: [Guandian Property](#)

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