

# CHINESE DEVELOPERS: WEEKLY UPDATE

## Market

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- According to CRIC data, top-100 developers in China showed a decline in presales of 40% YoY in July and 49% YoY for 7M22. Our two covered developers, CIFI and Logan, reported a MoM growth in presales for July. Overall, July transaction volumes in 30 key cities monitored by CRIC continued to reflect strength in Tier 1 (+4% YoY) and weakness in Tier 2 and Tier 3 cities (-38% YoY).

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## Policy

- After the Politburo meeting on July 28 emphasized the need to "guarantee property delivery" and CBIRC reiterated the same priority, over 10 cities came up with a list of measures aimed at guaranteeing project completion. In August, Changsha in Hunan and Dongguan in Guangdong province introduced strengthened monitoring rules for the presales funds. Purchase funds should be directly deposited to a corresponding supervisory sub-account for the project and the flow of funds should be monitored throughout the process to ensure that funds remain focused on project delivery.
- The PBoC's operational report for 2H22 released on August 1 highlighted the need to implement differentiated housing policies across cities. At the same time, stability of credit and bond financing channels should be maintained and accelerate the exploration of new development methods for the real estate sector. Various central bank's branches continued to issue statements urging commercial banks to provide loans to the real estate sector in a consistent manner.
- Beijing housing bureau announced a lowering of down payments for first-time and second-time residential property buyers by 5% and 20% respectively. The step concerns selected groups of buyers and is part of a pilot scheme.

**Table 1. Chinese developers top news**

COMPANY	HEADLINES	COMMENTS
Agile	<ul style="list-style-type: none"> <li>Agile reported a 54% YoY drop in presales for July and a 52% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>Eurobonds due on August 14 gained 2 pts on the week. Beyond the short end, eurobonds were mostly 0.5-1.5 pts lower.</li> </ul>
Central China	<ul style="list-style-type: none"> <li>Central China reported a 64% YoY drop in presales in July and a 55% YoY fall for 7M22.</li> <li>Henan Railway and Construction appointed two non-executive directors to the board of Central China starting August 1.</li> </ul>	<ul style="list-style-type: none"> <li>Eurobonds due on August 8 gained 2 pts on the week, as Central China was reported to have prepared funds for the redemption.</li> </ul>
China Aoyuan	<ul style="list-style-type: none"> <li>China Aoyuan reported a 64% YoY drop in presales in July and a 55% YoY fall for 7M22.</li> <li>The developer issued a statement saying that 90% of Group's real estate projects are progressing according to schedule. China Aoyuan is also cutting operating expenses and consolidating resources to complete project delivery.</li> <li>The group entered into a contractual arrangement with certain onshore banks to extend maturity of existing onshore financing worth RMB20bln. Negotiations with onshore creditors about an extension of other onshore loans are continuing.</li> </ul>	<ul style="list-style-type: none"> <li>No new updates on development of a credible debt restructuring plan.</li> <li>Eurobonds were largely unchanged.</li> </ul>
CIFI	<ul style="list-style-type: none"> <li>CIFI reported a 23% YoY drop in presales in July and a 50% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>Eurobonds rose 1-2 pts along the curve.</li> </ul>
China SCE	<ul style="list-style-type: none"> <li>China SCE reported a 38% YoY drop in presales in July and a 44% YoY fall for 7M22.</li> <li>Moody's placed China SCE's credit rating (B1) on review with the possibility of a downgrade. This reflects concerns about developer's lower property sales and sizable refinancing needs that will lead to a deterioration of its credit metrics and liquidity over the next 6-12 months.</li> </ul>	<ul style="list-style-type: none"> <li>Eurobonds rose 2-3 pts along the curve. Beyond the short end, eurobonds were mostly 0.5-1.5 pts lower.</li> </ul>
Country Garden	<ul style="list-style-type: none"> <li>Cogard reported a 45% YoY drop in presales in July and a 40% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>Eurobonds were 1-3 pts lower on the week.</li> </ul>
Evergrande	<ul style="list-style-type: none"> <li>Evergrande reported a 71% YoY drop in presales in July and a 93% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>No new updates on Evergrande's debt restructuring plan.</li> </ul>

	<ul style="list-style-type: none"> <li>Evergrande's CFO Pan Darong resigned on August 2 and will be replaced by Mr Qian Cheng.</li> <li>Evergrande announced a return of land use rights applicable to the Guangzhou Evergrande Football Stadium to the local government for RMB5.5 bln on August 3. Proceeds from this transaction will be used to settle outstanding secured debt to CITIC Trust Limited, unpaid project construction fees and to support construction costs of pre-sold housing.</li> </ul>	
KWG	<ul style="list-style-type: none"> <li>KWG reported a 41% YoY drop in presales in July and a 53% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>Eurobonds due in September rose 2 pts on the week. Beyond the short end, eurobonds were mostly 0.5-1.5 pts lower.</li> </ul>
Logan	<ul style="list-style-type: none"> <li>Logan reported a 70% YoY drop in presales in July and a 63% YoY fall for 7M22.</li> <li>According to news reports, after discussions with its financial advisor Haitong International, Logan decided to prioritize the finalization of a comprehensive restructuring plan for its offshore debt. The company announced that the group's restructuring plan remains under draft and all creditors will be treated fairly. The restructuring is expected to cover Logan's \$6.2 bln offshore debt, including \$3.9 bln in eurobonds, \$1.7 bln in private placement notes and part of offshore syndicated notes.</li> <li>Logan received approval to extend the \$300mln eurobond issue initially due on August 25.</li> </ul>	<ul style="list-style-type: none"> <li>No new updates on development of a credible debt restructuring plan.</li> <li>Eurobonds were broadly unchanged.</li> </ul>
Guangzhou R&F	<ul style="list-style-type: none"> <li>Guangzhou R&amp;F reported a 61% YoY drop in presales in July and a 63% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>No new updates on development of a credible debt restructuring plan.</li> <li>Eurobonds were broadly unchanged.</li> </ul>
Seazen	<ul style="list-style-type: none"> <li>Seazen reported a 34% YoY drop in presales in July and a 43% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>Eurobonds due August 8 rose 2 pts on the week. Beyond the short end, eurobonds were mostly 0.5-1.5 pts lower.</li> </ul>
Shimao	<ul style="list-style-type: none"> <li>Shimao reported a 69% YoY drop in presales in July and a 57% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>No new updates on development of a credible debt restructuring plan.</li> <li>Eurobonds were broadly unchanged.</li> </ul>
Sunac	<ul style="list-style-type: none"> <li>Sunac reported a 78% YoY drop in presales in July and a 67% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>No new updates on development of a credible debt restructuring plan.</li> <li>Eurobonds were broadly unchanged.</li> </ul>
Times China	<ul style="list-style-type: none"> <li>Times China reported a 65% YoY drop in presales in July and a 46% YoY fall for 7M22.</li> <li>Two of Times China's onshore bonds puttable in August and totaling RMB1.6 bln were granted a 12M extension. Creditors will initially receive 10% of the principal and the total amount of interest, while the remaining 90% of the principal will be paid by the end of the 12M period. Times China has another RMB1.1 bln onshore bond due in September.</li> <li>The developer has yet to make up for missed interest payments on two eurobonds before the 30D grace period runs out.</li> </ul>	<ul style="list-style-type: none"> <li>Prices either declined by 1 pt or remained unchanged compared the market.</li> </ul>
Yuzhou	<ul style="list-style-type: none"> <li>Yuzhou reported a 75% YoY drop in presales in July and a 64% YoY fall for 7M22.</li> </ul>	<ul style="list-style-type: none"> <li>No new updates on development of a credible debt restructuring plan.</li> <li>Eurobonds were largely unchanged on the week.</li> </ul>

Source: company, public news sources

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