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Property
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Industry
China Property

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Industry Update

High asset turnover no longer a good strategy for developers

Mere sales volume recovery would not improve profitability of developers

While we expect further recovery in the physical property market, given policy relaxations, the recovery could just be a "profit-less" or profitless one for some developers (like those with expensive landbank, high gearing, high financing costs). The strategy of high asset turnover to drive earnings growth has proven ineffective as earnings growth has consistently lagged behind sales growth in the past two years. This prompted some developers to start shifting away from the high asset turnover strategy that they had been adopting in recent years. Meanwhile, we see little scope for profitability to rise significantly in the near term without a marked correction in land prices or a sharp rebound in ASPs.

Contracted sales growth not directly translate into corresponding profit growth

Some market participants believe that strong contracted sales growth will lead to corresponding strong earnings growth. However, by comparing contracted sales with earnings, we found that earnings growth has consistently lagged behind contracted sales growth, especially for developers focusing on high asset turnover. Contracted sales for leading developers saw YoY growth of 30% and 17% respectively in 2013 and 2014, but the corresponding core net profit growth was only 21% and -7%, while core EPS growth was lower at 19% and -10% respectively. For developers focusing on high asset turnover, the discrepancy between sales and earnings growths was more severe, reflecting the key industry challenges – land prices rising faster than home prices and rising financing costs from higher debt levels (used to drive higher growth). For example, Country Garden had contracted sales growth of 123% and 22% in 2013 and 2014 but had core EPS growth of only 16% and 10%, while Sunac had sales growth of 61% and 30% in 2013 and 2014 but achieved core EPS growth of only 17% and 4%. Adjusting for some aggressive interest capitalization, core net profits of the key developers were on average 41% and 106% below reported figures, suggesting that actual profitability is even lower.

Profitability outlook is soft in the near term as land prices stay high

The ideal operating environment for developers is one with rising ASPs and sales volume, together with stable land prices. However, land prices have been rising faster than home prices for much of the past five years, resulting in downward margin pressure for most developers. Hence, in the absence of a marked correction in land prices (residential land prices for 300 cities rose 11% YoY in 2014 despite a tough property market, with land prices in Tier-1 cities up 55% YoY) and a rather soft ASP recovery outlook for 2015, we believe it will be difficult for some developers to achieve improvements in profitability (i.e., margin expansion) despite the continued recovery in sales volume we expect.

Be selective: buy quality developers; sell high-leverage, low-growth developers

We see more supportive policies for the property market, yet those measures are unlikely to trigger a strong simultaneous increase in ASPs and volumes, so for some developers (with high gearing, expensive landbank), the recovery would just be 'profit-less' or profitless. Stronger efforts to enhance market structure/order (e.g., anti-corruption) should also benefit professional players but hurt weaker developers. Our top picks are CSCEC, COLI, CR Land, Vanke, Sino Ocean, Franshion, Longfor, Greentown, Wanda. Maintain Sell on Shimao, Evergrande, Agile, Gemdale, Country Garden, Yuexiu, Yanlord. We base our TPs on NAV discounts. Key risks: unexpected economic/policy volatility.

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Top picks

COLI (0688.HK),HKD28.80	Buy
China Resources Land (1109.HK),HKD23.65	Buy
CSCEC (601668.SS),CNY9.87	Buy
Sino Ocean (3377.HK),HKD5.70	Buy
Greentown China (3900.HK),HKD8.25	Buy

Source: Deutsche Bank

Companies Featured

COLI (0688.HK),HKD28.80	Buy
China Vanke (000002.SZ),CNY14.21	Buy
China Vanke (2202.HK),HKD19.16	Buy
China Resources Land (1109.HK),HKD23.65	Buy
Sino Ocean (3377.HK),HKD5.70	Buy
Wanda (3699.HK),HKD53.30	Buy
Greentown China (3900.HK),HKD8.25	Buy
CSCEC (601668.SS),CNY9.87	Buy
Shimao Property (0813.HK),HKD17.10	Sell
Evergrande (3333.HK),HKD5.09	Sell
Agile Property (3383.HK),HKD5.50	Sell
Yanlord Land (YNLG.SI),SGD1.06	Sell
Gemdale Corp (600383.SS),CNY11.84	Sell
Country Garden Holdings (2007.HK),HKD3.67	Sell
Yuexiu Property (0123.HK),HKD1.73	Sell
Longfor (0960.HK),HKD12.02	Buy
Franshion (0817.HK),HKD2.92	Buy

Source: Deutsche Bank



Table Of Contents

Strong sales not necessarily leading to strong profit growth	3
.....	3
Net profit growth lagged behind respective sales growth	3
Profitability outlook remains soft on high land prices.....	8
Earnings adjusted for interest capitalization much softer than reported earnings	
.....	10
Taking a look at valuations	19
Historical NAV discount of individual stocks	20
Historical P/E and P/B of individual stocks	23
Taking a look at valuations	30
Government policy summary	32
Government policies on property sector.....	32
Local residential market	68
GFA sold, started, completed and ASP of individual cities	68



Strong sales not necessarily leading to strong profit growth

Net profit growth lagged behind respective sales growth

Some market participants believe that strong contracted sales growth will lead to corresponding strong earnings growth. However, by comparing contracted sales with the respective earnings in the past, we found that earnings growth has consistently lagged behind contracted sales growth, especially for developers focusing on high asset turnover. Contracted sales for leading developers saw YoY growth of 30% and 17% respectively in 2013 and 2014, but the corresponding core net profit growth was merely 21% and -7%, while core EPS growth was lower at 19% and -10% respectively. For developers focusing on high asset turnover, the discrepancy between sales and earnings growth was even more severe, reflecting the key challenges for the sector – land prices rising faster than home prices and higher financing costs driven by higher debt levels (to drive higher growth).

For example, Country Garden had contracted sales growth of 123% and 22% respectively in 2013 and 2014 but had core EPS growth of only 16% and 10%, while Sunac had sales growth of 61% and 30% in 2013 and 2014 but achieved core EPS growth of only 17% and 4%. Adjusting for the relatively aggressive interest capitalization, core net profit of the key listed developers would be on average 41% and 106% below reported numbers, suggesting that actual profitability is even lower.

Be selective: buy quality developers; sell high-leverage, low-growth developers

In the "New Normal" environment advocated by central government, we see more supportive policies for the property market. Yet, those measures are unlikely to trigger a strong simultaneous rebound in ASPs and volumes, so for some developers (with high gearing, expensive landbank), the recovery would just be a 'profit-less' or profitless one. Also, stronger efforts to enhance market structure and order (e.g., anti-corruption) should benefit professional players but hurt weaker developers. Our top picks are CSCEC, COLI, CR Land, Vanke, Sino Ocean, Franshion, Longfor, Greentown, Wanda. We maintain Sell on Shimao, Evergrande, Agile, Gemdale, Country Garden, Yuexiu, Yanlord. We base our TPs on NAV discounts. Key risks: unexpected economic/policy volatility, end of strong southbound liquidity inflows into the HK stock market.



Figure 1: Contracted sales growth of key China property companies since 2010

Company	Ticker	2010	2011	2012	2013	2014
Agile	3383 HK	61%	-2%	5%	22%	9%
BC Land	2868 HK	18%	-11%	20%	47%	27%
C. Garden	2007 HK	42%	31%	10%	123%	22%
CC Land	1224 HK	241%	10%	23%	24%	-41%
CCRE	832 HK	52%	48%	27%	35%	11%
China Merchants Property Development	000024 CH	-1%	44%	73%	19%	18%
China Vanke	200002 CH	71%	12%	16%	21%	26%
COGO	81 HK	na	87%	76%	27%	5%
COLI	688 HK	40%	30%	28%	24%	2%
CR Land	1109 HK	-11%	62%	45%	27%	4%
Evergrande	3333 HK	66%	59%	15%	9%	31%
Gemdale	600383 CH	37%	7%	10%	33%	8%
Greentown	3900 HK	5%	-39%	54%	22%	28%
Kaisa	1638 HK	68%	52%	13%	38%	28%
KWG	1813 HK	45%	5%	6%	34%	26%
LongFor	960 HK	81%	15%	5%	20%	2%
Poly Property	119 HK	43%	38%	48%	14%	-10%
Poly Real Estate	600048 CH	53%	11%	39%	23%	9%
R&F	2777 HK	33%	-7%	7%	31%	29%
Shimao	813 HK	36%	1%	50%	46%	5%
Sino-Ocean	3377 HK	51%	25%	15%	15%	12%
SOHO China	410 HK	74%	-54%	-13%	-50%	77%
Sunac	1918 HK	30%	112%	78%	61%	30%
Yanlord	YNLG SI	31%	-27%	18%	55%	6%
Yuexiu	123 HK	45%	3%	36%	19%	50%
Average		50%	20%	28%	30%	17%

Source: Company, Deutsche Bank



Figure 2: Core net profit growth of key China property companies in 2007-2014

Company	Ticker	2007	2008	2009	2010	2011	2012	2013	2014
Agile	3383 HK	59%	-45%	76%	99%	7%	19%	-4%	-11%
BC Land	2868 HK	164%	-15%	16%	-7%	8%	122%	23%	47%
C. Garden	2007 HK	172%	-37%	-26%	118%	37%	17%	18%	16%
CC Land	1224 HK	165%	-119%	68%	-82%	825%	83%	-5%	-9%
CCRE	832 HK	30%	333%	-40%	39%	23%	21%	25%	-28%
China Merchants Property Development	000024 CH	77%	0%	47%	24%	34%	33%	27%	1%
China Vanke	200002 CH	121%	9%	-9%	38%	44%	30%	20%	4%
COGO	81 HK	na	na	na	na	121%	37%	32%	-57%
COLI	688 HK	103%	-9%	75%	46%	37%	21%	20%	26%
CR Land	1109 HK	139%	12%	74%	45%	32%	29%	30%	25%
Evergrande	3333 HK	237%	-85%	398%	nm	56%	-28%	21%	-89%
Gemdale	600383 CH	110%	-9%	102%	53%	14%	-6%	-24%	61%
Greentown	3900 HK	-41%	-37%	41%	59%	100%	71%	24%	-36%
Kaisa	1638 HK	41%	-43%	48%	251%	12%	7%	65%	N/A
KWG	1813 HK	nm	-64%	112%	68%	25%	20%	3%	10%
LongFor	960 HK	208%	71%	543%	60%	75%	20%	15%	6%
Poly Property	119 HK	67%	-49%	256%	163%	74%	2%	-16%	-72%
Poly Real Estate	600048 CH	82%	71%	62%	45%	31%	29%	28%	14%
R&F	2777 HK	40%	-32%	0%	67%	30%	14%	16%	-9%
Shimao	813 HK	32%	-62%	152%	45%	14%	-4%	67%	8%
Sino-Ocean	3377 HK	60%	101%	-9%	77%	14%	17%	21%	17%
SOHO China	410 HK	nm	-80%	324%	108%	-67%	190%	31%	-60%
Sunac	1918 HK	na	186%	52%	95%	17%	53%	29%	6%
Yanlord	YNLG SI	27%	-14%	54%	7%	-36%	25%	12%	-50%
Yuexiu	123 HK	291%	-80%	-175%	321%	309%	-16%	43%	17%
Average		104%	0%	93%	76%	73%	32%	21%	-7%

Source: Company, Deutsche Bank



Figure 3: Core EPS growth of key China property companies in 2007-2014

Company	Ticker	2007	2008	2009	2010	2011	2012	2013	2014
Agile	3383 HK	49%	-45%	82%	105%	8%	20%	-4%	-12%
BC Land	2868 HK	130%	-15%	16%	-7%	8%	122%	23%	47%
C. Garden	2007 HK	172%	-40%	-26%	115%	37%	8%	16%	10%
CC Land	1224 HK	-25%	-118%	56%	-83%	-828%	80%	-5%	-9%
CCRE	832 HK	30%	333%	-47%	39%	10%	12%	25%	-28%
China Merchants Property Development	000024 CH	30%	-51%	47%	24%	34%	33%	27%	1%
China Vanke	200002 CH	121%	5%	-9%	38%	44%	30%	20%	4%
COGO	81 HK	na	na	na	na	63%	31%	32%	-57%
COLI	688 HK	84%	-15%	68%	46%	37%	21%	20%	26%
CR Land	1109 HK	107%	-7%	56%	40%	21%	21%	30%	25%
Evergrande	3333 HK	237%	-85%	384%	nm	57%	-28%	13%	-88%
Gemdale	600383 CH	1570%	-95%	37%	-15%	14%	-6%	-24%	60%
Greentown	3900 HK	-54%	-39%	37%	53%	101%	48%	9%	-36%
Kaisa	1638 HK	41%	-43%	46%	185%	12%	7%	65%	N/A
KWG	1813 HK	nm	-69%	101%	58%	25%	20%	3%	9%
LongFor	960 HK	208%	71%	522%	60%	41%	17%	12%	6%
Poly Property	119 HK	14%	-57%	194%	76%	59%	2%	-16%	-72%
Poly Real Estate	600048 CH	82%	71%	62%	-19%	31%	8%	28%	14%
R&F	2777 HK	34%	-32%	0%	67%	30%	15%	16%	-9%
Shimao	813 HK	9%	-63%	140%	41%	14%	-2%	67%	8%
Sino-Ocean	3377 HK	60%	51%	-14%	47%	14%	16%	15%	-4%
SOHO China	410 HK	nm	-84%	327%	108%	-67%	192%	37%	-62%
Sunac	1918 HK	na	186%	52%	81%	-5%	53%	17%	4%
Yanlord	YNLG SI	8%	-16%	45%	7%	-36%	25%	12%	-75%
Yuexiu	123 HK	282%	-80%	-175%	113%	228%	-17%	34%	9%
Average		152%	-10%	83%	51%	-2%	29%	19%	-10%

Source: Company, Deutsche Bank



Figure 4: Dividend payout ratio (Reported EPS)

		2007	2008	2009	2010	2011	2012	2013	2014
Agile	3383 HK	35%	20%	30%	14%	23%	17%	27%	26%
BC Land	2868 HK	46%	42%	41%	40%	40%	29%	29%	30%
CC Land	1224 HK	11%	-5%	-120%	39%	35%	22%	23%	12%
CCRE	832 HK	45%	30%	30%	31%	27%	30%	29%	30%
China Merchants Property Development	000024 CH	14%	16%	16%	15%	20%	23%	44%	19%
China Vanke	200002 CH	4%	14%	15%	15%	15%	16%	30%	35%
COLI	688 HK	21%	20%	22%	18%	17%	18%	17%	16%
COGO	81 HK	54%	302%	-8%	16%	6%	10%	8%	9%
C. Garden	2007 HK	38%	38%	36%	40%	39%	37%	37%	28%
CR Land	1109 HK	25%	25%	27%	26%	18%	18%	17%	20%
Evergrande	3333 HK	na	0%	9%	25%	25%	55%	55%	50%
Gemdale	600383 CH	18%	47%	23%	10%	10%	10%	20%	15%
Greentown	3900 HK	51%	51%	56%	49%	6%	19%	20%	0%
Kaisa	1638 HK	na	na	0%	0%	0%	0%	20%	
KWG	1813 HK	13%	21%	19%	25%	30%	18%	31%	29%
LongFor	960 HK	na	na	12%	12%	14%	17%	15%	19%
Poly Property	119 HK	19%	16%	15%	28%	0%	30%	30%	30%
Poly Real Estate	600048 CH	43%	57%	29%	46%	35%	29%	29%	19%
R&F	2777 HK	24%	29%	40%	37%	40%	35%	26%	0%
Shimao	813 HK	23%	45%	29%	26%	20%	27%	30%	31%
SOHO China	410 HK	21%	132%	31%	37%	33%	12%	17%	32%
Sino-Ocean	3377 HK	22%	28%	24%	28%	35%	34%	30%	33%
Sunac	1918 HK	na	na	na	0%	10%	9%	20%	20%
Yanlord	YLLG SP	10%	10%	10%	8%	0%	10%	9%	9%
Yuexiu	123 HK	36%	49%	-116%	0%	13%	30%	22%	26%
Average		27%	45%	11%	23%	20%	22%	25%	22%

Source: Deutsche Bank



Figure 5: Dividend payout ratio (Core EPS)

		2007	2008	2009	2010	2011	2012	2013	2014
Agile	3383 HK	39%	107%	31%	24%	25%	19%	29%	28%
BC Land	2868 HK	58%	45%	54%	94%	92%	35%	39%	30%
CC Land	1224 HK	15%	-34%	-33%	-263%	36%	23%	24%	29%
CCRE	832 HK	42%	26%	31%	30%	27%	30%	30%	36%
China Merchants Property Development	000024 CH	12%	25%	17%	17%	21%	23%	29%	19%
China Vanke	200002 CH	4%	10%	16%	16%	15%	16%	30%	35%
COLI	688 HK	22%	27%	25%	23%	21%	21%	20%	19%
COGO	81 HK	36%	64%	-8%	23%	7%	12%	9%	10%
C. Garden	2007 HK	36%	19%	38%	38%	37%	37%	38%	31%
CR Land	1109 HK	24%	30%	39%	37%	25%	27%	27%	24%
Evergrande	3333 HK	na	0%	34%	35%	33%	81%	93%	741%
Gemdale	600383 CH	0%	19%	14%	10%	10%	12%	33%	17%
Greentown	3900 HK	54%	50%	72%	61%	7%	22%	18%	0%
Kaisa	1638 HK	na	na	0%	0%	0%	0%	21%	
KWG	1813 HK	28%	18%	15%	21%	34%	19%	36%	37%
LongFor	960 HK	na	na	16%	16%	20%	20%	20%	23%
Poly Property	119 HK	29%	27%	20%	40%	0%	34%	42%	52%
Poly Real Estate	600048 CH	28%	31%	15%	39%	30%	30%	29%	19%
R&F	2777 HK	43%	44%	57%	48%	44%	38%	34%	0%
Shimao	813 HK	32%	34%	36%	30%	25%	35%	30%	32%
SOHO China	410 HK	21%	131%	61%	38%	111%	38%	28%	73%
Sino-Ocean	3377 HK	65%	34%	35%	33%	32%	42%	36%	40%
Sunac	1918 HK	na	na	na	0%	13%	9%	18%	17%
Yanlord	YLLG SP	14%	17%	15%	15%	0%	20%	13%	50%
Yuexiu	123 HK	40%	145%	-512%	0%	56%	75%	48%	41%
Average		31%	40%	4%	17%	29%	29%	31%	59%

Source: Company, Deutsche Bank

Profitability outlook remains soft on high land prices

The ideal operating environment for developers is one with firming property prices and sales volume, together with stable or falling land prices. However, in the absence of a marked correction in land prices in the current cycle (residential unit land price for 300 cities actually rose 11% YoY in 2014, particularly in Tier-1 cities where unit land prices rose by 55% YoY), together with a rather soft ASP recovery outlook in the near-term, we believe it will be difficult for developers to achieve improvement in profitability (i.e., profit margin expansion) despite our expectation that sales volume will continue to improve in the physical property market ahead.



Figure 6: China Property: Residential land sales – 2013 vs. 2014

	Residential Land Sales (RMBbn)			Residential GFA Sold (msqm)			Residential Floor Price (RMB psm)			% of Price Sold over Launched (ppt)		
	2013	2014	YoY	2013	2014	YoY	2013	2014	YoY	2013	2014	YoY
Beijing	130.0	131.1	1%	13.4	9.0	-33%	9,670	14,557	51%	31%	31%	1%
Shanghai	108.1	135.8	26%	16.3	13.1	-19%	6,644	10,332	56%	41%	37%	-5%
Guangzhou	28.6	72.4	153%	5.7	7.0	21%	4,976	10,380	109%	25%	14%	-11%
Shenzhen	6.2	4.7	-25%	0.6	0.2	-68%	10,649	25,094	136%	32%	7%	-24%
Tianjin	61.9	61.0	-1%	16.7	12.1	-27%	3,712	5,041	36%	16%	6%	-10%
Chongqing	155.1	96.1	-38%	103.7	64.8	-37%	1,496	1,483	-1%	8%	4%	-4%
Chengdu	60.6	40.9	-33%	27.1	18.9	-30%	2,236	2,163	-3%	41%	14%	-27%
Hangzhou	109.7	61.1	-44%	19.4	10.8	-44%	5,658	5,641	0%	27%	3%	-23%
Nanjing	77.8	29.6	-62%	13.1	15.8	20%	5,939	1,879	-68%	32%	16%	-16%
Suzhou	73.5	45.1	-39%	24.1	16.2	-33%	3,046	2,787	-9%	28%	11%	-17%
Dalian	26.7	10.8	-59%	12.8	5.5	-57%	2,084	1,989	-5%	0%	4%	4%
Shenyang	43.3	16.7	-61%	25.4	7.7	-70%	1,704	2,166	27%	5%	1%	-4%
Qingdao	23.1	32.7	42%	20.7	23.7	14%	1,111	1,376	24%	8%	3%	-4%
Xian	16.8	20.6	23%	12.5	17.3	39%	1,347	1,189	-12%	10%	0%	-10%
Changsha	44.2	22.8	-48%	24.9	15.3	-38%	1,779	1,492	-16%	20%	6%	-14%
Wuhan	56.9	51.3	-10%	25.5	22.6	-11%	2,231	2,266	2%	16%	5%	-11%
300 Cities	2,075	1,573	-24%	1,198	815	-32%	1,732	1,930	11%	19%	12%	-7%
Tier-1 Cities	273	344	26%	36	29	-19%	7,572	11,736	55%	32%	22%	-10%
Key Tier-2 Cities	749	489	-35%	326	231	-29%	2,300	2,118	-8%	18%	6%	-11%

Source: Soufun, Deutsche Bank

Figure 7: China Property: Residential land sales – 3M15 vs. 3M14

	Residential Land Sales (RMBbn)			Residential GFA Sold (msqm)			Residential Floor Price (RMB psm)			% of Price Sold over Launched (ppt)			
	3M14	3M15	YoY	3M14	3M15	YoY	3M14	3M15	YoY	3M14	3M15	YoY	
Beijing	57.8	28.7	-50%	4.4	2.1	-52%	13,194	13,768	4%	34%	27%	-6%	
Shanghai	38.6	19.7	-49%	4.4	2.7	-39%	8,817	7,427	-16%	60%	13%	-47%	
Guangzhou	23.1	5.5	-76%	2.3	0.8	-65%	9,967	6,902	-31%	32%	0%	-32%	
Shenzhen	-	0.9	-	-	0.2	-	-	4,590	-	-	0%	0%	0%
Tianjin	8.7	7.7	-12%	3.4	2.1	-39%	2,527	3,654	45%	6%	1%	-5%	
Chongqing	9.1	11.6	28%	10.3	9.2	-11%	881	1,270	44%	8%	0%	-8%	
Chengdu	9.5	10.3	8%	6.0	4.6	-24%	1,603	2,265	41%	8%	18%	10%	
Hangzhou	33.3	10.3	-69%	4.9	1.6	-67%	6,855	6,360	-7%	8%	5%	-3%	
Nanjing	11.6	-	-	3.8	0.9	-75%	3,063	-	-	7%	19%	12%	
Suzhou	12.7	2.0	-85%	5.0	2.5	-50%	2,556	792	-69%	21%	0%	-21%	
Dalian	5.1	1.7	-66%	2.3	1.7	-23%	2,248	1,008	-55%	1%	0%	-1%	
Shenyang	6.5	1.0	-84%	2.4	0.7	-72%	2,698	1,550	-43%	1%	3%	2%	
Qingdao	6.8	9.4	39%	4.6	3.7	-20%	1,456	2,550	75%	7%	4%	-3%	
Xian	5.6	4.0	-29%	5.0	3.4	-32%	1,134	1,187	5%	1%	4%	3%	
Changsha	10.5	0.9	-92%	4.4	1.0	-77%	2,383	851	-64%	10%	0%	-10%	
Wuhan	11.6	9.2	-20%	5.8	3.6	-38%	1,983	2,531	28%	16%	15%	-1%	
300 Cities	484	262	-46%	250	135	-46%	1,939	1,948	0%	15%	10%	-4%	
Tier-1 Cities	120	55	-54%	11	6	-48%	10,788	9,563	-11%	31%	10%	-21%	
Key Tier-2 Cities	131	68	-48%	58	35	-40%	2,264	1,949	-14%	8%	6%	-2%	

Source: Soufun, Deutsche Bank



Earnings adjusted for interest capitalization much softer than reported earnings

Moreover, if we further adjust for interest capitalization, core earnings growth is actually much softer than reported. In FY14, the amount of interest capitalized was, on average, equivalent to 150% of core net profit. For the individual developers, we see that 1) the recognized leaders and bigger developers generally have a lower and more comfortable interest capitalization percentage – COLI (14%), CR Land (23%), China Vanke (34%) and Longfor (42%), and 2) some non-state-owned developers have a higher percentage, of 75% or above – like Evergrande (1593%), KWG (89%), C C Land (142%) and China SCE (353%). To better gauge overall earnings quality, we further adjust net earnings by capping the amount of interest capitalization to 20% (some developers have reported interest capitalization rate of over 100% by including currency gains). By looking at the adjusted earnings, the discrepancy between sales and earnings growth widens further as adjusted net profit growth further slowed to just 19% and -10% in 2013 and 2014, respectively.

Figure 8: Capitalized interest as a % of core net profit

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Aoyuan	15%	23%	105%	57%	381%	299%	251%	141%	185%
Agile	8%	14%	55%	33%	33%	46%	53%	72%	88%
BC Land	103%	48%	76%	45%	90%	192%	122%	80%	112%
CC Land	2%	5%	-82%	-31%	-297%	87%	84%	132%	142%
CCRE	38%	52%	10%	26%	37%	19%	47%	24%	48%
China Merchants Property	1%	41%	78%	35%	23%	25%	30%	14%	19%
China SCE	118%	294%	1310%	104%	13%	65%	94%	146%	353%
China Vanke	18%	17%	38%	27%	28%	32%	34%	34%	34%
COGO	14%	2%	109%	-52%	13%	12%	16%	23%	76%
COLI	10%	4%	25%	9%	8%	7%	10%	10%	14%
Country Garden	0%	0%	0%	21%	24%	31%	41%	52%	51%
CR Land	26%	36%	50%	19%	19%	18%	30%	23%	23%
Evergrande	102%	199%	2090%	413%	38%	46%	92%	82%	1593%
Gemdale	30%	28%	89%	36%	38%	48%	65%	77%	54%
Greentown	20%	60%	225%	164%	179%	121%	67%	43%	72%
Kaisa	41%	41%	142%	86%	30%	77%	96%	71%	
KWG	128%	14%	80%	49%	45%	55%	80%	76%	89%
Longfor	283%	216%	301%	36%	31%	30%	37%	42%	42%
Poly-A	35%	48%	68%	43%	55%	71%	64%	52%	58%
Powerlong			91%	13%	22%	108%	119%	143%	158%
R&F	13%	27%	61%	45%	20%	18%	25%	32%	127%
Shimao	18%	24%	61%	28%	25%	56%	69%	45%	50%
Sino-Ocean	67%	65%	78%	64%	64%	85%	93%	73%	76%
SOHO China	1%	7%	37%	12%	9%	32%	15%	26%	140%
Sunac	na	83%	28%	13%	15%	44%	71%	66%	70%
Yuexiu	33%	11%	155%	na	193%	63%	122%	88%	103%
Average	48%	56%	207%	52%	30%	55%	63%	61%	150%

Source: Deutsche Bank, Company data



Figure 9: China Property – Adjusted core net profit growth of key China property companies in 2007-2014 (at 20% interest capitalization)

Company	Ticker	2007	2008	2009	2010	2011	2012	2013	2014
Agile	3383 HK	45%	-64%	122%	92%	-12%	18%	-18%	-44%
BC Land	2868 HK	288%	-39%	57%	-47%	-131%	nm	144%	-17%
C. Garden	2007 HK	170%	-33%	-38%	94%	19%	12%	3%	11%
CC Land	1224 HK	157%	-132%	-29%	52%	176%	92%	-35%	-23%
CCRE	832 HK	6%	nm	-47%	25%	58%	-13%	76%	-39%
China Merchants Property Development	000024 CH	20%	-82%	nm	43%	7%	40%	40%	4%
China Vanke	200002 CH	125%	0%	-8%	37%	39%	29%	17%	3%
COGO	81 HK	na	na	na	na	121%	37%	13%	-68%
COLI	688 HK	108%	-24%	97%	49%	34%	22%	28%	13%
CR Land	1109 HK	139%	-31%	161%	-8%	77%	12%	18%	42%
Evergrande	3333 HK	nm	-357%	19%	nm	46%	-75%	-13%	nm
Gemdale	600383 CH	115%	-63%	337%	47%	-2%	1%	-53%	134%
Greentown	3900 HK	-60%	-130%	72%	nm	112%	nm	98%	-53%
Kaisa	1638 HK	41%	-111%	nm	482%	-53%	-25%	122%	
KWG	1813 HK	nm	-86%	255%	77%	12%	-4%	30%	-12%
LongFor	960 HK	-194%	-101%	400%	55%	102%	12%	24%	6%
Poly Property	119 HK	9%	-230%	67%	nm	-94%	nm	150%	nm
Poly Real Estate	600048 CH	64%	42%	104%	9%	5%	47%	52%	26%
R&F	2777 HK	22%	-53%	26%	117%	32%	7%	10%	-46%
Shimao	813 HK	29%	-72%	nm	52%	-13%	-17%	110%	4%
Sino-Ocean	3377 HK	64%	47%	22%	61%	-26%	52%	60%	20%
SOHO China	410 HK	nm	-85%	452%	113%	-76%	283%	22%	-65%
Sunac	1918 HK	na	445%	72%	89%	-13%	44%	41%	17%
Yanlord	YNLG SI	22%	-54%	158%	-10%	-126%	39%	156%	na
Yuexiu	123 HK	298%	-101%	nm	76%	nm	-80%	236%	-34%
Average		73%	-57%	115%	72%	12%	24%	53%	-6%

Source: Company, Deutsche Bank estimates
Note: YoY changes exceed +/-500%: nm



Figure 10: China Property – Adjusted core EPS growth of key China property companies in 2007-2014 (at 20% interest capitalization)

Company	Ticker	2007	2008	2009	2010	2011	2012	2013	2014
Agile	3383 HK	36%	-64%	130%	98%	-11%	18%	-18%	-45%
BC Land	2868 HK	238%	-39%	57%	-47%	-131%	nm	144%	-17%
C. Garden	2007 HK	170%	-37%	-38%	91%	19%	4%	1%	5%
CC Land	1224 HK	-27%	-129%	-20%	56%	176%	90%	-35%	-23%
CCRE	832 HK	6%	nm	-53%	25%	41%	-19%	75%	-39%
China Merchants Property Development	000024 CH	-12%	-91%	nm	43%	7%	40%	40%	4%
China Vanke	200002 CH	125%	-3%	-8%	37%	39%	29%	17%	4%
COGO	81 HK	na	na	na	na	63%	30%	13%	-68%
COLI	688 HK	89%	-29%	91%	49%	34%	22%	28%	13%
CR Land	1109 HK	107%	-43%	132%	-11%	63%	5%	18%	41%
Evergrande	3333 HK	nm	-357%	21%	nm	47%	-75%	-19%	nm
Gemdale	600383 CH	1606%	-98%	195%	-18%	-2%	1%	-53%	133%
Greentown	3900 HK	-68%	-128%	73%	nm	112%	nm	74%	-53%
Kaisa	1638 HK	41%	-111%	nm	372%	-53%	-25%	122%	
KWG	1813 HK	nm	-88%	236%	68%	12%	-4%	30%	-13%
LongFor	960 HK	-194%	-101%	390%	55%	62%	9%	20%	6%
Poly Property	119 HK	-26%	-210%	73%	nm	-95%	nm	149%	nm
Poly Real Estate	600048 CH	64%	42%	104%	-39%	5%	23%	52%	25%
R&F	2777 HK	17%	-53%	26%	117%	32%	8%	10%	-46%
Shimao	813 HK	7%	-73%	nm	48%	-13%	-16%	110%	4%
Sino-Ocean	3377 HK	64%	11%	16%	34%	-26%	50%	52%	-2%
SOHO China	410 HK	nm	-88%	455%	113%	-76%	284%	27%	-67%
Sunac	1918 HK	na	445%	72%	76%	-30%	43%	29%	15%
Yanlord	YNLG SI	3%	-55%	143%	-10%	-126%	39%	156%	na
Yuexiu	123 HK	290%	-101%	nm	76%	nm	-80%	214%	-38%
		127%	-61%	105%	59%	6%	22%	50%	-8%

Source: Company, Deutsche Bank estimates
Note: YoY changes exceed +/-500%: nm



Figure 11: China Prop – Core NP change (core net profit assuming only 20% interest capitalization vs. original reported numbers)

Company	Ticker	CCY	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agile	3383 HK	CNY	0%	-9%	-41%	-26%	-28%	-40%	-41%	-50%	-69%
BC Land	2868 HK	CNY	-44%	-18%	-40%	-20%	-54%	-113%	-70%	-40%	-66%
CC Land	1224 HK	HKD	0%	-4%	59%	23%	222%	-66%	-65%	-76%	-80%
CCRE	832 HK	CNY	-20%	-35%	-6%	-17%	-25%	-4%	-31%	-3%	-18%
China Merchants Property Development	000024 CH	CNY	0%	-32%	-88%	-18%	-5%	-25%	-21%	-12%	-10%
China Vanke	000002 CH	CNY	-13%	-11%	-19%	-18%	-19%	-22%	-23%	-25%	-25%
COLI	688 HK	HKD	-3%	-1%	-18%	-7%	-5%	-7%	-6%	-1%	-11%
COGO	81 HK	HKD	-8%	2%	-68%	27%	-9%	-9%	-10%	-22%	-42%
C. Garden	2007 HK	CNY	3%	3%	8%	-9%	-19%	-30%	-33%	-41%	-44%
CR Land	1109 HK	CNY	0%	0%	-38%	-8%	-41%	-21%	-32%	-38%	-30%
Evergrande	3333 HK	CNY	-67%	-151%	-1666%	-355%	-38%	-42%	-80%	-86%	-1250%
Gemdale	600383 CH	CNY	-18%	-16%	-66%	-26%	-29%	-39%	-34%	-59%	-41%
Greentown	3900 HK	CNY	-15%	-42%	-127%	-105%	-144%	-97%	-50%	-20%	-41%
Kaisa	1638 HK	CNY	-31%	-31%	-114%	-55%	-26%	-69%	-78%	-71%	
KWG	1813 HK	CNY	-98%	-11%	-64%	-39%	-36%	-43%	-54%	-42%	-53%
LongFor	960 HK	CNY	-225%	-220%	-241%	-34%	-36%	-26%	-31%	-26%	-26%
Poly Property	119 HK	CNY	-2%	-36%	-263%	-115%	-53%	-98%	-126%	-85%	-335%
Poly Real Estate	600048 CH	CNY	-21%	-29%	-41%	-26%	-44%	-55%	-49%	-39%	-33%
R&F	2777 HK	CNY	-10%	-21%	-45%	-31%	-10%	-9%	-14%	-19%	-52%
Shimao	813 HK	CNY	-6%	-8%	-33%	-16%	-12%	-32%	-42%	-27%	-29%
SOHO China	410 HK	CNY	0%	-5%	-29%	-8%	-6%	-31%	-8%	-15%	-25%
Sino-Ocean	3377 HK	CNY	-46%	-45%	-60%	-46%	-50%	-68%	-59%	-45%	-44%
Sunac	1918 HK	CNY		-57%	-18%	-7%	-10%	-33%	-37%	-31%	-24%
Yanlord	YNLG SI	SGD	-15%	-19%	-57%	-28%	-39%	-125%	-112%	-94%	
Yuexiu	123 HK	CNY	-6%	-4%	-104%	250%	-139%	-42%	-86%	-67%	-82%
Average			-27%	-32%	-127%	-29%	-26%	-46%	-48%	-41%	-106%

Source: Deutsche Bank estimates, Company data



Figure 12: China Prop – Adjusted interest capitalization by using COLI as benchmark

RMBm	Agile			BC Land			C C Land			Central China			China Merchant Prop		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
As reported															
Gross interest expense	(2,527)	(2,681)	(3,737)	(1,347)	(1,485)	(2,015)	(498)	(734)	(796)	(647)	(804)	(838)	(1,519)	(1,443)	(1,109)
Interest capitalized	2,449	3,170	3,444	1,134	907	1,879	433	644	636	378	238	346	986	582	791
% of interest capitalized	97%	118%	92%	84%	61%	93%	87%	88%	80%	58%	30%	41%	65%	40%	71%
Core net profit	4,634	4,400	3,929	926	1,135	1,671	517	487	449	806	1,007	728	3,318	4,202	4,250
Capitalized interest as a % of core net profit	53%	72%	88%	122%	80%	112%	84%	132%	142%	47%	24%	48%	30%	14%	19%
Adjustments															
Capitalized interest as % of core net profit for COLI	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Interest that could be capitalized	436	315	210	12	71	41	30	1	(4)	81	129	73	402	587	570
Interest to be expensed in current year's P&L	2,013	2,854	3,234	1,122	836	1,838	403	643	641	297	109	273	584	(6)	220
Adjusted core net profit	3,124	2,259	1,503	84	508	292	215	5	(31)	584	925	523	2,880	4,206	4,085
Difference in adjusted core net profit vs reported	-33%	-49%	-62%	-91%	-55%	-83%	-59%	-99%	-107%	-28%	-8%	-28%	-13%	0%	-4%
Original core P/E	3.6	3.8	4.2	4.3	3.5	2.4	7.7	8.1	8.8	4.9	3.9	5.4	19.9	15.7	15.5
Adjusted core P/E	5.3	7.4	11.1	47.4	7.9	13.7	18.5	812.6	NA	6.8	4.3	7.5	22.9	15.7	16.2

Source: Deutsche Bank
Note: CC Land, COGO, CR Land, Yuexiu in HKD



Figure 13: China Prop – Adjusted interest capitalization by using COLI as benchmark (cont'd)

RMBm	China SCE			China Vanke			COGO			Country Garden			CR Land		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
As reported															
Gross interest expense	(471)	(884)	(1,046)	(5,782)	(6,755)	(13,649)	(351)	(664)	(989)	(3,097)	(4,119)	(4,879)	(2,838)	(2,289)	(3,457)
Interest capitalized	364	638	885	4,043	5,079	5,288	342	645	967	2,817	4,119	4,690	2,168	2,144	2,658
% of interest capitalized	77%	72%	85%	70%	75%	39%	98%	97%	98%	91%	100%	96%	76%	94%	77%
Core net profit	386	436	324	12,578	15,107	15,643	2,113	2,779	1,186	6,779	7,980	9,240	7,249	9,444	11,802
Capitalized interest as a % of core net profit	94%	146%	274%	32%	34%	34%	16%	23%	81%	42%	52%	51%	30%	23%	23%
Adjustments															
Capitalized interest as % of core net profit for COLI	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Interest that could be capitalized	18	(7)	(53)	1,489	1,762	1,821	290	358	72	728	763	892	877	1,222	1,529
Interest to be expensed in current year's P&L	346	645	938	2,554	3,318	3,467	52	287	895	2,089	3,357	3,798	1,291	922	1,129
Adjusted core net profit	126	(48)	(380)	10,662	12,618	13,043	2,074	2,564	515	5,212	5,462	6,392	6,281	8,752	10,955
Difference in adjusted core net profit vs reported	-67%	-111%	-218%	-15%	-16%	-17%	-2%	-8%	-57%	-23%	-32%	-31%	-13%	-7%	-7%
Original core P/E	10.2	9.1	12.2	12.7	10.6	10.2	4.8	3.6	8.5	8.4	7.2	6.2	22.3	17.2	13.7
Adjusted core P/E	31.3	NA	NA	15.0	12.6	12.2	4.8	3.9	19.5	11.0	10.5	9.0	25.8	18.5	14.8

Source: Deutsche Bank

Note: CC Land, COGO, CR Land, Yuexiu in HKD



Figure 14: China Prop – Adjusted interest capitalization by using COLI as benchmark (cont'd)

RMBm	Evergrande			Gemdale			Greentown			Kaisa		KWG		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2012	2013	2014
As reported														
Gross interest expense	(5,785)	(8,115)	(13,649)	(2,082)	(2,326)	(2,823)	(3,481)	(2,431)	(3,125)	(1,642)	(2,610)	(1,618)	(1,894)	(2,297)
Interest capitalized	5,731	8,468	13,633	1,856	1,666	1,877	2,917	1,925	2,445	1,603	1,967	1,548	1,679	2,291
% of interest capitalized	99%	104%	100%	89%	72%	66%	84%	79%	78%	98%	75%	96%	89%	100%
Core net profit	6,200	7,521	856	2,865	2,163	3,479	4,257	5,279	3,379	1,670	2,786	2,275	2,343	2,577
Capitalized interest as a % of core net profit	92%	113%	1593%	65%	77%	54%	69%	36%	72%	96%	71%	68%	72%	89%
Adjustments														
Capitalized interest as % of core net profit for COLI	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Interest that could be capitalized	297	183	(1,461)	230	142	323	323	598	241	73	204	174	169	134
Interest to be expensed in current year's P&L	5,434	8,285	15,094	1,626	1,524	1,554	2,594	1,326	2,204	1,530	1,762	1,374	1,511	2,157
Adjusted core net profit	2,124	1,307	(10,465)	1,646	1,020	2,314	2,312	4,284	1,726	522	1,464	1,245	1,210	959
Difference in adjusted core net profit vs reported	-66%	-83%	-1322%	-43%	-53%	-33%	-46%	-19%	-49%	-69%	-47%	-45%	-48%	-63%
Original core P/E	8.0	6.6	58.0	18.5	24.5	15.3	3.2	2.5	4.0	3.8	2.3	6.8	6.6	6.0
Adjusted core P/E	23.4	38.0	NA	32.3	52.0	22.9	5.8	3.1	7.8	12.3	4.4	12.3	12.7	16.0

Source: Deutsche Bank

Note: CC Land, COGO, CR Land, Yuexiu in HKD



Figure 15: China Prop – Adjusted interest capitalization by using COLI as benchmark (cont'd)

RMBm	Longfor			Poly-A			R&F			Shimao			Sino-Ocean		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
As reported															
Gross interest expense	(2,071)	(2,628)	(2,796)	(6,370)	(6,801)	(8,537)	(2,772)	(3,856)	(6,102)	(3,225)	(3,605)	(4,338)	(2,946)	(2,585)	(3,164)
Interest capitalized	2,023	2,589	2,773	5,337	5,523	7,000	1,270	1,952	4,886	3,056	3,293	3,926	2,320	2,221	2,695
% of interest capitalized	98%	98%	99%	84%	81%	82%	46%	51%	80%	95%	91%	91%	79%	86%	85%
Core net profit	5,402	6,207	6,610	8,334	10,676	12,162	5,007	5,807	5,280	4,387	7,319	7,907	2,505	3,036	3,566
Capitalized interest as a % of core net profit	37%	42%	42%	64%	52%	58%	25%	34%	93%	70%	45%	50%	93%	73%	76%
Adjustments															
Capitalized interest as % of core net profit for COLI	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Interest that could be capitalized	606	665	706	675	1,019	1,078	632	677	252	327	756	774	119	214	241
Interest to be expensed in current year's P&L	1,417	1,924	2,067	4,661	4,504	5,922	638	1,275	4,634	2,729	2,537	3,152	2,201	2,007	2,454
Adjusted core net profit	4,339	4,765	5,060	4,839	7,299	7,720	4,529	4,850	1,804	2,340	5,416	5,543	854	1,530	1,725
Difference in adjusted core net profit vs reported	-20%	-23%	-23%	-42%	-32%	-37%	-10%	-16%	-66%	-47%	-26%	-30%	-66%	-50%	-52%
Original core P/E	9.9	8.6	8.1	16.4	12.8	11.2	4.5	3.9	4.3	11.2	6.7	6.2	13.4	11.0	9.4
Adjusted core P/E	12.3	11.2	10.6	28.2	18.7	17.7	5.0	4.7	12.6	21.0	9.1	8.9	39.2	21.9	19.4

Source: Deutsche Bank, Company data



Figure 16: China Prop – Adjusted interest capitalization by using COLI as benchmark (cont'd)

RMBm	Sunac			SOHO China			Yuexiu		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
As reported									
Gross interest expense	(1,828)	(2,569)	(2,921)	(1,053)	(1,270)	(1,402)	(1,707)	(1,520)	(1,639)
Interest capitalized	1,715	1,988	1,777	494	1,145	812	1,155	1,008	1,133
% of interest capitalized	94%	77%	61%	47%	90%	58%	68%	66%	69%
Core net profit	2,736	3,523	3,730	3,381	4,440	1,778	945	1,350	1,575
Capitalized interest as a % of core net profit	63%	56%	48%	15%	26%	46%	122%	75%	72%
Adjustments									
Capitalized interest as % of core net profit for COLI	14%	14%	14%	14%	14%	14%	14%	14%	14%
Interest that could be capitalized	226	317	374	469	558	182	12	93	113
Interest to be expensed in current year's P&L	1,489	1,671	1,403	25	586	630	1,142	916	1,019
Adjusted core net profit	1,619	2,269	2,678	3,363	4,000	1,306	88	663	810
Difference in adjusted core net profit vs reported	-41%	-36%	-28%	-1%	-10%	-27%	-91%	-51%	-49%
Original core P/E	8.4	6.5	6.2	7.1	5.4	13.5	22.6	15.8	13.5
Adjusted core P/E	14.2	10.1	8.6	7.1	6.0	18.4	242.0	32.2	26.3

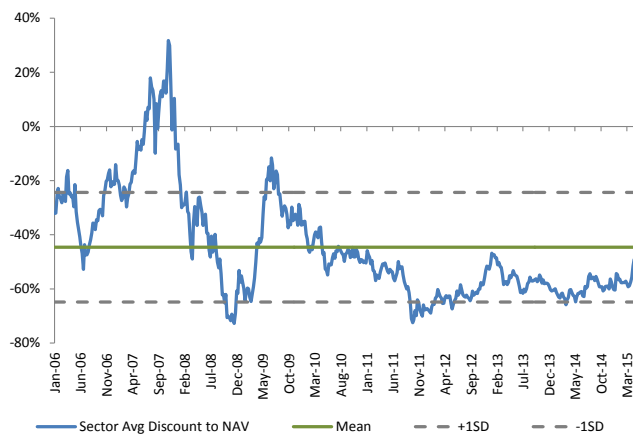
Source: Deutsche Bank

Note: CC Land, COGO, CR Land, Yuexiu in HKD



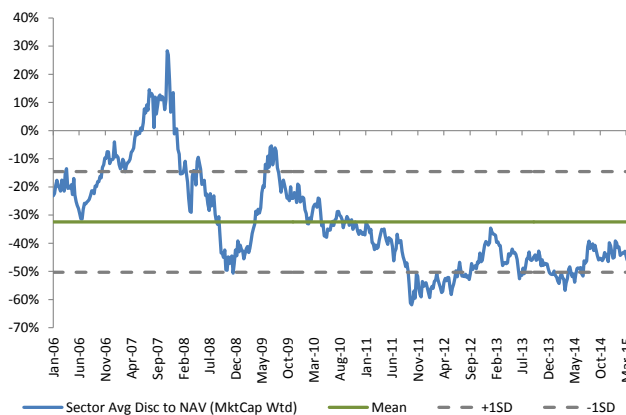
Taking a look at valuations

Figure 17: China Prop – Disc to NAV (since 2006)



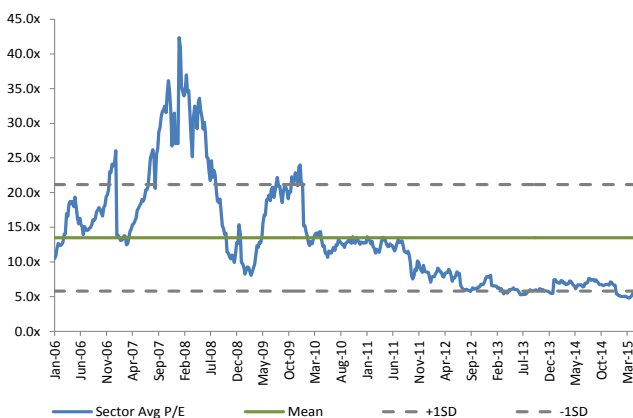
Source: Bloomberg Finance LP, Deutsche Bank,

Figure 18: China Prop – Disc to NAV (MktCap weighted)



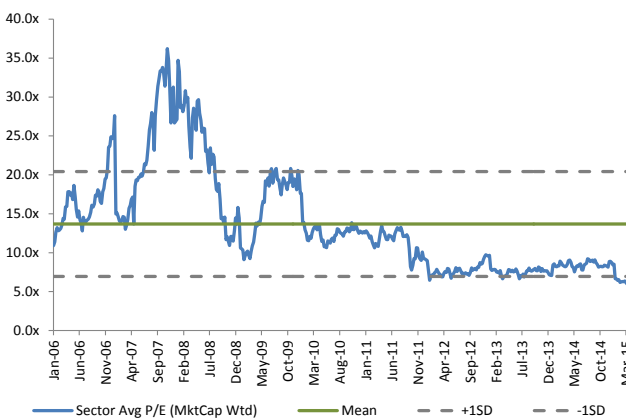
Source: Bloomberg Finance LP, Deutsche Bank,

Figure 19: China Prop – Sector P/E (Since 2006)



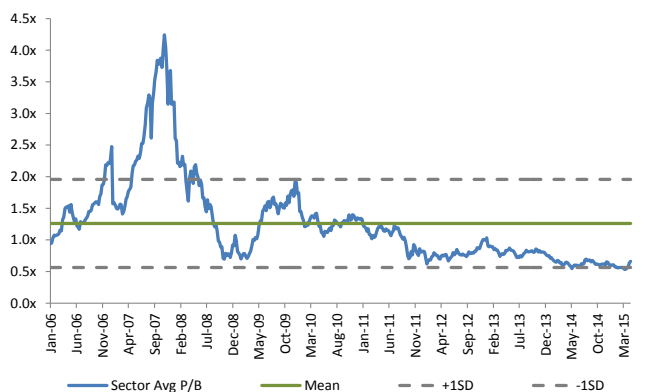
Source: Bloomberg Finance LP, Deutsche Bank,

Figure 20: China Prop – Sector P/E (MktCap weighted)



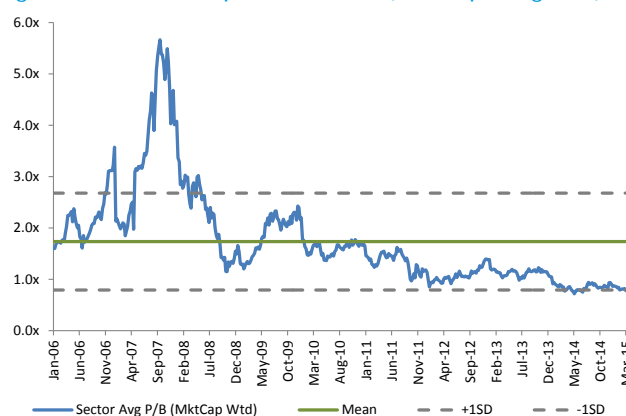
Source: Bloomberg Finance LP, Deutsche Bank,

Figure 21: China Prop – Sector P/B (Since 2006)



Source: Bloomberg Finance LP, Deutsche Bank,

Figure 22: China Prop – Sector P/B (MktCap weighted)

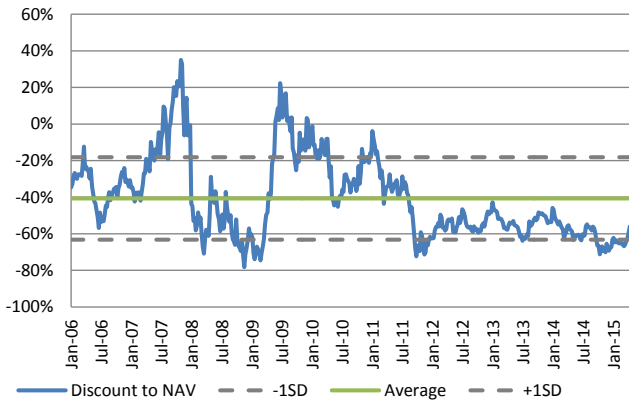


Source: Bloomberg Finance LP, Deutsche Bank,



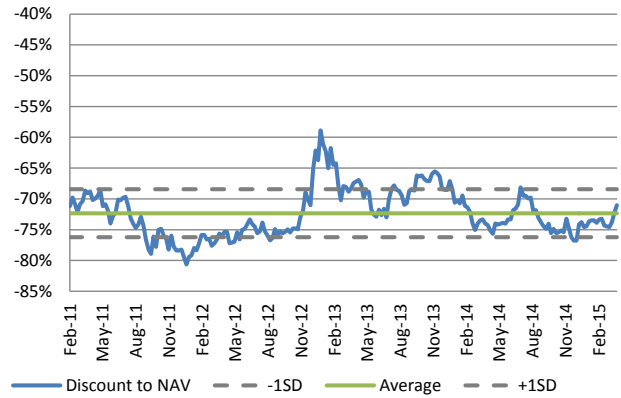
Historical NAV discount of individual stocks

Figure 23: Agile – Discount to NAV



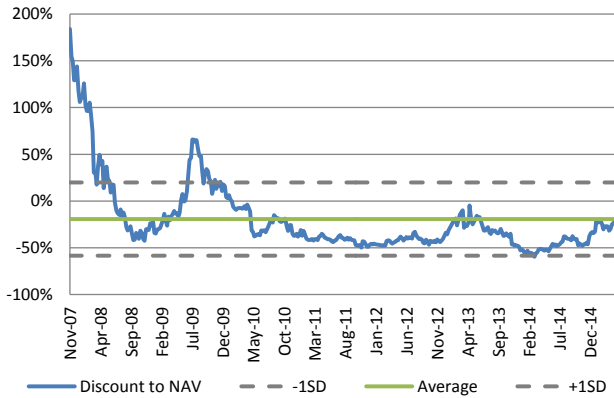
Source: Bloomberg Finance LP, Deutsche Bank

Figure 24: Central China – Discount to NAV



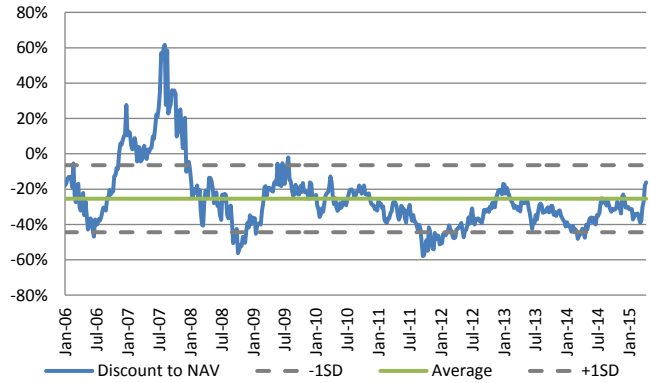
Source: Bloomberg Finance LP, Deutsche Bank

Figure 25: China Vanke – Discount to NAV



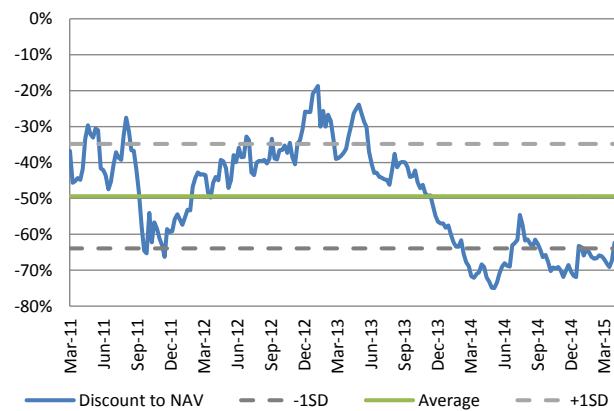
Source: Bloomberg Finance LP, Deutsche Bank

Figure 26: COLI – Discount to NAV



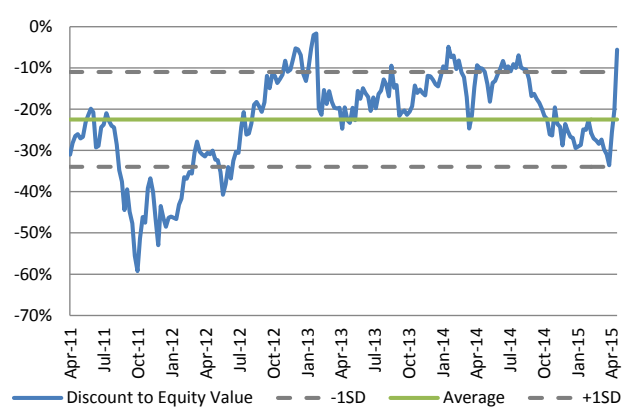
Source: Bloomberg Finance LP, Deutsche Bank

Figure 27: COGO – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

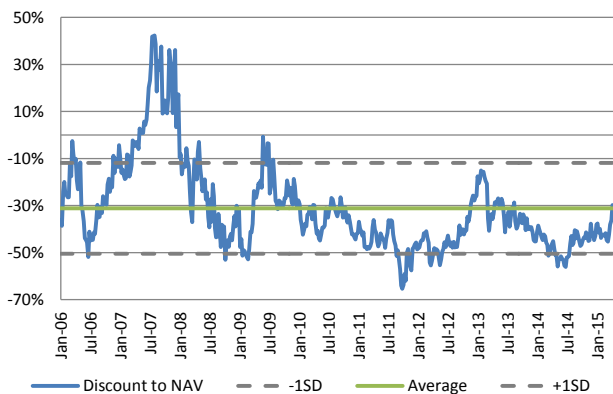
Figure 28: CSCI – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

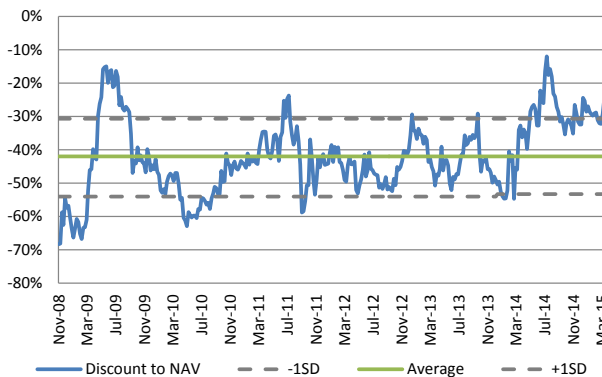


Figure 29: CR Land – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

Figure 30: Country Garden – Discount to NAV



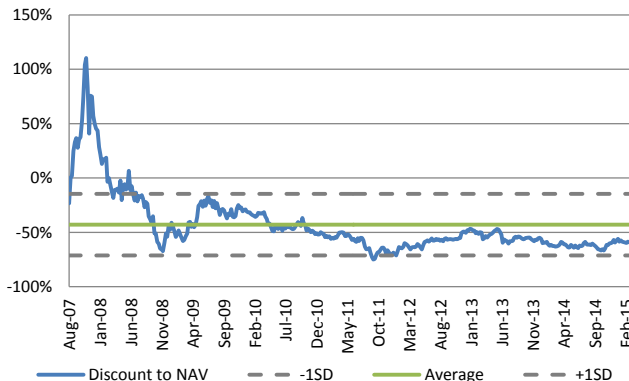
Source: Bloomberg Finance LP, Deutsche Bank

Figure 31: Evergrande – Discount to NAV



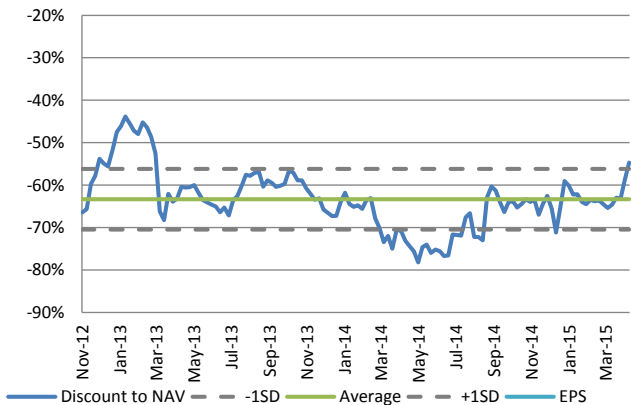
Source: Bloomberg Finance LP, Deutsche Bank

Figure 32: Franshion – Discount to NAV



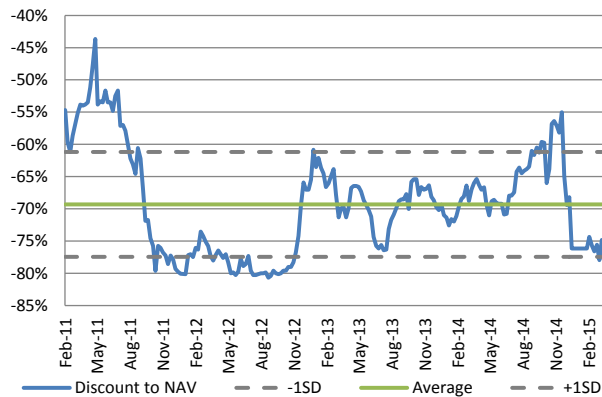
Source: Bloomberg Finance LP, Deutsche Bank

Figure 33: Greentown – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

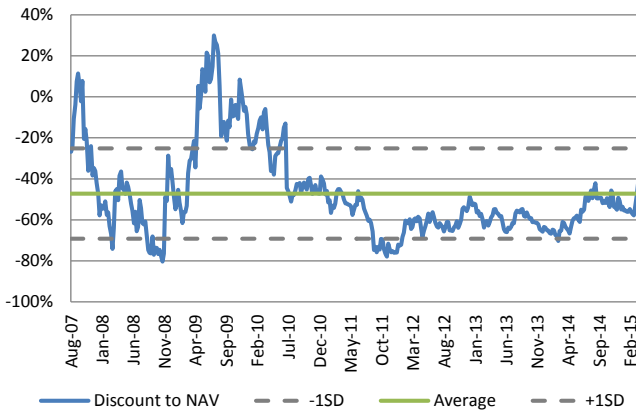
Figure 34: Kaisa – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

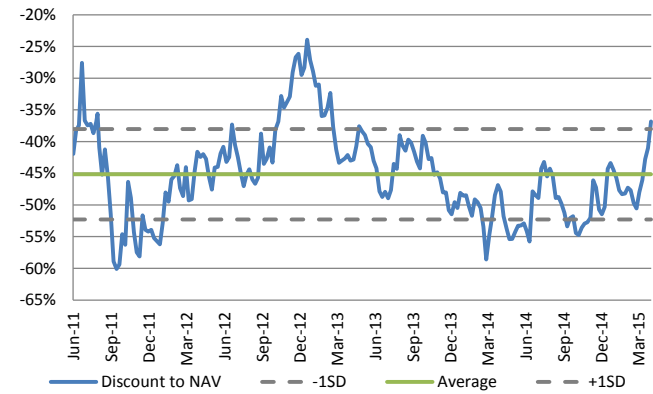


Figure 35: KWG – Discount to NAV



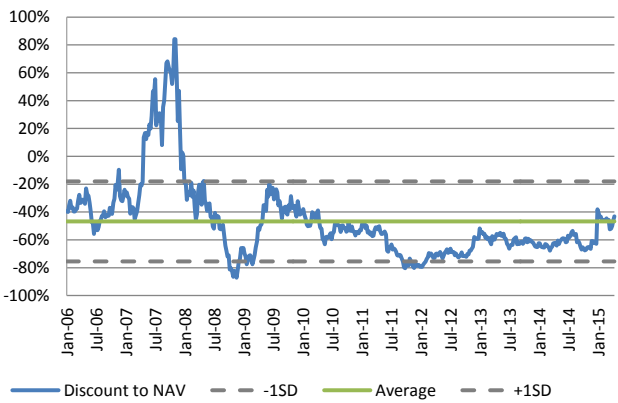
Source: Bloomberg Finance LP, Deutsche Bank

Figure 36: Longfor – Discount to NAV



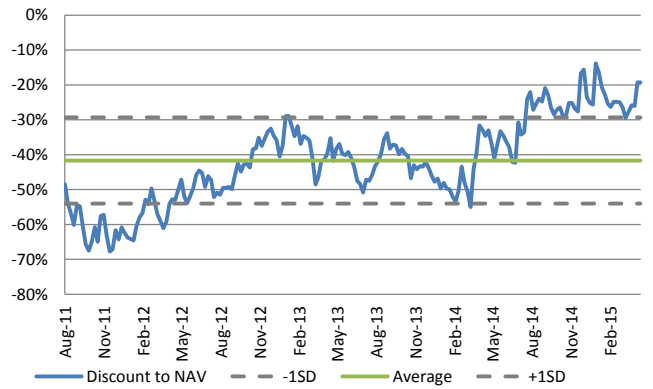
Source: Bloomberg Finance LP, Deutsche Bank

Figure 37: R&F – Discount to NAV



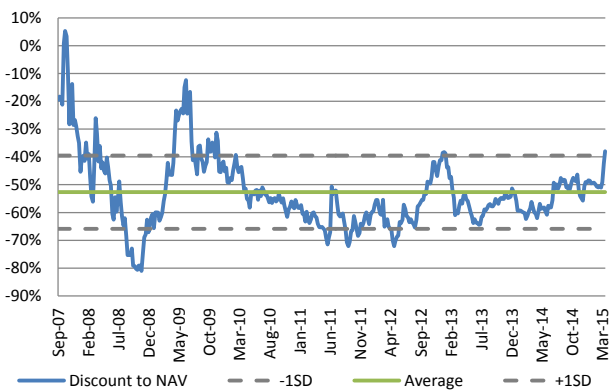
Source: Bloomberg Finance LP, Deutsche Bank

Figure 38: Shimao – Discount to NAV



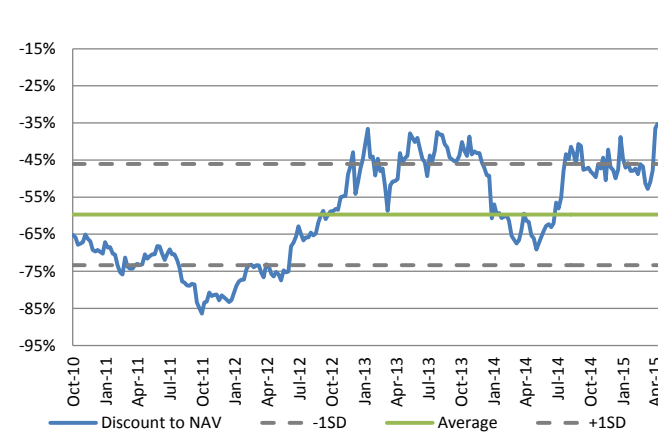
Source: Bloomberg Finance LP, Deutsche Bank

Figure 39: Sino-Ocean – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

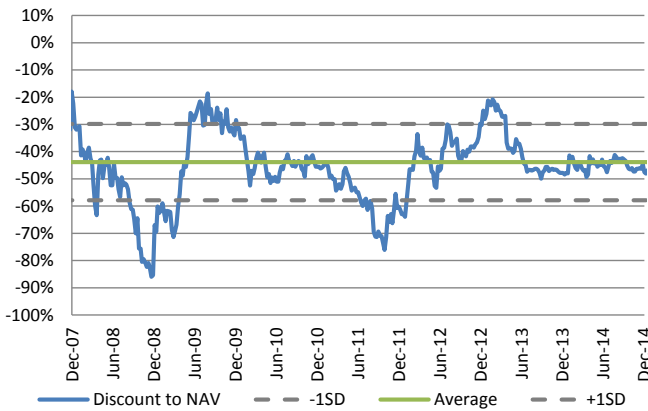
Figure 40: Sunac – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

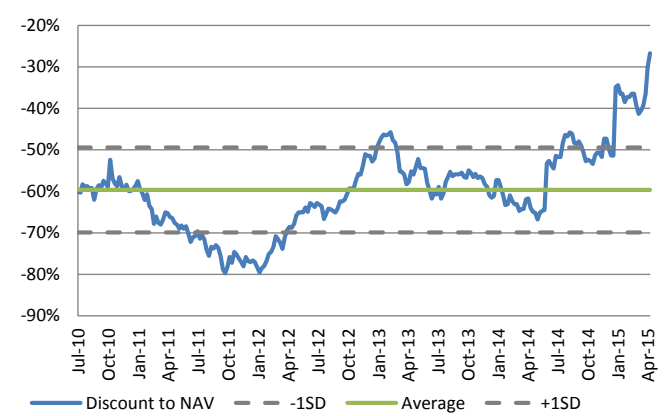


Figure 41: Yanlord – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

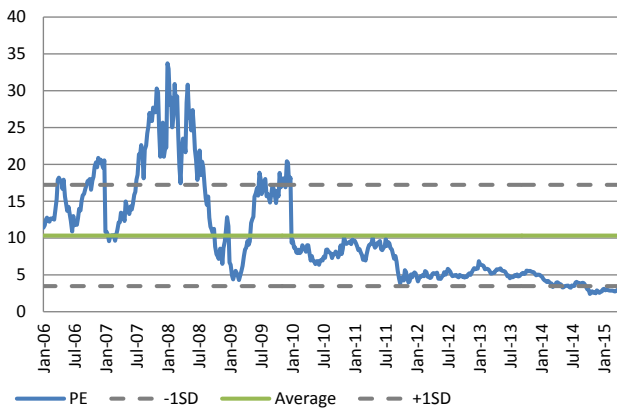
Figure 42: Yuexiu – Discount to NAV



Source: Bloomberg Finance LP, Deutsche Bank

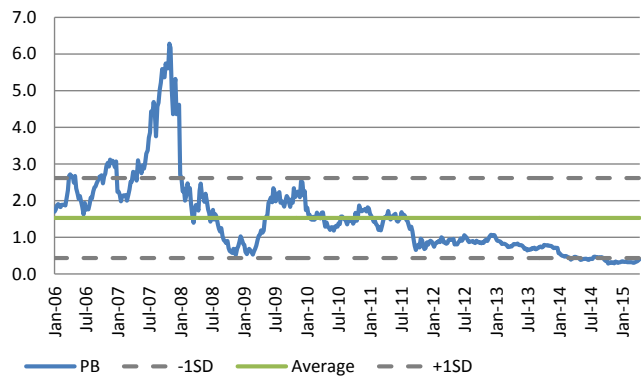
Historical P/E and P/B of individual stocks

Figure 43: Agile – P/E



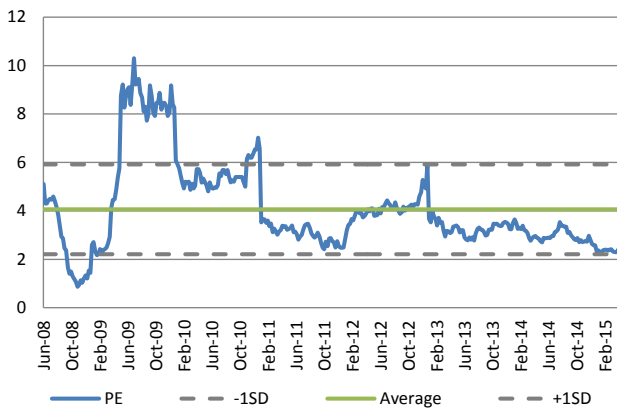
Source: Bloomberg Finance LP, Deutsche Bank

Figure 44: Agile – P/B



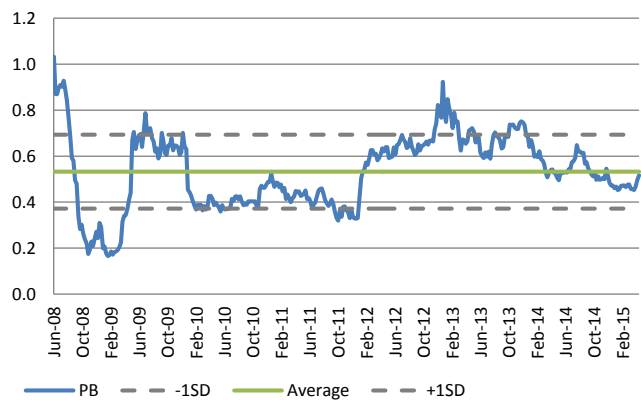
Source: Bloomberg Finance LP, Deutsche Bank

Figure 45: Central China – P/E



Source: Bloomberg Finance LP, Deutsche Bank

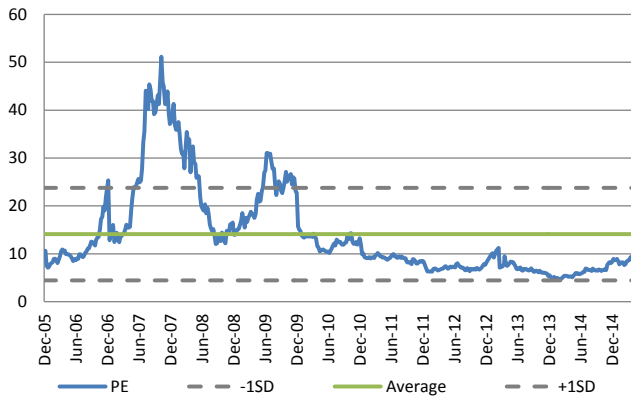
Figure 46: Central China – P/B



Source: Bloomberg Finance LP, Deutsche Bank

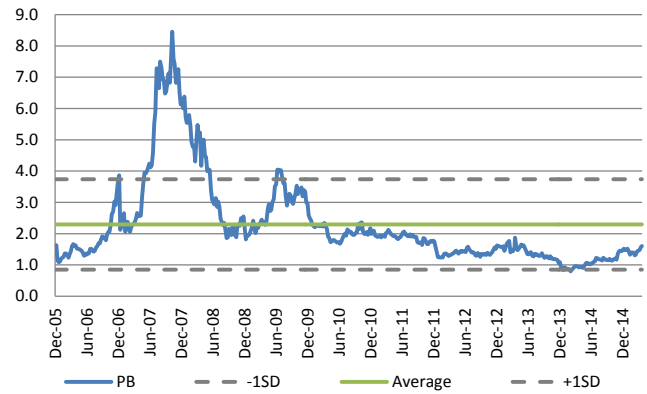


Figure 47: China Vanke – P/E



Source: Bloomberg Finance LP, Deutsche Bank

Figure 48: China Vanke – P/B



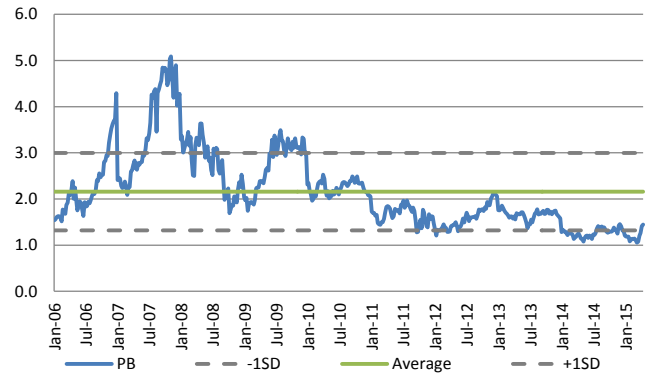
Source: Bloomberg Finance LP, Deutsche Bank

Figure 49: COLI – P/E



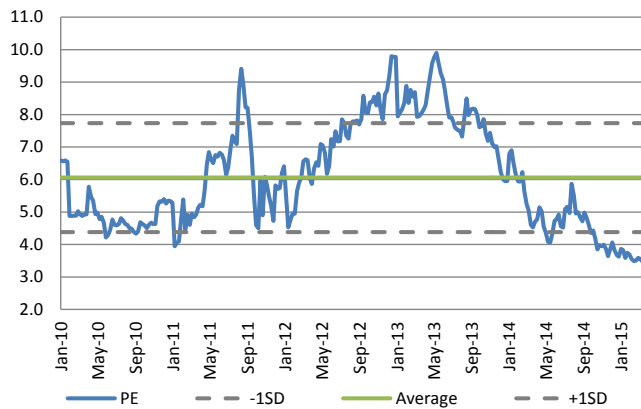
Source: Bloomberg Finance LP, Deutsche Bank

50: COLI – P/B



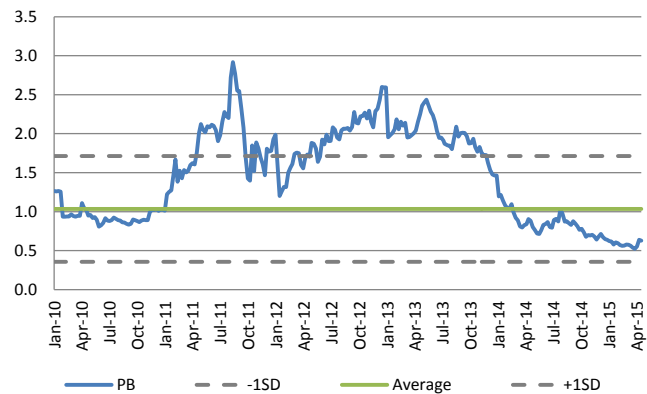
Source: Bloomberg Finance LP, Deutsche Bank

Figure 51: COGO – P/E



Source: Bloomberg Finance LP, Deutsche Bank

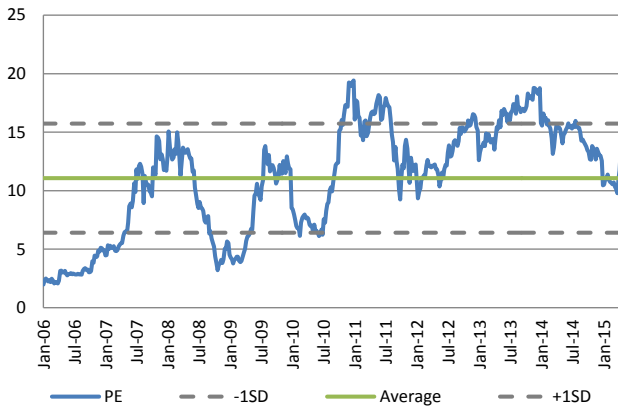
Figure 52: COGO – P/B



Source: Bloomberg Finance LP, Deutsche Bank

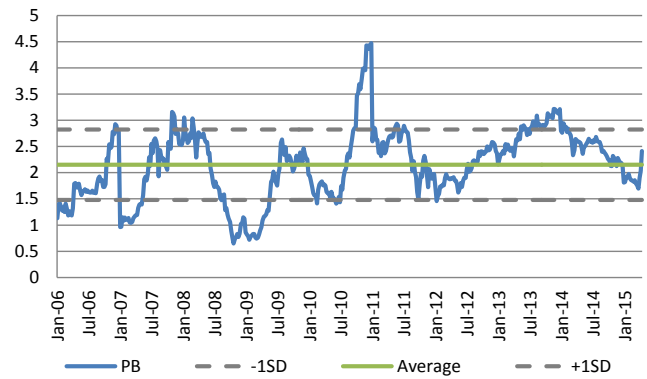


Figure 53: CSCI – P/E



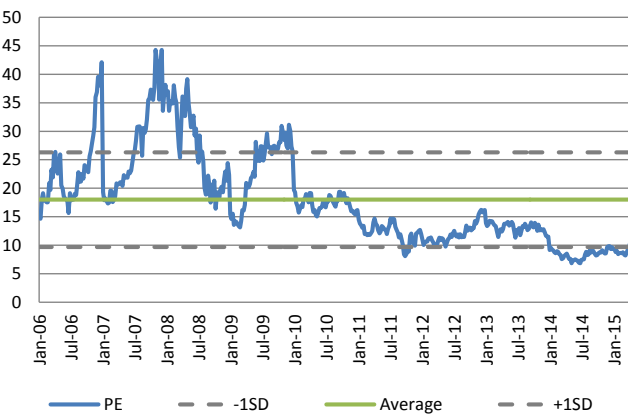
Source: Bloomberg Finance LP, Deutsche Bank

Figure 54: CSCI – P/B



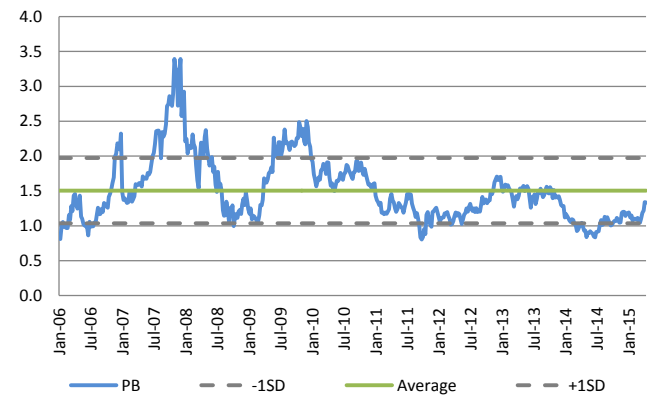
Source: Bloomberg Finance LP, Deutsche Bank

Figure 55: CR Land – P/E



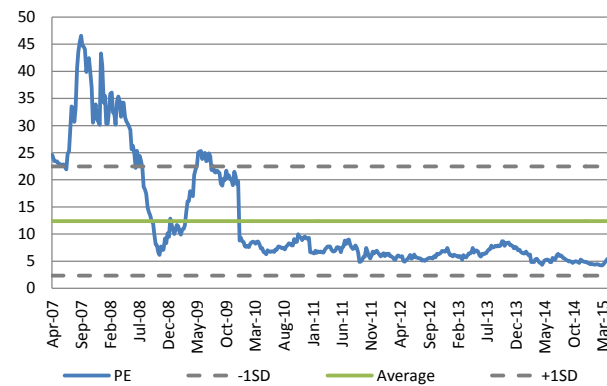
Source: Bloomberg Finance LP, Deutsche Bank

Figure 56: CR Land – P/B



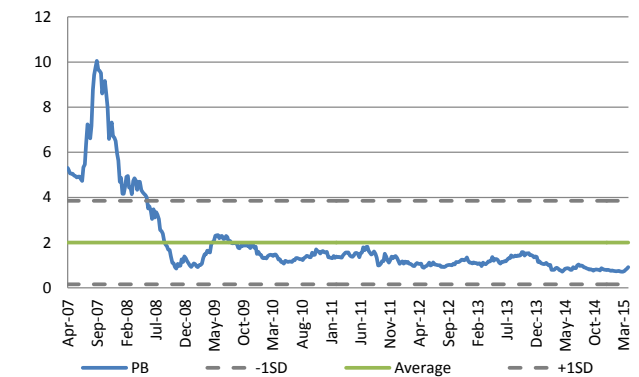
Source: Bloomberg Finance LP, Deutsche Bank

Figure 57: Country Garden – P/E



Source: Bloomberg Finance LP, Deutsche Bank

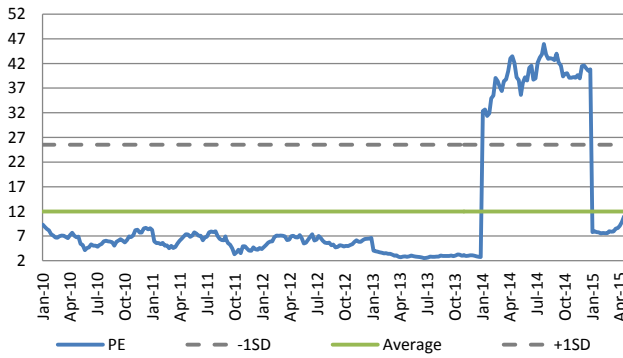
Figure 58: Country Garden – P/B



Source: Bloomberg Finance LP, Deutsche Bank

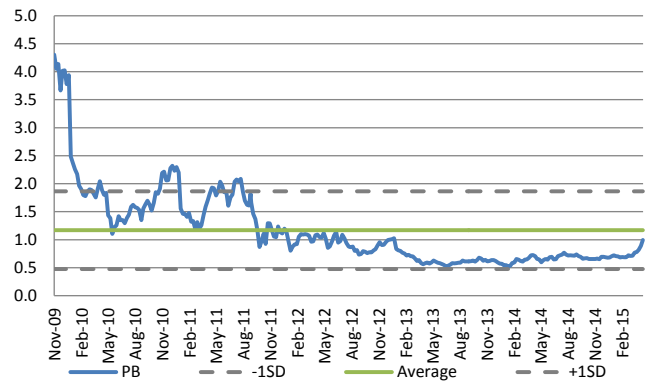


Figure 59: Evergrande – P/E



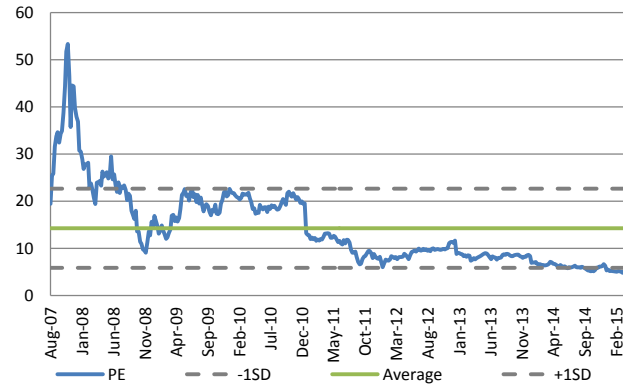
Source: Bloomberg Finance LP, Deutsche Bank

Figure 60: Evergrande – P/B



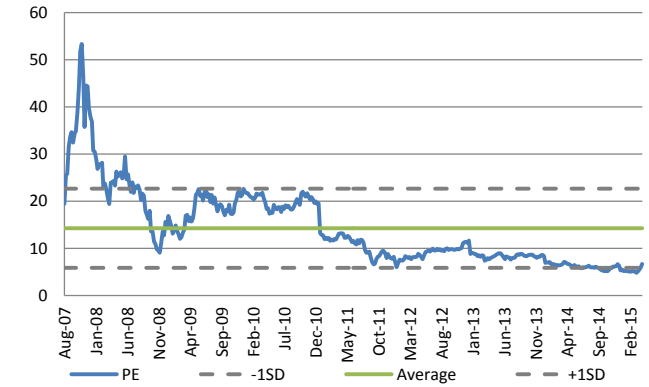
Source: Bloomberg Finance LP, Deutsche Bank

Figure 61: Franshion – P/E



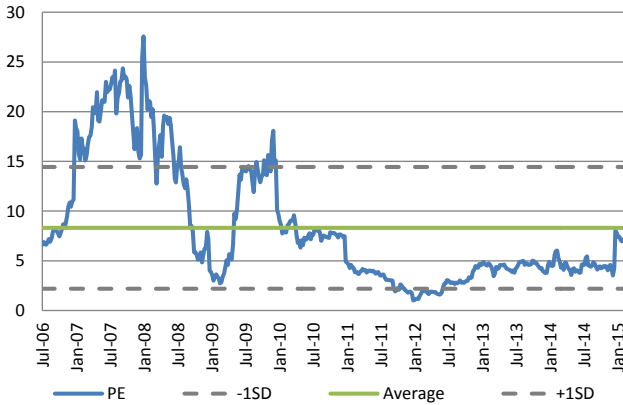
Source: Bloomberg Finance LP, Deutsche Bank

Figure 62: Franshion – P/B



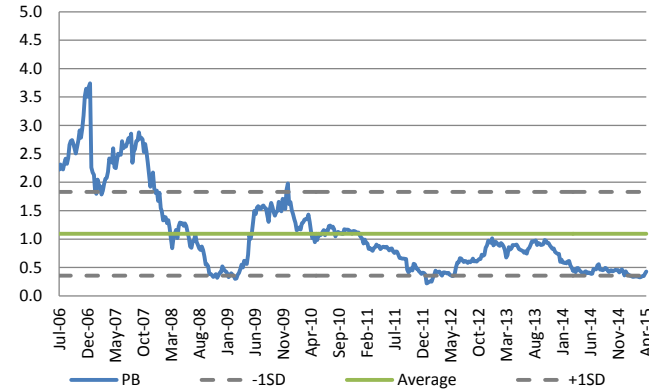
Source: Bloomberg Finance LP, Deutsche Bank

Figure 63: Greentown – P/E



Source: Bloomberg Finance LP, Deutsche Bank

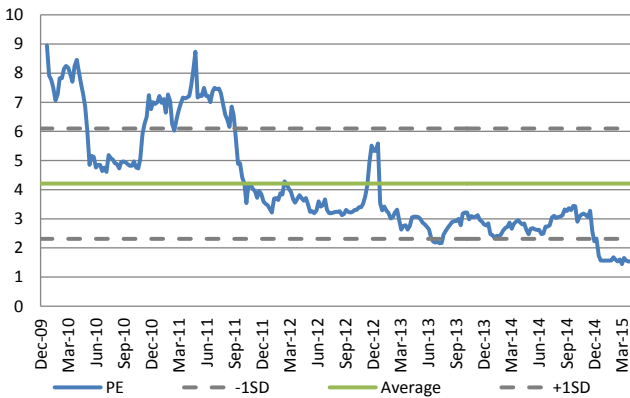
Figure 64: Greentown – P/B



Source: Bloomberg Finance LP, Deutsche Bank



Figure 65: Kaisa – P/E



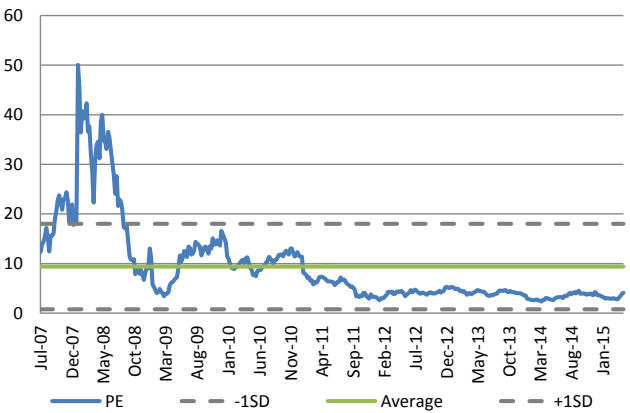
Source: Bloomberg Finance LP, Deutsche Bank

Figure 66: Kaisa – P/B



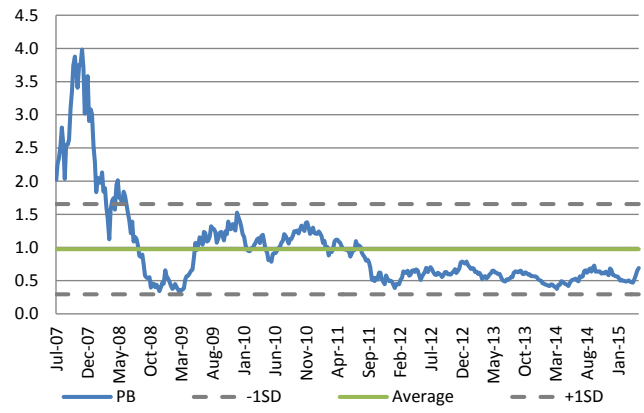
Source: Bloomberg Finance LP, Deutsche Bank

Figure 67: KWG – P/E



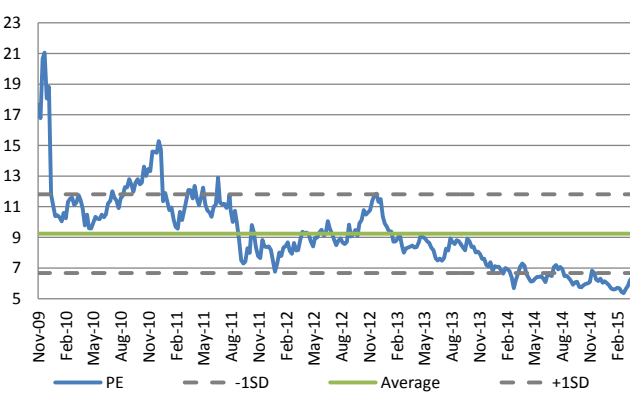
Source: Bloomberg Finance LP, Deutsche Bank

Figure 68: KWG – P/B



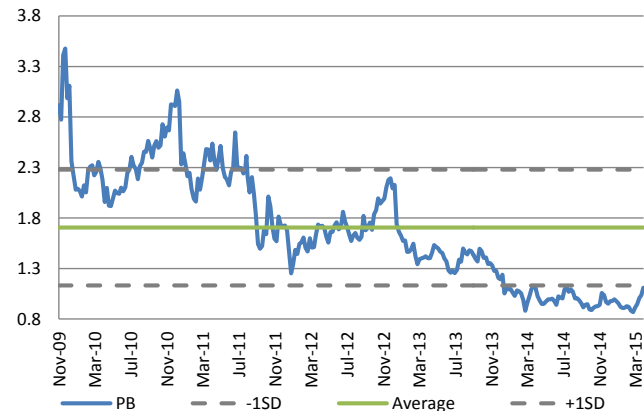
Source: Bloomberg Finance LP, Deutsche Bank

Figure 69: Longfor – P/E



Source: Bloomberg Finance LP, Deutsche Bank

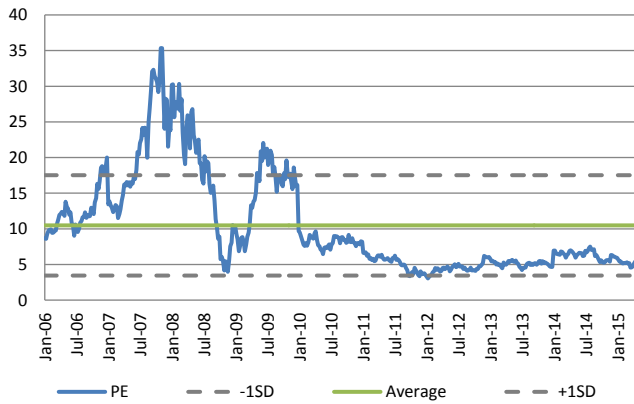
Figure 70: Longfor – P/B



Source: Bloomberg Finance LP, Deutsche Bank

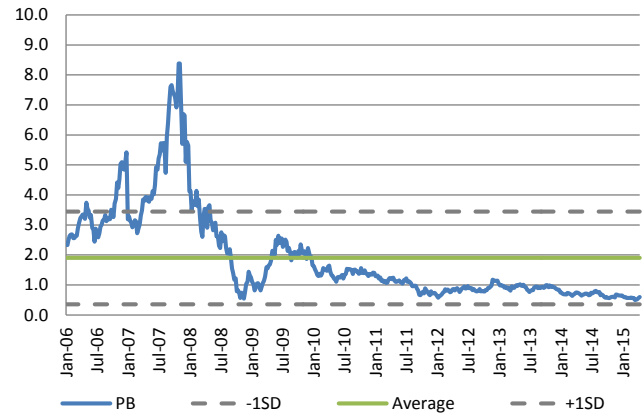


Figure 71: R&F – P/E



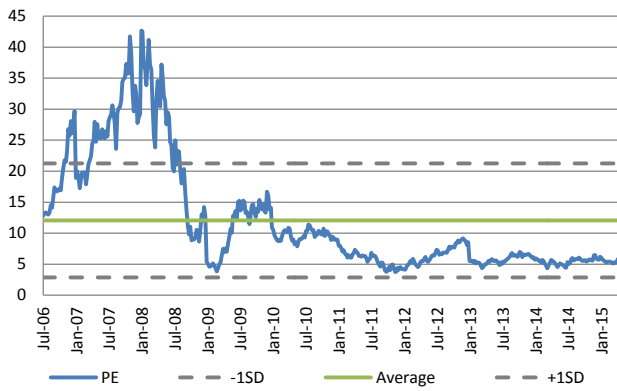
Source: Bloomberg Finance LP, Deutsche Bank

Figure 72: R&F – P/B



Source: Bloomberg Finance LP, Deutsche Bank

Figure 73: Shimao – P/E



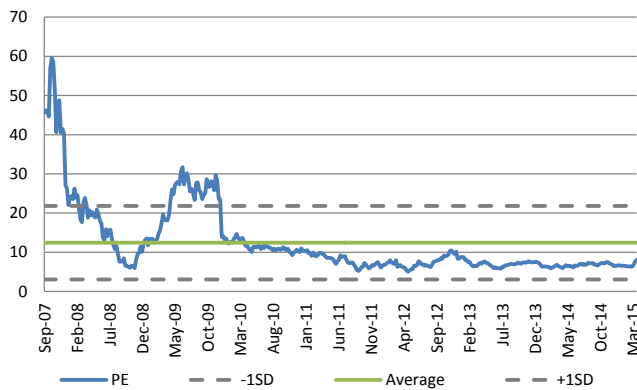
Source: Bloomberg Finance LP, Deutsche Bank

Figure 74: Shimao – P/B



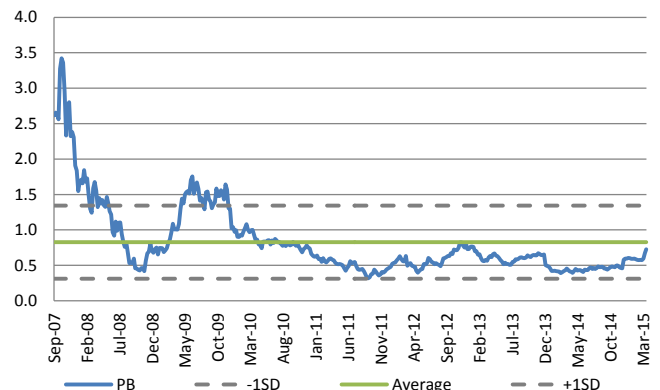
Source: Bloomberg Finance LP, Deutsche Bank

Figure 75: Sino-Ocean – P/E



Source: Bloomberg Finance LP, Deutsche Bank

Figure 76: Sino-Ocean – P/B



Source: Bloomberg Finance LP, Deutsche Bank



Figure 77: Sunac – P/E



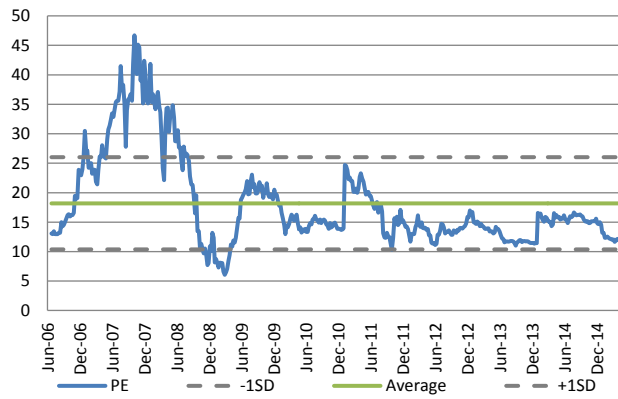
Source: Bloomberg Finance LP, Deutsche Bank

Figure 78: Sunac – P/B



Source: Bloomberg Finance LP, Deutsche Bank

Figure 79: Yanlord – P/E



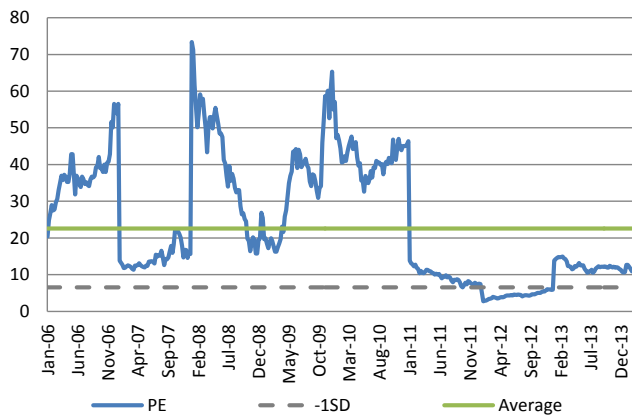
Source: Bloomberg Finance LP, Deutsche Bank

Figure 80: Yanlord – P/B



Source: Bloomberg Finance LP, Deutsche Bank

Figure 81: Yuexiu – P/E



Source: Bloomberg Finance LP, Deutsche Bank

Figure 82: Yuexiu – P/B



Source: Bloomberg Finance LP, Deutsche Bank



Taking a look at valuations

Figure 83: China property – valuation table

Company	Ticker	DB Rating	Trade Ccy	Report Ccy	Mkt Cap USDm	12M Daily T/O USDm	20 Apr	Target	Implied	Est.	NAV	EPS			PE(x)		
							Price	Price	Upside	NAV	Disc	14	15E	16E	14	15E	16E
Covered																	
CSCEC	601668 CH	Buy	CNY	CNY	47,649	406.24	9.85	10.68	8%	11.9	-17%	0.85	1.03	1.22	11.6	9.6	8.1
Wanda	3699 HK	Buy	HKD	CNY	31,136	30.83	53.30	65.00	22%	92.9	-43%	3.04	4.47	5.29	14.0	9.5	8.1
COLI	688 HK	Buy	HKD	HKD	30,375	74.72	28.80	32.15	12%	35.7	-19%	3.39	3.28	3.64	8.5	8.8	7.9
China Vanke - A	000002 CH	Buy	CNY	CNY	25,529	297.14	14.21	16.00	13%	17.5	-19%	1.42	1.56	1.77	10.0	9.1	8.0
China Vanke - H	2202 HK	Buy	HKD	CNY	25,529	27.43	19.16	19.80	3%	22.5	-15%	1.42	1.56	1.77	10.8	9.9	8.6
Poly - A	600048 CH	Buy	CNY	CNY	23,505	288.21	13.58	7.61	-44%	9.5	43%	1.13	1.22	1.44	12.0	11.1	9.5
CR Land	1109 HK	Buy	HKD	HKD	19,930	34.00	23.65	26.50	12%	34.6	-32%	2.02	2.33	2.43	11.7	10.2	9.7
China Merchants Prop	000024 CH	Buy	CNY	CNY	10,653	144.80	31.96	16.42	-49%	23.5	36%	2.04	2.30	2.78	15.7	13.9	11.5
Evergrande	3333 HK	Sell	HKD	CNY	9,676	17.92	5.09	2.44	-52%	5.0	3%	0.06	0.33	0.37	68.0	12.2	10.9
Country Garden	2007 HK	Sell	HKD	CNY	9,637	18.32	3.67	2.60	-29%	4.3	-15%	0.48	0.56	0.62	6.1	5.3	4.7
GLP	GLP SP	Buy	SGD	USD	9,604	24.37	2.67	3.15	18%	2.4	9%	0.06	0.05	0.06	34.7	36.6	30.8
Longfor	960 HK	Buy	HKD	CNY	9,012	4.95	12.02	15.60	30%	19.4	-38%	1.25	1.35	1.48	7.7	7.1	6.5
Gemdale	600383 CH	Sell	CNY	CNY	8,568	76.43	11.83	7.50	-37%	10.8	10%	0.78	0.86	0.90	15.2	13.8	13.1
Shimao	813 HK	Sell	HKD	CNY	7,662	25.20	17.10	13.16	-23%	22.3	-23%	2.29	2.46	2.76	6.0	5.6	5.0
CSCI	3311 HK	Buy	HKD	HKD	7,290	10.61	14.08	14.74	5%	15.4	-9%	0.88	1.05	1.31	16.1	13.4	10.8
Sino-Ocean	3377 HK	Buy	HKD	CNY	5,520	3.41	5.70	6.85	20%	9.8	-42%	0.49	0.58	0.68	9.3	7.8	6.7
R&F	2777 HK	Hold	HKD	CNY	3,626	12.48	8.72	8.13	-7%	16.3	-46%	1.20	1.37	1.49	5.8	5.1	4.7
Sunac	1918 HK	Hold	HKD	CNY	3,590	15.63	8.22	7.35	-11%	13.3	-38%	1.13	1.70	1.68	5.8	3.9	3.9
Franshion	817 HK	Buy	HKD	HKD	3,417	2.76	2.92	3.92	34%	5.5	-47%	0.33	0.39	0.47	8.7	7.5	6.2
Agile	3383 HK	Sell	HKD	CNY	2,780	10.34	5.50	3.55	-35%	13.2	-58%	1.12	0.96	0.96	3.9	4.6	4.6
Yuexiu	123 HK	Sell	HKD	CNY	2,768	6.28	1.73	1.23	-29%	2.5	-30%	0.12	0.12	0.13	11.8	11.4	10.6
KWG	1813 HK	Buy	HKD	CNY	2,558	6.13	6.73	6.68	-1%	11.1	-40%	1.12	1.35	1.44	4.8	4.0	3.7
Greentown	3900 HK	Buy	HKD	CNY	2,300	8.70	8.25	12.23	48%	22.0	-63%	0.96	2.13	2.38	6.9	3.1	2.8
CIFI	884 HK	Buy	HKD	CNY	1,625	0.68	2.09	2.53	21%	4.6	-55%	0.34	0.46	0.61	4.9	3.6	2.7
Yanlord	YLLG SP	Sell	SGD	CNY	1,513	0.77	1.05	0.80	-23%	1.6	-34%	0.25	0.34	0.37	19.1	14.1	12.9
COGO	81 HK	Buy	HKD	HKD	1,222	2.76	4.15	8.19	97%	11.7	-65%	1.04	1.11	1.60	4.0	3.7	2.6
Kaisa	1638 HK	Hold	HKD	CNY	1,034	4.14	1.56	1.80	15%	6.7	-77%	0.64	0.72	0.81	2.0	1.7	1.5
E-House	EJ US	Buy	USD	USD	844	15.14	5.98	18.20	204%	0.0	NA	0.73	0.91	1.09	8.1	6.6	5.5
Central China	832 HK	Buy	HKD	CNY	660	0.28	2.10	3.36	60%	5.6	-62%	0.52	0.65	0.82	3.3	2.6	2.0
Not Rated																	
NWCL	917 HK	NR	HKD	HKD	5,974	1.90	5.33	NA	NA	NA	NA	0.45	0.42	0.43	11.8	12.7	12.4
SOHO China	410 HK	NR	HKD	CNY	3,663	3.27	5.46	NA	NA	NA	NA	0.42	0.17	0.18	10.4	25.4	23.7
Shenzhen Inv	604 HK	NR	HKD	HKD	3,042	3.61	3.52	NA	NA	NA	NA	0.28	0.44	0.49	12.8	8.0	7.2
Hui Xian REIT	87001 HK	NR	CNY	CNY	2,903	1.90	3.38	NA	NA	NA	NA	0.22	0.23	0.24	15.4	14.9	14.3
Shui On	272 HK	NR	HKD	CNY	2,292	2.24	2.22	NA	NA	NA	NA	0.08	0.05	0.14	21.9	32.9	12.6
Hopson	754 HK	NR	HKD	HKD	2,154	0.94	7.44	NA	NA	NA	NA	0.56	0.42	0.56	13.3	17.7	13.3
Poly Property	119 HK	NR	HKD	HKD	2,055	8.03	4.35	NA	NA	NA	NA	0.53	0.41	0.46	8.3	10.7	9.5
BJ North Star	588 HK	NR	HKD	CNY	1,660	1.18	3.82	NA	NA	NA	NA	0.30	0.28	0.32	10.2	10.9	9.6
Greenland Hong Kong	337 HK	NR	HKD	CNY	1,273	2.20	5.91	NA	NA	NA	NA	0.11	0.27	0.33	45.0	17.8	14.3
Glorious	845 HK	NR	HKD	CNY	1,026	0.83	1.02	NA	NA	NA	NA	0.14	0.12	0.04	5.7	6.6	20.4
Yuzhou	1628 HK	NR	HKD	CNY	914	1.01	2.05	NA	NA	NA	NA	0.46	0.49	0.61	3.6	3.4	2.7
Fantasia	1777 HK	NR	HKD	CNY	884	1.12	1.19	NA	NA	NA	NA	0.18	0.19	0.23	5.3	5.0	4.2
Powerlong	1238 HK	NR	HKD	CNY	825	0.44	1.60	NA	NA	NA	NA	0.27			4.7	NA	NA
BC Land	2868 HK	NR	HKD	CNY	690	1.27	5.24	NA	NA	NA	NA	0.76	0.95	1.25	5.5	4.4	3.4
C C Land	1224 HK	NR	HKD	HKD	551	0.49	1.65	NA	NA	NA	NA		0.26	0.24	NA	6.3	6.9
Aoyuan	3883 HK	NR	HKD	CNY	550	0.30	1.53	NA	NA	NA	NA	0.31	0.33	0.40	3.9	3.7	3.1
Minmetals	230 HK	NR	HKD	HKD	453	0.31	1.05	NA	NA	NA	NA	0.20	0.24		5.3	4.4	NA
Overall average											-28%			11.8	9.8	8.7	

Source: Deutsche Bank estimates, Company data, Bloomberg Finance LP Consensus estimates for companies NR



Figure 84: China property – valuation table (cont.)

Company	Ticker	EPS growth %			BVPS			PB(x)			DPS			Dividends yield %			Net gearing %		
		14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E	14E	15E	16E
Covered																			
CSCEC	601668 CH	25	21	18	4.6	5.4	6.4	2.1	1.8	1.5	0.2	0.2	0.2	1.7	2.1	2.5	53.2	49.1	38.9
Wanda	3699 HK	31	47	18	40.0	43.4	47.4	1.1	1.0	0.9	1.2	1.3	1.6	2.8	3.1	3.7	41.6	40.4	38.6
COLI	688 HK	46	(3)	11	16.3	20.7	23.8	1.8	1.4	1.2	0.6	0.6	0.7	1.9	2.1	2.3	35.6	18.7	3.1
China Vanke - A	000002 CH	4	10	14	8.0	9.1	10.4	1.8	1.6	1.4	0.5	0.6	0.6	3.5	3.9	4.4	42.1	34.1	18.7
China Vanke - H	2202 HK	4	10	14	8.0	9.1	10.4	1.9	1.7	1.5	0.5	0.6	0.6	3.3	3.6	4.0	42.1	34.1	18.7
Poly - A	600048 CH	13	8	17	5.7	6.7	7.9	2.4	2.0	1.7	0.2	0.3	0.3	1.8	1.8	1.9	93.9	66.7	53.5
CR Land	1109 HK	25	15	4	16.6	18.5	20.3	1.4	1.3	1.2	0.5	0.6	0.6	2.1	2.3	2.5	69.0	30.8	21.3
China Merchants Prop	000024 CH	25	13	21	12.0	13.9	16.1	2.7	2.3	2.0	0.4	0.5	0.6	0.4	0.5	0.5	27.3	7.4	-3.4
GLP	GLP SP	(18)	(5)	19	1.8	1.8	1.8	1.1	1.1	1.1	0.0	0.0	0.0	2.3	2.3	2.3	21.0	12.2	22.4
Evergrande	3333 HK	(89)	457	12	3.6	3.8	4.1	1.1	1.1	1.0	0.5	0.1	0.1	13.0	3.1	3.4	87.3	76.0	79.5
Country Garden	2007 HK	5	16	11	3.0	3.4	3.8	1.0	0.9	0.8	0.1	0.2	0.2	5.0	5.7	6.4	67.8	61.7	60.2
Longfor	960 HK	6	8	10	8.8	9.9	11.1	1.1	1.0	0.9	0.3	0.3	0.3	3.0	3.0	3.3	53.2	42.7	32.9
Gemdale	600383 CH	61	10	5	7.0	7.7	8.5	1.7	1.5	1.4	0.1	0.2	0.2	1.1	1.5	1.5	58.2	56.3	51.3
Shimao	813 HK	8	7	12	17.9	20.5	20.5	0.8	0.7	0.7	0.7	0.8	0.9	4.2	4.7	5.2	88.7	76.1	89.0
CSCI	3311 HK	26	20	24	5.0	5.7	6.8	2.8	2.5	2.1	0.3	0.3	0.3	1.8	1.8	1.8	32.5	26.7	17.6
Sino-Ocean	3377 HK	17	19	17	5.9	6.7	7.1	0.8	0.7	0.6	0.2	0.2	0.3	5.3	5.3	5.6	65.9	57.6	56.9
R&F	2777 HK	(34)	15	9	11.2	12.5	14.0	0.6	0.6	0.5	-	-	0.4	0.0	0.0	5.0	176.5	162.9	145.2
Sunac	1918 HK	19	51	(2)	5.1	6.6	8.1	1.3	1.0	0.8	0.2	0.2	0.2	3.0	3.3	3.5	104.7	70.5	77.2
Franshion	817 HK	24	16	21	4.1	4.5	4.9	0.7	0.7	0.6	0.1	0.1	0.1	3.9	4.3	4.8	51.0	30.0	5.6
Agile	3383 HK	(12)	(14)	(1)	8.6	10.4	11.1	0.5	0.4	0.4	0.4	0.3	0.3	9.0	7.9	7.9	68.1	69.6	69.0
Yuexiu	123 HK	(5)	4	7	2.3	2.4	2.5	0.6	0.6	0.6	0.1	0.1	0.1	4.4	5.0	5.1	65.6	76.0	77.1
KWG	1813 HK	40	20	7	7.0	8.1	9.3	0.8	0.7	0.6	0.3	0.3	0.3	4.6	4.8	5.0	61.8	39.4	25.1
Greentown	3900 HK	(58)	123	12	12.3	14.4	16.5	0.5	0.5	0.4	-	0.3	0.4	0.0	5.2	5.5	74.8	73.8	66.1
CIFI	884 HK	30	37	31	1.7	2.1	2.6	1.0	0.8	0.6	0.1	0.1	0.1	4.1	5.5	7.3	55.9	58.6	48.0
Yanlord	YLLG SP	(50)	36	9	9.8	10.1	10.4	0.5	0.5	0.5	0.0	0.0	0.0	0.3	0.3	0.3	45.0	62.4	64.7
COGO	81 HK	(15)	7	44	5.9	6.9	8.4	0.7	0.6	0.5	0.1	0.1	0.1	2.2	2.7	2.7	61.7	58.0	54.1
Kaisa	1638 HK	50	13	12	4.1	4.8	5.5	0.3	0.3	0.2	0.2	0.2	0.2	14.6	16.5	18.7	73.6	85.6	69.5
E-House	EJ US	30	24	19	5.9	6.4	7.0	1.0	0.9	0.9	0.2	0.2	0.2	3.3	3.3	3.3	-58.4	-55.6	-50.1
Central China	832 HK	25	26	26	2.8	3.3	3.9	0.6	0.5	0.4	0.2	0.2	0.2	9.2	11.9	14.3	41.7	38.0	32.2
Not Rated																			
NWCL	917 HK	32	(7)	2	6.7	7.0	7.3	0.8	0.8	0.7	0.1	0.1	0.1	1.3	1.0	1.1	37.3	48.4	51.0
SOHO China	410 HK	(41)	(59)	7	7.5	7.8	7.9	0.6	0.6	0.6	0.3	0.2	0.2	5.9	5.5	5.5	16.8	32.4	36.3
Hui Xian REIT	87001 HK	5	3	4	5.3	5.1	5.1	0.6	0.7	0.7	0.2	0.3	0.3	7.3	8.1	8.4	1.2	7.7	7.9
Shui On	272 HK	(2)	(33)	161	5.4	5.4	5.6	0.3	0.3	0.3	0.0	0.0	0.1	2.4	2.5	3.5	82.9	96.6	101.7
Hopson	754 HK	(53)	(25)	33		25.3	25.9	NA	0.3	0.3	-	-	-	0.0	0.0	0.0	NA	NA	NA
Poly Property	119 HK	(28)	(22)	13	8.8	8.9	9.3	0.5	0.5	0.5	0.2	0.1	0.1	4.0	2.5	2.7	106.3	104.8	92.7
BJ North Star	588 HK	7	(7)	14		5.0	5.3	NA	0.6	0.6				NA	2.0	2.0	NA	NA	NA
Greenland Hong Kong	337 HK	(53)	152	25	2.1	2.2	2.5	2.2	2.1	1.9	0.0	0.0	0.0	0.8	1.0	0.8	NA	NA	NA
Glorious	845 HK	7	(14)	(67)	2.5	2.0	2.1	0.3	0.4	0.4	-	-		0.0	0.0	NA	117.9	136.8	141.8
Yuzhou	1628 HK	42	7	25	2.4	2.8	3.2	0.7	0.6	0.5	0.1	0.1	0.2	7.0	8.4	9.9	79.8	78.2	1.7
Fantasia	1777 HK	(14)	6	18	1.7	2.0	2.2	0.6	0.5	0.4	0.0	0.0	0.1	3.9	5.0	5.5	91.0	97.4	106.5
Powerlong	1238 HK	1	NA	NA				NA	NA	NA	0.1	0.1	0.1	4.1	5.4	5.5	NA	NA	NA
BC Land	2868 HK	31	24	32		5.7	6.4	NA	0.7	0.7	0.2	0.3	0.3	5.5	6.6	7.4	NA	234.1	248.4
C C Land	1224 HK	NA	NA	(8)	5.7	6.0	6.3	0.3	0.3	0.3	0.1	0.1	0.1	6.1	4.5	4.5	NA	26.7	NA
Aoyuan	3883 HK	121	6	21	2.9	3.2	3.5	0.4	0.4	0.4	0.1	0.1	0.1	4.9	8.2	9.8	77.2	88.1	72.3
Minmetals	230 HK	(11)	20	NA				NA	NA	NA				NA	NA	NA	NA	NA	NA
Far East Global	830 HK	80	NA	NA	0.6			2.5	NA	NA				NA	NA	NA	-3.9	NA	NA
Overall average		8	25	16				1.1	0.9	0.8				3.8	4.0	4.7	59.2	60.3	55.0

Source: Deutsche Bank estimates, Company data, Bloomberg Finance LP Consensus estimates for companies NR



Government policy summary

Government policies on property sector

Figure 85: Summary of major property market-related policies

Date	Measures
7-Jan-07	Profit tax rate unification at 25% under review by Central Government.
15-Jan-07	People's Bank of China (PBOC) raises the reserve ratio by 0.5% to 9.5%.
16-Jan-07	Strict implementation of LAT settlement for developers, effective 1 February 2007.
1-Feb-07	Land use tax up 200% but magnitude differed by cities. It was also imposed on foreign entities that had previously been exempt.
6-Feb-07	Ministry of Construction to check how local governments carry out property construction plans, especially on economic homes that are built for lower-income group. Local government officials to be punished for not: 1) following property plans and 2) curbing soaring property prices. Economic houses to be checked first.
16-Feb-07	PBOC raises reserve ratio by 0.5% to 10%, effective 25 February 2007.
26-Feb-07	Ministry of Construction requests all cities and counties to establish a public rental housing system this year. In addition, each city and county has to specify a certain percentage of its land sales revenue to build public rental housing. The ministry is targeting a ratio of about 5%. It has put the establishment of a public rental housing system as the top priority work for the year
17-Mar-07	PBOC raises interest rate by 27bps After the increase, the benchmark 1-year deposit and lending rate rose to 2.79% and 6.39% respectively. The base 5-year lending rate is now 7.11%. Based on a 0.85x to this rate, the mortgage rate in China will now be 6.04%.
2-Apr-07	PBOC raises reserve ratio by 0.5% to 10.5%, effective 16 April.
29-Apr-07	PBOC raises reserve ratio by 0.5% to 11%, effective 15 May. PBOC announces three measures at one time: 1) The daily band in which RMB is allowed to fluctuate is widened from 0.3% to 0.5%, effective 21 May 21. 2) Increases in both benchmark lending rate and deposit rate, effective 5 June.
19-May-07	Lending rate for 6-month to 5-year loan is increased by 0.18% and the increase is narrowed to 0.09% for loans of 5 years or above. Deposit rate for 3-month fixed deposit is increased by 0.09% and the increase is stepped up by 0.09% for every longer term of fixed deposit, ending up with a 0.54% increase to 5-year fixed deposit. After the adjustment, one-year lending rate is raised 0.18% to 6.57% while the one-year deposit rate is raised 0.27% to 3.06%.
23-Jul-07	3) The reserve ratio for commercial banks is increased from 11% to 11.5% starting 5 June, the fifth increase this year. PBOC raises the savings rate and lending rate by 0.27%. After the adjustment, 1-year savings rate will increase from 3.06% to 3.33% while the lending rate will increase from 6.57% to 6.84%.
23-Jul-07	PBOC lowers the tax rate on deposit savings from 20% to 5%, effective 15 August. The reduction is greater than the market expectation of a 10ppt decrease.
31-Jul-07	PBOC surprises the market by raising the required reserve ratio by 0.5%, the sixth time in the year. An estimated RMB185bn of funds will be frozen after the increase.
22-Aug-07	PBOC raises savings interest rate by 27bps, the fourth time this year. It also raises the 1-year lending rate by 18bps, effective 22 August. However, the issue of negative interest rate is not yet solved with the rate hikes. Interest rate for 1-year deposit is 3.42% after deducting the tax on deposit interest, still falling short of the CPI of 5.6% for July 2007.
28-Sep-07	PBOC announces the mortgage restriction on residential and commercial purchase in China. For the first home purchase, the down payment ratio of small units (less than 90sqm) is 20% and that for units of 90sqm or above is 30%. For the second home purchase, down payment ratio is no less than 40% and the mortgage rate must not be less than 1.1x of the base lending rate by PBOC (i.e. 5.742%). Moreover, it is required that the monthly mortgage payment must not take up more than 50% of the monthly income of the home buyers. On commercial property, the down payment ratio is no less than 50% for the first purchase. The mortgage period is capped at 10 years and the mortgage rate is also kept at 1.1x of the base lending rate.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 86: Summary of major property market-related policies (Cont'd)

Date	Measures
11-Oct-07	A new measure on the payment of land premium: Under the new rule, land use right certificate would be granted to the buyers after land premium is fully paid. Currently, developers can pay land premium by stages and they could commence construction for the portion of land they have paid up. Such a practice is not allowed under the new rule, which will be effective 1 November. The rule is applicable to the land sold through any one of the auction, tender and listing method. However, it is not yet confirmed if the new measure can be applied retrospectively.
11-Oct-07	A new measure on land sale: The sale of mixed-use sites (i.e. the sites mainly for non-residential use such as industrial, commercial, entertainment or tourism, but with some residential portion incorporated, must be made through auction, tender or listing. The title transfer in the form of private negotiation is prohibited.
8-Nov-07	Restrictions on foreign investment: In the "Guidance on Foreign Investments", three property categories are included: 1) land development; 2) the development of serviced apartments, villas and Grade-A offices, and the development and operation of convention centres; and 3) real estate agents for secondary transactions. Foreign investments in these categories will be subject to restrictions. However, the NDRC has not specified the details of restrictions.
12-Nov-07	PBOC announces to raise required reserve ratio by another 50bps to 13.5%, effective 26 November. This is the ninth increase in the year and brings the reserve ratio to a historical high.
22-Nov-07	The Ministry of Construction urges local governments to strictly adhere to the housing supply plan for 2008 and 2009. It clearly states that the supply of five types of housing, namely public rental housing, economic housing, ordinary commodity housing, housing for middle-to-low income and small-to-medium-sized units, should make up not less than 70% of the total land supply.
10-Dec-07	PBOC raises the reserve ratio by 1% to 14.5%, effective 25 December. This is an act in response to the tightened monetary policy, strengthening the liquidity control in banks and slowing down the credit growth in China.
21-Dec-07	PBOC raises the benchmark one-year deposit and lending rate for the sixth time in 2007, intending to curb surging inflation and prevent overheating of the economy. It increases the one-year deposit rates by 27bp to 4.14% and the one-year lending rate by 18bp to 7.47%, effective 21 December.
8-Jan-08	The State Council reinforces its determination to solve the idle land problem. In addition, all local governments have to report their progress on clearing idle land to the State Council by end-June 2008. It said the Ministry of Land Resources would formulate a concrete implementation plan for four key areas: 1) Confiscating land sites sitting idle for more than two years; 2) Imposing a 20% surcharge on the land price for the land sites sitting idle for less than two years; 3) Suspension of land supply for building villas to continue; and 4) Strictly prohibiting the conversion of farmland into residential use. All local governments have to report their progress on clearing idle land to the State Council by end-June 2008.
16-Jan-08	PBOC raises reserve ratio by 0.5% to 15%.
31-Jan-08	The national land resourced department sets the target to clear all the idle land before April 2008 and the settlement works to be completed by June 2008.
18-Mar-08	PBOC raises reserve ratio by 0.5% to 15.5%.
1-Apr-08	State Administration of Taxation: Income tax provision ratio increased to 20% from 15% of pre-tax income of property enterprises.
16-Apr-08	PBOC raises reserve ratio by 0.5% to 16%.
12-May-08	PBOC raises reserve ratio by 0.5% to 16.5%.
15-Sep-08	Central Bank: Effective 19 September, cuts 1-year base lending rate by 27bps and RRR by 100bps, deposit rates remain the same; From 25 Sept, RRR cut by 1ppt for smaller banks, with the exception of ICBC, CCB, BOC, BOA, BoComm and Post Bank.
1-Oct-08	Ministry of Finance: Cuts property deed taxes by .5ppt to 1% effective 1 Nov, while eliminating the stamp duty and LAT for housing purchases of less than a 90sqm threshold.
8-Oct-08	Central Bank: Joint global interest rate cuts, effective 9 Oct: 1) Both base one-year lending and deposit rates will be cut by 27bps. 2) Starting 15 Oct, RRR will be cut by 50bp. 3) The 5% interest income tax is abolished. 4) Banking authorities announce that minimum down payment requirements will be reduced to 20% from the current 30% level. 5) First-time buyers will enjoy a 30% discount on the base commercial lending rate.
22-Oct-08	Ministry of Finance: 1) Lowers the deed tax to 1% for first-home buyers of ordinary housing units of below 90 sqm. 2) Temporarily suspends the levy of stamp duty for all individual housing transactions (for both buyers and sellers). 3) Temporarily suspends the Land Appreciation Tax imposed on all individual housing transactions. 4) Lowers floor of the mortgage rate for first-home buyers/upgraders of ordinary housing units to 70% of the benchmark lending rate. 5) Lowers down payment ratio for first-home buyers/upgraders of ordinary housing to 20%. 6) Lowers the mortgage rate of the housing provident fund by 0.27%.
29-Oct-08	7) Allows local governments to introduce more supportive measures on their own to encourage housing transactions. Central Bank: Cuts benchmark one-year deposit and lending rates by 27bps from 30 Oct.
8-Nov-08	State Council's announces an RMB4tr stimulus package. The government plans to increase spending in the following 10 areas: 1) Low-rental housing construction and upgrading of poor quality homes; 2) Rural infrastructure for gas, drinking water and electricity; 3) Transportation infrastructure such as railways, highways and airports; 4) Healthcare, education and cultural development; 5) Environmental protection and waste treatment; 6) Technological innovation and structural upgrading; 7) Post-earthquake reconstruction; 8) Income support for rural and urban residents; 9) Extension of VAT reforms; and 10) Stronger financial support for growth.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 87: Summary of major property market-related policies (Cont'd)

Date	Measures
26-Nov-08	<p>Central Bank: Cuts benchmark one-year deposit and lending rates by 108bps from 27 Nov; Cuts reserve ratio for large financial institutions including ICBC, ABC, BOC, CCB, CBC and Postal Savings, and Bank of China by 1ppt and small and medium financial institutions by 2ppt from 5 Dec.</p>
3-Dec-08	<p>PBOC launches nine financial measures to boost economy, including: 1) Using tools as RRR, interest rates and exchange rates to ensure adequate liquidity for the banking sector; 2) An extra Rmb100bn of credit volume for 2008 would be given to the country's three policy banks: China Development Bank, China Export and Import Bank and China Agricultural Development Bank; 3) Improving the credit service of commercial banks to meet the demand for loans among medium- and small-sized enterprises, investors in the countryside as well as consumers such as house and car buyers; 4) Speeding up the creation of a stronger capital market; 5) Updating methods of financing; 6) Improving the management of foreign exchange; 7) Using fiscal funds to help the financial sector reduce bad assets; and 8) Deepening financial reform to better monitor potential risks.</p>
20-Dec-08	<p>国务院办公厅关于促进房地产市场健康发展的若干意见 State Council:</p> <ol style="list-style-type: none"> 1) Accelerates the construction of public housing (to build 1,300k units of public housing each year in 2009-2011); 2) Loosens credit control over the secondary ordinary residential house of upgraders; 3) For the period of 1 Jan 2009 to 31 Dec 2009, exempts business tax if owner sells home owned for ≥ 2 years (previously 5 years); business tax will be imposed on the appreciation value if owner sells ordinary home owned for < 2 years (previously imposed on total sales proceeds); and business tax will be imposed on the appreciation value if owner sells non-ordinary home owned for ≥ 2 years (previously 5 years), but no change for business tax imposed on non-ordinary home owned for < 2 years; 4) Improves the financing channel for developers.
22-Dec-08	<p>PBOC announces the fifth rate cut in recent month, i.e.:</p> <ol style="list-style-type: none"> 1) Cuts 1-year lending rate to 5.31% from 5.58% and the over-5-year lending rate by 18bp to 5.94%. 2) Lowers RRR by 0.5% to 15.5% for big banks and to 13.5% for smaller banks, effective 25 Dec 2008.
1-Jan-09	<p>Beijing:</p> <ol style="list-style-type: none"> 1) to intensify the development of ordinary commodity houses and welfare houses, 2) to encourage house consumption for self-use and upgrading purpose, 3) to maintain stable and healthy development of the Chinese property market, and 4) to emphasize the property market monitor and analysis and policy understanding. <p>The detailed suggestions include:</p> <ol style="list-style-type: none"> 4) To accelerate the commencement of 8.5m sqm GFA welfare houses construction in 2009 as planned. To ensure that the welfare houses and price limit houses projects under construction reach the 2m sqm completion target smoothly, so as to further solve the housing problems of low-income households. 5) To relax the limit on second mortgages. Second mortgage can also enjoy the same benefit policy as first mortgage if house consumption is for self-use and upgrading purposes. 6) To temporarily suspend (from 1 Jan to 31 Dec) the controls and limits on house purchases by foreigners regarding their residence period and number of units purchased. 7) To support the reasonable financing demand of property developers, especially projects containing medium- or small-sized units and targeting low-income households. 8) To extend the land premium payment term if the developers have difficulty paying full premium in time. The extension cannot exceed six months.
3-Mar-09	<p>Guangdong to:</p> <ol style="list-style-type: none"> 1) Enhance the construction of welfare houses. 2) Further encourage the consumption of ordinary commodity houses. 3) Support developers to actively react to market challenges. 4) To encourage consumption: PPF's (Public Provident Fund) upper limit per household will be increased to RMB800,000 from the previous RMB650,000. In addition, HPF is also allowed for house purchases by direct relatives (including parents and children). Mortgage loan terms can be extended to 30 years. Furthermore, there are several tax deductions or exemption for second-hand house transactions. Local residences can be provided on a contingent basis to house buyers. HK and Macau residents can enjoy the same policies as residents of Mainland China on house purchases. 5) To support developers: For land parcel purchase contracts signed in 2008, developers can apply for premium payment extension of up to two years if they have serious difficulties in arranging the payment on time. The government would provide funding facilitation in various forms to developers with solid fundamentals, a good credit record, and strong competitiveness. The government would also give developers currently listed overseas support to A-share issuance in order to access funding in the capital market. REITs could be tested on developers with good credit and quality assets. LAT could be paid by instalment for developers with temporary cash flow constraints.
29-Apr-09	<p>The State Council slashes the minimum capital requirement ratio for ordinary residential developments from 35% of the total project cost to 20% effective 27 May. The council also lowered the minimum capital requirement ratio for commercial property and high-end housing projects from 35% to 30%.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CFR, Deutsche Bank



Figure 88: Summary of major property market-related policies (Cont'd)

Date	Measures
Mid June-09	Beijing reinstates its policy on second mortgage as 40% minimum down payment and 10% premium to the base commercial lending rate.
Mid July-09	Hangzhou, Shenzhen, Nanjing, Shanghai and Chengdu adopt similar policies.
17-Jul-09	CBRC Chairman Liu Mingkang says local financial institutions should follow the second mortgage policy stringently to avoid credit risk, and all the banks' provision coverage ratios must be above 150% by year-end.
12-Sep-09	The State Council decides that the holding period eligibility for second-hand housing business tax exemption will be extended from two years to five years; other related housing policies will remain unchanged.
17-Nov-09	Ministry of Land Resources and NDRC jointly issue policies on land use in China. Limits to be imposed on how much land can be used for development. For commodity residential land, in cases of land transfer area, the limit for a small city (town) is no more than 7 hectares; for medium-sized cities no more than 14 hectares; and for cities it cannot be more than 20 hectares (300 acres).
17-Dec-09	Five central government departments jointly announce that the down payment for developers in acquiring land through public channels should not be lower than 50% of the total land cost. Moreover, the outstanding land cost has to be paid within one year, with a maximum two-year period for exceptional cases.
29-Dec-09	Shanghai government announces that the holding period eligible for second housing personal income tax exemption will be extended from 2 years to 5 years. 1% deed tax is required for first ordinary housing buyers who buy a house smaller than 90sqm. Second-house interest rate discount can be availed by buyers whose first housing GFA per person is below the Shanghai average. Housing purchase related fee such as housing registration fee and transaction commission charge will be restored.
31-Dec-09	Shanghai PHF announces that the upper limit for PHF loan on second housing is reduced from RMB800,000 to RMB600,000 per family.
7-Jan-10	国务院办公厅关于促进房地产市场平稳健康发展的通知 State Council: 1) Increases the supply of public housing and commodity housing; 2) Requires at least 40% down payment for second home mortgage loan.
8-Jan-10	Nanjing announces that first down payment for new land should be strictly no less than 50%, and single new land parcel auctioned should not exceed 200,000 sqm of site area in future.
9-Jan-10	Hefei announces that all land auctioned should specify starting date and completion data in future.
10-Jan-10	Ningxia announces that all commodity houses cannot raise prices for six months after the time they are registered for sale.
23-Feb-10	Central government announces "Notice to Encourage Stable and Healthy Development of Real Estate Market." The notice mandates at least a 40% down payment for a second mortgage. It also requires cities to experience a significant property price increase to push for more welfare housing supply in the near term.
23-Feb-10	China Banking Regulatory Commission (CBRC) orders banks to inspect their existing loans to companies used by local governments to raise funds, and to stop lending to those projects that are backed by expected fiscal revenues, the official Shanghai Securities News said, citing unnamed sources. The newspaper also reported that the CBRC has ordered trust companies to ensure that they are not providing credit to developers to build up land bank.
10-Mar-10	MLR: 1) China requires a down payment for land purchases equal to 50% of a plot's price, the Ministry of Land and Resources said on its website. The down payment must be paid within a month of signing a contract for the land purchase, the ministry added. 2) Buyers must also pay a deposit when taking part in land auctions that are equal to 20% of the minimum price for the land, according to the statement. 3) It also announced that the amount of land supply for social welfare housing, residential redevelopment properties and owner-occupied ordinary commodity housing must not be less than 70% of the total land supply. 4) Terms and conditions regarding the land sale for the use of mid- to low-end ordinary commodity housing will include requirements on selling prices, number of units and the size of units. These terms will be included in the contract and a penalty will be set upon breach of contract. 5) Should development projects not meet the deadlines for the start of construction and completion, developers are required to submit an explanation 15 days prior to the deadline.
18-Mar-10	The Assets Supervision and Administration Commission (SASAC) announces that 78 central state-owned enterprises without property development as their core business will withdraw from the industry. The 78 SOEs and their subsidiaries will not be allowed to conduct future property business after finishing existing projects. The companies whose names are not listed must expedite plans to exit the industry, according to the SASAC.
19-Mar-10	The Beijing Municipal Bureau of Land and Resources announces that sites would now go to the bidder offering not the highest but the most reasonable price. The highest bidder in a Beijing land auction is no longer guaranteed to win the site, under a new policy announced by the municipality.
1-Apr-10	Agriculture Bank of China announces that the first mortgage interest discount will be reduced to 20% instead of 30%, starting from 1 April. Since then, the Big Four state-owned banks all officially stop providing 30% discount on home mortgages.
1-Apr-10	Developers wanting to do IPO or secondary offering should pass the investigation of MLR. Developers with land hoarding, due but still outstanding land premium payment, and other illegal behaviour will be banned from China IPOs or secondary offerings.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 89: Summary of major property market-related policies (Cont'd)

Date	Measures
15-Apr-10	<p>国务院关于坚决遏制部分城市房价过快上涨的通知</p> <p>State Council: To firmly curb soaring home prices:</p> <ol style="list-style-type: none"> 1) 30% minimum down payment for first homes larger than 90 sqm in size; 50% down payment on second home mortgage and 1.1x base rate interest; significantly increases down payment ratio and interest rate on third home mortgages. 2) In regions with over-heated property price, fast property price increase and tight supply, banks can temporarily stop offering third-home mortgage based on risk assessment. Banks should temporarily stop offering mortgages to non residents without local tax-payment proof or social security payment proof. 3) MOF and SAT should accelerate study on property-related tax policies. Tax bureau should strictly implement the LAT rules, particular on those high-price projects and projects with fast price increase. 4) Accelerate reclaiming idle land and give priority to this reclaimed land for ordinary house development.
20-Apr-10	<p>住房城乡建设部关于进一步加强房地产市场监管完善商品住房预售制度有关问题的通知</p> <p>MOHURD: To further improve home pre-sale system and strengthen market superintendence:</p> <ol style="list-style-type: none"> 1) Developers are not allowed to collect any forms of deposit before pre-sale. 2) All units on the pre-sale permit should publish the price of each unit within 10 days since the permit is granted. 3) Minimum lot for each pre-sale permit is one entire building. Application for pre-sale permit by batch according to floor or unit will not be approved. 4) Presale proceeds should be supervised under special account to ensure proceeds are used in project development. 5) Buyers are not allowed to make transfers on units reserved in their names.
26-Apr-10	<p>CBRC pledges to circulate regulations governing the investment of insurance capital in the real estate sector. Without approval, insurers are prohibited from investing in the real estate sector before the publication of the regulations.</p>
30-Apr-10	<p>Beijing: Limit the number of new homes each family can buy to one. Financial institutions and the tax department could have differentiated credit and tax treatments.</p> <p>Hainan: 1) 10% of land premium will be used in social welfare housing construction. 2) All home purchase contracts should be signed online within 10 days of signing the off-line contract. Transfer of title after that will be deemed as selling property and will be taxed the same as selling.</p> <p>Shenzhen: Stop providing third-home mortgages and mortgages to non-local-residents without local tax proof and social security proof, and affordable housing should be no less than 30% of total supply.</p>
7-May-10	<p>MOHURD discusses with CBRC to blacklist developers for inventory hoarding to create artificial shortage, purposely failing to start selling within the required time and price manipulation. These developers will face restrictions in fund-raising and restructuring.</p>
17-May-10	<p>Beijing clarifies the definition of a second home: The following 7 situations would also lead to mortgages being second-home mortgages:</p> <ol style="list-style-type: none"> 1) A couple uses mortgages to buy home when married, but get divorced and buy a new home; 2) The wife and/or the husband has already bought a home before marriage, and they buy a new home after marriage; 3) An adult already has a home, but use his/her son's/daughter's name to buy a new home; 4) A person already has a home before being an adult, and buys a new home after becoming an adult; 5) A person has bought his/her first home with full cash, and buys another home with mortgage; 6) A person has bought a first home with mortgage, but sells the first home and buys a new home; and 7) A person has already used a commercial bank mortgage to buy a first home, and uses a housing provident fund to buy a new home.
18-May-10	<p>10 bureaus in Beijing cooperate to enforce property regulations to find out and punish developers' illegal and inappropriate behaviour in their operations. Focuses of the enforcement include investigating and punishing developers with stock hoarding, price manipulation, land hoarding, delaying due outstanding land premium, etc.</p>
19-May-10	<p>Zhejiang 18 details rules in line with central government measures:</p> <p>Rules include a 30% down payment on ordinary houses larger than 90 sqm and a 50% down payment on second homes with interest rate 1.1x the prime rate. Some cities experiencing rapid price increases could temporarily stop providing third-home mortgages, or stop providing home mortgages to non-residents. It also mentions a tax to guide individual consumption and gain on property. It encourages cities to try stopping the pre-sale practice if situations allow.</p>
27-May-10	<p>State Administration of Taxation issues a notice on LAT settlement and clarifies several details of how to calculate LAT. According to the notice, interest cost can be deducted if there is proof from a financial institution, but interest rate is capped at the commercial bank lending rate of a similar type and similar time period. If there is no proof, deduction limit is less than 10% of total construction cost plus land cost. Other development-related cost deduction limit is less than 5% of total construction cost plus land cost. This is expected to significantly increase tax liability of developers, as under the current situation most developers have not paid the full amount under the provision method.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 90: Summary of major property market-related policies (Cont'd)

Date	Measures
3-Jun-10	The SAT issued a notice yesterday that LAT prepayment rate for Eastern China area should be no less than 2%, for Central China and Northeast China 1.5% and for West China 1%. The local government should adjust the pre-payment rate based on different types of property.
4-Jun-10	China State Taxation Administration is asking local tax branches to start setting 3-5 examples in their territory to settle LAT. The 3-5 examples will be projects that have seen a fast price increase or are high price projects. These settlements are expected to set as examples for future settlements on more projects.
4-Jun-10	MOHURD, PBOC and CBRC jointly issue a notice with the official definition of second homes. The new definition is stricter than expected and stricter than the version announced in 2007, when the restrictions on second home mortgages were first introduced. Specifically, according to the notice, a second home for the purposes of applying a mortgage would be defined on the following bases: Family as a unit – the mortgage applicant, his/her spouse, and their children who have not reached adulthood would all be classified as a single entity when determining the number of homes and/or mortgages that the applicants already have. Both the history of owning a physical property and a mortgage will be included. This means that when determining whether a mortgage should be a second home mortgage, both the applicant's (and his/her family's) record of owning property and record of existing mortgages will be taken into account. For example, if the applicant is proved to own a home in his/her registered area, even if he/she has not previously applied for mortgages, his/her application would be defined as a second home mortgage. As another example, if the applicant already has taken out mortgages before, his/her mortgage application would still be regarded as a second home mortgage regardless of whether he/she has already repaid the previous mortgages.
4-Jun-10	CSRC to suspend approval for listing via "shell companies". The CSRC has suspended its approval of the listing of property companies via shell companies. In our view, this represents another move by the government to cut the financing sources of the developers and to reduce the ability of the developers to sit on land bank and properties, thereby forcing them to cut prices and release more property (and potentially land bank) into the market.
22-Jul-10	China plans to start levying property tax in 2012 in a pilot programme that will first be rolled out in several cities, local media said.
5-Aug-10	Regulators order lenders to test the impact of a fall in house prices of up to 60% in key cities and instruct banks to stop extending mortgages to people buying their third homes in four of the cities -- Beijing, Shanghai, Shenzhen and Hangzhou.
6-Aug-10	Chinese regulators call for stress tests on loans to a wide range of industries, including cement and steel, whose fortunes are closely tied to the property market.
16-Aug-10	MOHURD has been requested to prepare two lists of developers - the first list containing "good developers" who have been following good market practices, and the second list including "bad developers" who have not been following government regulations and polices and have been penalized by the government in the past. The two lists would be used by the regulatory authorities for monitoring.
18-Aug-10	Beijing plans new rules for supervising and managing advance payments for commercial property pre-sales. Under the new rules, which may be implemented this year, housing developers may be banned from receiving advance payments from homebuyers directly. Buyers would instead be required to make the advance payments to a designated bank account.
21-Aug-10	MLR plans to initiate a more serious accountability system in September, wherein the senior government officials of the different cities will be held accountable for improper land uses and land hoarding activities in their own jurisdiction.
2-Sep-10	The NBS says that a series of reforms should improve the accuracy and credibility of China's official statistics. The statistics reform was scheduled to take effect next year, while the old method would still be used for reference. The NBS said it will conduct a thorough investigation on China's housing vacancy rate, in a few selected cities at first.
2-Sep-10	Shanghai orders strengthening supervision on home presales. Relevant authorities will strictly enforce regulations on home presales and intensify efforts in investigating violations. Projects with a GFA of less 30ksqm should applied for one-time presale permits; and projects with total GFA larger than 30ksqm and must be launched in several phases to apply for presale permits for each phase, but each phase must have GFA of not less than 30ksqm. Pre-sales by developers of under 30ksqm have to be applied for sale all at one time. Relevant authorities will also crack down on other misconducts in the market by developers or agencies.
28-Sep-10	Developers to be banned from bidding for more land if they have land idle for more than one year, illegally transferred land, or developed land in breach of agreements; the government will also increase land availability for smaller, affordable apartments in cities with high real-estate prices, and no parcels should be used to build large, expensive properties before the supply of government-supported housing ends in the market.
29-Sep-10	The central government announces new measures of property cooling policies, to: 1) suspend third home mortgages by all banks; 2) raise down payments on all first-time home purchases to 30% (20% previously for homes less than 90sqm); 3) hold local government officials accountable for implementing central government measures that will be strictly enforced; 4) significantly increase residential land supply and the small/mid-sized home supply, while accelerating public housing construction; 5) accelerate the property tax programme rollout; 6) cancel personal income tax deduction for those who sell homes and buy a new one within 1 year; 7) halve the deed tax for buyers of ordinary homes that are used as the family's sole residence and reduce the deed tax rate to 1% for the homes less than 90sqm; and 8) restrict number of homes a single household can purchase in cities with high/soaring home prices.
1-Oct-10	Xiamen stipulates that from 1 Oct 2010 to 31 Dec 2010, each household is allowed to buy one additional home in Xiamen. Projects must be launched in 10 days after obtaining pre-sale permit and no hoarding is allowed. Fuzhou launched home presale online registration system on 1 Oct 2010, demanding that developers should sign sales contract with buyers within 1 month of agreement sales. At the same time, Fujian will accelerate the public housing construction to meet its completion target of 63,800 units this year.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 91: Summary of major property market-related policies (Cont'd)

Date	Measures
7-Oct-10	<p>Shanghai announces a new set of 12 tightening measures. The more significant measures are:</p> <ol style="list-style-type: none"> 1) 1 additional home can be purchased per family regardless of whether they are Shanghai residents or not. Those who violate this rule would not have their purchase registered by the government. 2) Raising LAT prepayment for properties. The relevant bureaus should strictly enforce the rules on LAT collection. For a property project whose overall ASP is less than the previous year's overall ASP of the district where the project is in, the LAT prepayment rate should be 2%. For a project whose ASP is less than 100% higher than the district's average, the LAT prepayment rate has to be 3.5%. For a project whose ASP is over 100% higher than the district average in the previous year, the LAT prepayment rate has to be 5%. 3) Mortgage down payment on all first home purchases should be at least 30%. Banks have to stop all mortgages for third homes and above. 4) For obtaining each pre-sale permit, the GFA has to be at least 30ksqm. For projects with less than 30ksqm, the whole project should be covered by one pre-sale permit. 5) Increasing total land supply to meet the 2010 target of 1,100 hectares.
10-Oct-10	<p>Fuzhou also announces that from 10 Oct 2010 to 31 Dec 2010, each locally domiciled household is allowed to buy one additional home in five major districts of Fuzhou; for non-locals with at least 1 year of tax and social security payment record, one home is allowed.</p>
11-Oct-10	<p>PBOC raises the reserve requirement of the big four banks, CMB and Minsheng Bank by 50bps for two months. Currently, the statutory reserve requirements are 17% for big banks and 15% for small and mid-sized banks.</p>
11-Oct-10	<p>Hangzhou starts to restrict the number of homes a single household can purchase. The version is similar to other cities but allows both local and non-locals to buy one additional home in Hangzhou. The Hangzhou government says that it will also focus on promoting public housing construction and will publish the public housing plan for 2011-2015 soon.</p>
12-Oct-10	<p>Jiangsu province publishes a circular to control soaring home prices in the province. The circular specifically mentions that cities with high home prices or soaring prices should restrict the number of homes a single household is allowed to purchase, for a certain period of time. Another thing notable is the circular demands that detailed land use and built home prices be included in the contract of land sales for limited-price housing construction.</p>
12-Oct-10	<p>Nanjing:</p> <ol style="list-style-type: none"> 1) accelerates public housing and ordinary residential housing construction; 2) strictly performs differentiated mortgage policy required by the central government; 3) halves the deed tax for ordinary homes purchased as and sole home for a household; reduces the deed tax further to 1% if the home is less than 90 sqm; 4) restricts single household's housing portfolio up to two homes; 5) enforces the "One Price for One Home" policy and forbids developers to raise the ASP specified in pre-sale permits arbitrarily within 3 months of obtaining pre-sale permits, while launching stricter LAT collection and inspection.
13-Oct-10	<p>Shanghai Municipal Public Housing Administration Center will no longer extend loans to second-home buyers if the average floor area of their first home per family members is larger than the local average of 34sqm. Moreover, loans to second-home buyers are capped at RMB400,000 if the floor area of the first home per family member is no more than 34sqm. The fund also stops lending for purchases of third and more homes, in line with the national policy. For a family's first-home purchase, the loan is capped at RMB600,000 and the down payment is at least 20% if the home is no larger than 90sqm, and it is 30% if the home is larger than 90sqm.</p>
14-Oct-10	<p>Chengdu: strengthens the supervision on home presale revenue starting 10 Nov. Pre-sales proceeds of developers are to be kept in a special monitored account and banks will pay out funding to developers depending on their construction progress.</p>
15-Oct-10	<p>Guangzhou: 1) Places restrictions on number of homes purchased: For families with Guanzhou resident account or those with one year proof of tax payment or social insurance payment, one more apartment can be purchased per family. For non-residents who do not have one year proof of tax or social insurance payment, no properties can be purchased. For individuals not reaching the age of 18, no apartment can be purchased. For foreign institutional and personal homebuyers, the regulations of the central government would be strictly followed.</p> <ol style="list-style-type: none"> 2) All banks need to stop mortgages for third homes. Also, homebuyers who do not have a resident account in Guangzhou and who do not have 1 year proof of tax payment or social insurance payment would not be given a mortgage. 3) For property projects with obvious price premiums over nearby projects, the government would pursue investigation and strict LAT collection.
18-Oct-10	<p>Dalian: 1) Single households can purchase one more home in Dalian; 2) stop third+ home mortgage loans; 3) 30% down payment for all first home buyers and 50% for second home buyers; 4) increase land/public housing supply; and 5) regulate home price and punish any misbehaviour.</p>
19-Oct-10	<p>PBOC announces plans to raise the benchmark deposit and lending rates by 25bps; mortgage rates also raised by 25bps.</p>
25-Oct-10	<p>Beijing: Monitor pre-sale fund starting from 1 Dec; all pre-sale funds will be deposited in a special bank account to be monitored for project construction uses. Developers will not be allowed to receive pre-sale funds directly. Pre-sale funds include home buyers' deposits, down payments and mortgage loans. One account should be opened for one pre-sale permit.</p>
26-Oct-10	<p>Wuhan: 1) Mortgage for 3rd+ homes are suspended; 2) down payment of at least 30% is required for first home purchase. For second home buyers this should be at least 50% and the mortgage rate should not be less than 1.1x of the benchmark rate; and 3) to build at least 10m sqm of public housing during 2011-2015 to provide housing for over 200,000 low-income households.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 92: Summary of major property market-related policies (Cont'd)

Date	Measures
3-Nov-10	MOHURD: For first home buyers, the Public Housing Fund (PHF) will also require a down payment rate of at least 30% if the home size is larger than 90sqm, or at least 20% if the home size is less than or equal to 90sqm. For second home buyers, the down payment rate should still be at least 50% and the mortgage rate should be at least 1.1x of the benchmark PHF lending rate.
3-Nov-10	Suzhou: Households are allowed to purchase one more home in the city, regardless of currently owned number of homes. New projects are not allowed to raise prices freely within 3 months of obtaining pre-sale permits.
3-Nov-10	MOHURD, MOF, PBOC, CBRC: National Public Housing Fund should stop third or more home mortgage loans. Minimum 30% down payment for first home buyer with a home size larger than 90sqm (still 20% for home size less than 90sqm). Minimum 50% down payment for second home buyer while raising mortgage rate to 1.1x of the benchmark rate.
14-Nov-10	Lanzhou: Local households are allowed to purchase up to 2 homes in the city, non-local households are allowed 1 home purchase in the city. The original version published on 5 Nov restricted all household to 1 home and banned people under the age of 18 to buy homes. The original version was modified on 14 Nov to be similar with other cities' versions.
14-Nov-10	MLR and SAFE: Foreign individuals will be allowed to purchase one residential property for own use, and overseas institutions will be allowed to purchase non-residential property in the city where it is registered. The notice also detailed methods for qualification inspections.
19-Nov-10	PBOC raises the deposit reserve requirement ratio for banks by 50bps from 29 Nov.
21-Nov-10	Chengdu: At least 50% down payment required for second home Public Housing Fund (PHF) mortgage loan.
23-Nov-10	MOHURD and MLR to launch a large scale investigation on whether local governments have carried out the central government's property tightening policy thoroughly.
25-Nov-10	China Securities Regulatory Commission (CSRC) confirms that it has suspended the approval for property sector reconstruction. No such reconstruction cases have been approved year to date. Now developers must obtain the approval from the Ministry of Land and Resources before filing the reconstruction application with the CSRC.
29-Nov-10	Beijing's Public Housing Fund (PHF) centre will stop mortgage loans for second home buyers with living area larger than 28.81sqm per head, which is the city's 2009 average.
30-Nov-10	Beijing re-opens pre-sale permit approval for luxury projects with ASP higher than RMB30,000/sqm.
2-Dec-10	MOHURD is reported to have sent out a notice nationwide to demand local governments report public housing plans for 2011-2015 before 10 Dec. According to the notice, MOHURD has set a target of 10m units of public housing to build in 2011, up 72.4% yoy from 5.8m in 2010, and most of these public housings are public renting houses.
3-Dec-10	The Political Bureau of the Communist Party of China (CPC) Central Committee announces that the country will implement an active fiscal policy and a prudent monetary policy next year and increase the flexibility and effectiveness of macroeconomic adjustments.
5-Dec-10	CBRC orders commercial banks again to tighten controls on their loans to property developers; and demands commercial banks to provide new development loans to 16 central state-owned-enterprise (SOE) developers whose main business is property development.
5-Dec-10	CBRC Trust companies to conduct compliance check and stress tests, especially on their trust products for property investment.
7-Dec-10	Beijing raises most of the cities' property sales LAT from 1% to 2%, effective from 1 Oct. Projects with a plot ratio of less than 1.0 will be imposed LAT of 3%; other projects a LAT of 2%. No LAT will be imposed on public housing sales. Deed tax rate is 1-1.5% for first home buyers and 3% for second or more home buyers.
22-Dec-10	China's Commerce Ministry intensifies scrutiny of foreign investment in China's real estate market.
25-Dec-10	The PBOC announces that it would raise 1-year deposit rate and lending rate by 25bps to 2.75% and 5.81% respectively with effect from 26 Dec 2010.
25-Dec-10	MOHURD raises Public Housing Fund deposit rate by 34bps to 2.25% and mortgage lending rate (>5 years) by 25bps to 4.3%, effective from 26 Dec 2010.
14-Jan-11	The PBOC announces that it would raise reserve requirement ratio for lenders by 50bps with effect from 20 Jan 2010.
26-Jan-11	国务院办公厅关于进一步做好房地产市场调控工作有关问题的通知 State Council: 1) For mortgages on second home, the down payment should be at least 60%, raised from 50%. In addition, the interest rate has to be at least 1.1x the PBOC base lending rate; 2) For municipal cities, provincial capitals and cities with too high or too fast an increase in property prices, local government needs to strictly implement home purchase restrictions. Essentially, for local families which already have 1 home, and for non-local families who can provide 1-year tax proof, they can buy 1 more home. For local families already with 2 homes and non-local families already with 1 home, or non-local families who cannot provide tax proof, they would not be able to buy new home; 3) For re-sale of homes within 5 years of purchase, the seller needs to pay 5% business tax on sales proceeds. Also, local governments need to strengthen the mechanism for clearance of LAT; 4) For the commodity housing market, in 2011, local governments need to introduce new land supply that cannot be lower than the average land supply in the past 2 years; 5) Local governments need to strictly audit and monitor the source of capital of companies buying land in their cities.
28-Jan-11	Shanghai launches property tax trial: The tax will be levied at a rate of 0.6%. For homes with ASPs less than 2 times the city average, the tax rate will be reduced to 0.4%. The taxable value will be initially based on 70% of the purchase price and will be based on the appraisal value later. Homes not exceeding 60sqm in average size per head will be exempt from the tax.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 93: Summary of major property market-related policies (Cont'd)

Date	Measures
28-Jan-11	<p>Chongqing launches property tax trial on:</p> <p>For homes with ASPs 2-3 times higher than the city average, they will be taxed at a rate of 0.5%. This rate will increase to 1% for homes with ASPs between 3-4 times the city average, and further to 1.2% for homes with ASPs above 4 times the city average. The taxable value will initially be based on the purchase price, and may switch to be based on appraisal value in 3-5 years' time. The property tax will also be applied to existing and newly purchased villas.</p>
28-Jan-11	<p>A total of 386 cities have published stricter purchase restriction orders requested by the central government. Chongqing is an exception because it is pursuing a property tax trial programme.</p>
8-Feb-11	<p>PBOC raises benchmark 1-year lending rate by 25bps to 6.1% and other rates accordingly, effective from 9 Feb 2011. Rate (>5 years) is raised to 6.6% p.a.</p>
9-Feb-11	<p>MOHURD raises Public Housing Fund deposit rate by 35bps to 2.60% and mortgage lending rate (>5 years) by 20bps to 4.50%, effective from 9 Feb 2011.</p>
16-Feb-11	<p>Beijing city publishes the strictest purchase restriction order that raises the 1-year tax/social security proof required by the central govt to 5 years.</p>
18-Feb-11	<p>PBOC raises Required Reserve Ratio (RRR) by 50bps, effective 24 Feb 2011.</p>
28-Feb-11	<p>Premier Wen Jiabao says China will start construction for 36m units of public housing in 2011-2015. For 2011 alone, there will be about 10m units public housing started (2008: 5.9m). Total investment on public housing would amount to RMB1.3tr in 2011.</p>
9-Mar-11	<p>MOHURD holds a press conference on public housing and property tightening; the ministry reiterates that the government's objective is to stabilize home prices and the tightening measures already announced are long-lasting policies in nature, and stricter measures will be launched when necessary. In particular, local governments will be held accountable for failure to achieve implement this objective. Highlights are:</p> <ol style="list-style-type: none"> 1) Ensure new construction of 10m public housing units for 2011 (2.2m public rental units, 1.6m low rental units, 4m relocation units, and 2.2m other units). 2) Establish a public housing system comprising mainly of public and low rental housing. 3) Focus on supply/demand imbalance problem by increasing effective supply of ordinary residential housing. 4) Discourage unreasonable housing demand via strict implementation of current and potentially more tax/administrative measures.
14-Mar-11	<p>Premier Wen Jiabao pledges to hold local governments accountable for reining in soaring housing prices. The central government will carry out inspections on local governments' efforts in curbing housing prices. A strict accountability mechanism will be established, he said. He called for the local governments to fulfil their responsibilities of regulating the property market. "First of all, the local governments should announce their targets in lowering the home prices and publicize related policies." The central government will closely follow the development of the country's real estate market to make more effective policies. He also stressed that the government will strictly ensure land supply for the 36m public housing to be built in 2011-2015.</p>
16-Mar-11	<p>NDRC requires sellers to set fixed prices for all types of new and existing private property that are sold from 1 May. The new rules, which extend to developers that receive approval to conduct pre-sales from 1 May and sellers of completed property projects, will require developers to publish the price of every unit for sale and stipulate fees and other factors that will add to the sale price. Sellers of property projects will be barred from using non-standardized pricing mechanisms to mislead buyers. Developers and agencies that receive approval to conduct pre-sales will have to publish prices for individual units and state the number of apartments available for pre-sale within a certain time frame. Once the price tag is set, sellers may choose to cut price on their own but cannot raise price without filling for approval.</p>
18-Mar-11	<p>PBOC to raise Required Reserve Ratio (RRR) by 50bps, effective 25 Mar 2011.</p>
24-Mar-11	<p>China will waive some transaction fees on residential properties and reduce other fees from 1 May to help ease inflationary pressure on real-estate transactions. These include fees for residential property down payments, transfers of residential property ownership through inheritance or between spouses, and lease agreements for public rental and low rental homes.</p>
27-Mar-11	<p>The Beijing Local Taxation Bureau is raising the amount of sales revenue that developers have to set aside for each project to pay for land appreciation taxes. Developers will have to pay the bureau 2%-5% of a project's sales proceeds. It didn't say how much developers are paying now, but some developers and analysts said the firms currently have to set aside 1%-2% of sales proceeds. The bureau said the levy won't apply to public housing projects.</p>
28-Mar-11	<p>Shanghai announces its home price control target to be lower than the growths of GDP and disposable income per capita this year, which is set to be about 8% pa. Nearly 40 cities had announced their home price control targets and most of them chose to use GDP and residents' income growth as major references. Shanghai is the first among the tier-1 cities to announce such targets.</p>
29-Mar-11	<p>Beijing, Shenzhen and Guangzhou announce their home price control targets to run ahead of the deadline of 31 Mar. Beijing's version is the most outstanding among all cities because it aims to bring home price stable with mild decline, which makes Beijing the only city that targets a price drop. Shenzhen and Guangzhou's versions are similar to Shanghai's.</p>
31-Mar-11	<p>Up till 31 Mar 2011, 657 cities shared their price growth targets which are widely believed unlikely to curb property price growth. Most major cities including Shanghai, Guangzhou and Hangzhou, aim to allow property prices to grow slower than their GDP or urban disposable income per capita, which implies growth of 10%-15%. Some cities have set a growth rate lower than the national average. Others, especially tier 3/4 cities, are planning to achieve a growth rate lower than that of last year.</p>
5-Apr-11	<p>PBOC announces plans to raise the benchmark deposit and lending rates by 25bps, effective 6 Apr 2011.</p>
17-Apr-11	<p>PBOC will raise Required Reserve Ratio (RRR) by 50bps to 20.5%, effective 21 Apr 2011.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CFR, Deutsche Bank



Figure 94: Summary of major property market-related policies (Cont'd)

Date	Measures
10-May-11	MOHURD: Provincial governments should disclose all detailed info about their public annual housing construction plans. If the plan has not been completed before, it must be published within 20 days of completion. If the plan has been completed already, it must be published before 9 June.
12-May-11	PBOC will raise Required Reserve Ratio (RRR) by 50bps to 21.0%, effective 18 May 2011.
16-May-11	Beijing city publishes a notice forbidding developers to arbitrarily build office/retail projects as residential-style projects. The notice becomes effective starting 1 June.
31-May-11	MLR: China to monitor irregular land sales nationwide, especially residential land sales. Local governments should report irregular land sales this year to MLR before 30 June. Irregular land sales include land sales with more than 50% premium over the base quoting price, total price or floor price hitting a record high.
9-Jun-11	MOHURD official says all details of public housing plans must be published and all public housing construction should be started before end of Nov.
10-Jun-11	Jiang Weixin, head of MOHURD, says any serious quality problem occurred in public housing will be seriously investigated and the offender will be heavily punished.
10-Jun-11	Shenzhen to impose all kinds of property-related taxes on fair value for secondary housing, effective 11 July.
14-Jun-11	PBOC will raise Required Reserve Ratio (RRR) by 50bps to 21.5%, effective 20 Jun 2011.
20-Jun-11	NDRC issues "Notice on the utilization of bond financing to support the development of public housing", setting the framework for and allowing the local government finance vehicles (LGFVs) to issue enterprise bonds for developing public housing. This should help break the financing bottlenecks for public housing, and the financing, investment and building of public housing is expected to accelerate further in 3Q11.
1-Jul-11	MOF, MOHURD: To ensure funding for public rental housing projects through various channels.
6-Jul-11	PBOC announces plans to raise the benchmark deposit and lending rates by 25bps, effective 7 Jul 2011.
11-Jul-11	NDRC & MOHURD: To strengthen supervision and management of property agency activities.
12-Jul-11	State Council announces Five Directives, reiterating significance of implementing existing measures and accelerating public housing construction. State Council also mentions that price control targets must be met, and if any cities see an unreasonable surge in home prices, HPR should be introduced in these cities accordingly.
15-Jul-11	MOHURD: Local governments should report their progress on public housing new starts before 31 Jul 2011. The Ministry of Housing and the Ministry of Supervision will jointly conduct inspections in Sep 2011.
20-Jul-11	Shanghai vows to strengthen the regulation of the property market order and the implementation of purchase restriction. The One Home One Price, or the Transparent Home Price policy should be strictly followed; any form or pre-deposit is not allowed before obtaining pre-sale permit; regarding income tax record calculation for non-local household, an accumulated 12 months of payment within the latest 2 years should be satisfactory, and no one-off payment for 1-year local income tax record proof is recognized.
16-Aug-11	MOHURD requires local governments to report local property market situations in 1H before 20 Aug, and lists 5 Home Purchase Restriction (HPR) standards that suggest cities to carry out HPR if they meet at least 2 of the 5 standards. The 5 standards are: 1) Cities with the high home price growths in the 70 mid/large cities home price indices published by the National Bureau of Statistics; 2) Cities with notable home price hike comparing end-Jun this year and end-Dec last year; 3) Cities with volume surging high YoY; 4) Cities around HPR cities and non-local buyers that account for an obvious higher percentage than reasonable; 5) Cities whose residents are strongly discontented with local home prices and believe local governments have adopted weak implementation of home price control measures.
16-Aug-11	State Administration of Foreign Exchange (SAFE): To suspend approval for guarantee to foreign parties by domestic property developers for overseas subsidiaries to issue bonds overseas.
26-Aug-11	Taizhou city, Zhejiang province, announces it will implement the home purchase restriction (HPR) starting 1 Sep. Taizhou's version is largely in line with other cities but applicable to downtown city areas and primary homes. Effective 1 Sep 2011.
9-Sep-11	Quzhou city, Zhejiang province, announces it will implement the home purchase restriction (HPR) starting 9 Sep. Quzhou's version allows local families to own 3 homes and 1 home for non-local families with at least cumulative 1 year of local income tax/social security payment record.
11-Oct-11	Foshan city: 1) For non-local buyers qualified as "talent", they would not need to provide proof of income tax and social security payment when buying properties in Foshan; 2) For properties purchased for 5 years or more, HPR no longer applies; 3) In addition to the properties that are eligible for purchase under HPRs, local residents can buy one additional unit of residential property with ASP below RMB7,500psqm; 4) For homebuyers with rural citizen account, they can also purchase a unit with ASP of below RMB7,500psm without subject to any HPRs.
11-Oct-11	Foshan later announces suspension of loosening HPR, claiming that it would need more time to evaluate the potential impacts of the adjustments.
24-Oct-11	Nanjing says that starting from 24 Oct 2011, it will raise the ceiling of Housing Provident Fund (PHF) mortgage loan from RMB200,000 to RMB300,000 for an individual, and from RMB400,000 to RMB600,000 for a household. PHF loans were suspended for second-time applicants in Feb 2010, but from now on, a household (including a couple and their minor children) can apply for a PHF loan for a second time provided: 1) they sell the property under their name and buy another property as first-time buyer; and 2) their average living area per head is less than Nanjing's average of 32sqm per head.
10-Nov-11	Zhongshan city puts a cap of RMB5,800/sqm on home selling price, effective 31 Dec 2011.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CFR, Deutsche Bank



Figure 95: Summary of major property market-related policies (Cont'd)

Date	Measures
15-Nov-11	Chongqing announced personal income tax rebate scheme for first-time buyers. For eligible buyers who have been that paying the tax since 1 /Jan /2008 in Chongqing's central 10 districts, the maximum rebate is up to 40% of personal income tax paid since the purchase of the property, but cannot exceed 30% of the property's total purchase price.
25-Nov-11	Beijing loosens rules on property deed tax; the average transacted price benchmark is modified so that more households (about 70% home buyers) will be eligible for favourable sales and deed tax treatment after 10 Dec 2011.
30-Nov-11	Wuhan raises cap of the definition for ordinary residential housing, effective from 1 /Dec /2011.
30-Nov-11	PBOC to cut RRR by 50bps effective starting from 5 Dec 2011.
1-Dec-11	Wuhan relaxed on definition for ordinary residential housing, effective from 1 /Dec /2011.
1-Dec-11	Hefei raises Provident Housing Fund loan ceiling to RMB350,000k for single applicant, and to RMB450,000k for household applicants.
27-Dec-11	Xiamen adjusted definition of ordinary residential housing: plot ratio >1.0, unit size<=144sqm, transacted price <= RMB2.5mn & RMB1.8mn for houses inside and outside the Island, respectively. Effective since 1 /Jan /2012.
1-Jan-12	Chongqing raised property tax threshold from 2011's RMB9,941/sqm to 2012's RMB12,152/sqm.
21-Jan-12	Zhongshan raised the previous home price cap from RMB5,800/sqm to RMB6,590/sqm.
1-Feb-12	Tianjin raised cap for the definition for ordinary residential housing (plot ratio > 1.0, unit size <=144sqm, transacted price < guided benchmark. The new benchmarks for 6 downtown districts and 4 suburban districts were 35.2% and 33.6% higher respectively.
2-Feb-12	NDRC, China's top economic planner, says the funds in the quota should not be lent out as housing loans to expatriates, including those from Hong Kong, Macau and Taiwan, to get mortgages in China.
9-Feb-12	Wuhu will waive a deed tax on property transactions in the urban area of the city and subsidize some home purchases, becoming the first city to ease property curbs this year. Wuhu will give subsidies of RMB50psm for the purchase of homes sized 70-90sqm, and RMB150psm for new homes smaller than 70sqm. Migrant homebuyers (including its direct family members) of primary units in the urban area (with at least 45sqm in size) could obtain Hukou (or household registration) of the city. The measures are effective from 1 Jan 1 to 31 Dec 31 this year.
10-Feb-12	Conghua decided to extend earlier Hukou policy for 2 more years, which allows non-local households or rural households to obtain urban Hukou in Conghua by home purchase.
12-Feb-12	The State Administration of Taxation has recently interprets the definition of first home purchase. For two or more people buying an ordinary home not exceeding 90sqm, if any one of them has a home purchase record, the home will not considered as first home purchase. Therefore, in this case, favourable tax treatment for first home buyer is not applicable.
12-Feb-12	Wuhu suspends the supportive measures announced on 9 /Feb /2012.
16-Feb-12	Shanghai raises cap of the definition for ordinary residential housing (<140sqm/unit), effective since 1 /Mar /2012. The new criteria are: total unit price <RMB3.3mn if houses are inside the Inner-Ring Road, total unit price <RMB2.2mn if houses are outside the Inner-Ring Road but inside the Outer-Ring Road, and total unit price > RMB1.6mn if houses are outside the Outer-Ring Road.
18-Feb-12	PBOC, the central bank, announced cut of RRR by 50bps, effective from 24 /Dec /2011.
21-Feb-12	Shanghai's housing bureau confirms that non-local residents with at least 3 years of local residence permit are now eligible to buy a second home in the city. However this was reversed by an official circular published on 27 Feb 27.
27-Feb-12	Shanghai reversed earlier definition for local residents and said only residents with local hHu kKou are allowed to buy a second home in the city. Also unmarried children aged > 18 are not allowed to buy any home unless they are married and do not own a home under his or her name.
7-Mar-12	Shanghai's housing bureau said that only unmarried children aged > 18 that independently own their homes already are not allowed to buy another home in the city.
28-Mar-12	Shanghai's banking regulatory authority said it will regulate that the lending rates of commercial banks' loan to public housing project should not exceed the PBOC benchmark rates at the time of loan granting, and encourages banks to even lower the lending rates. And the regulatory body urged banks to grant no less than 60% of total development loan increment this year to public housing projects.
Apr-12	Some tier-2/3 cities raised Housing Provident Fund loan caps by 15~25%: Leshan, Lianyungang, Nanchang, Bengbu, Karamay, Suining, Rizhao, Xinyang, Dalian, Binzhou, Changzhou, Zhengzhou, Nanning.
7-May-12	Yangzhou announced subsidy for homebuyer of primary furnished homes: 0.6% subsidy for homes sized <=90sqm, 0.5% subsidy for homes sized >90sqm but <=120sqm, and 0.4% subsidy for homes sized >120sqm but <= 144sqm, effective for a year starting July 1, 2012
29-May-12	Chongqing's Housing Provident Fund lending cap raised from RMB200k to RMB400k for single applicant and from RMB400k to RMB800k for household applicant. Besides, the down payment requirement for first-time homebuyer is lowered from earlier 30% to 20%, lending quota raised from 15x to 25x of account balance, maximum lending period raised from 20 years to 30 years and can be deferred up to 10 years after retirement. Also, applicants can deposit cash to increase the account balance to apply for the maximum lending quota.
1-Jun-12	MLR reiterated that land regarded as "idled" will be charged 20% of original acquisition cost annually, effective since July 1, 2012. "Idled" land are interpreted as land that has not started construction more than 1 year later than the previously legally determined date, or land with construction less than 1/3 of total or with investment less than 25% of total that has suspended construction for more than 1 year.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 96: Summary of major property market-related policies (Cont'd)

Date	Measures
7-Jun-12	PBOC cuts 1-year benchmark lending rate by 25bps, effective since Jun 8, 2012. Mortgage rate discount up to 30% allowed for 1st -time homebuyers.
15-Jun-12	Shanghai stopped transaction approval for non-local residents that make one-off payment for 1-year local social security record proof.
19-Jul-12	MLR and MOHURD jointly issued an urgent notice to urge local authorities to strictly implement property tightening policies, and make sure enough supply for ordinary housing / public housing, as well as controlling land launch schedule to avoid land kings.
23-Jul-12	Shanghai's housing authority yesterday published a notice, clarifying that serviced apartment is considered as residential property, thus is subject to Home Purchase Restriction (HPR).
23-Jul-12	Nanjing government on Jul 23 said it aims to provide easy mortgage facility for first-time homebuyers who participate in the city's PHF program; for pure PHF loans, minimum 20% down payment is allowed. At the same time, Nanjing will grant selected non-local high-tech talents (a total of 3,300 people) the eligibility to buy a home in Nanjing (regarded as with local permanent residence registry, or Hu Kou) if they are first-time homebuyers, together with partial income tax subsidy for 5 years. PHF loan will be granted to those talents with regular PHF payment record with favourable terms.
26-Jul-12	Zhongshan announced its new Provident Housing Fund (PHF) policy, effective starting Aug 1. The new policy will allow homebuyers to pay only 20% down payment for first home purchase if unit size <= 90sqm; still 30% down payment for first home purchase if unit size > 90sqm; and 50% down payment for second home purchase, with at least 1.1x PHF benchmark lending rate. The loanable amount ceiling is RMB300k for single, and RMB500k for a couple. Still, no loans will be lent to 3rd or more home purchase.
27-Jul-12	Shanghai govt reiterated that current property tightening policies should be strictly implemented, regarding: 1) differentiated credit/taxation treatment, and home purchase restriction; 2) increasing land supply for public housing and ordinary housing; 3) cracking down on illegal or improper land / property use right change; 4) conducting property tightening policy implementation inspection; 5) extending support to public housing and expanding beneficiary households; and 6) improving information disclosure system and guiding press influence.
13-Aug-12	The investigations by the property market inspection teams of the State Council have finished, and overall, the inspection teams have more or less affirmed the results and efforts of the property market tightening by the local governments in the 16 provinces/cities. The inspection teams have given requests and suggestions on potential problems in 4 provinces/cities, including Hunan Province, Hubei Province, Hebei Province, and Jiangmen city in Guangdong. For example, some of the tightening measures in Jiangmen have not been strictly implemented and enforced, while there still exist upward pricing pressure in Hubei and Hunan Provinces. With these, Hunan and Hubei Province were advised to carry out property tightening policies more effectively to curb the rising pressure of home prices. Jiangmen city was advised to correct its improper implementation of property tightening. While Hebei Province was said to have some problem defining 1st/2nd/3rd+ home buyers due to lack of networked home ownership info
6-Sep-12	MLR issued notice urging local authorities to strictly implement standards and measures of issuing various types of land use and increase scrutiny usage of these standards and measures.
14-Sep-12	Major banks in Guangzhou had ceased to offer new mortgages at 15% discount to PBOC rate, and further tightening is expected for the remainder of the year.
16-Sep-12	Nanjing city government re-introduced price control policies. According to the latest rules of the Nanjing government, the maximum price increases allowed is 5%, and if a developer wants to raise prices by this magnitude, it can only do so three months after its last property price filing (for the same project) was placed.
9-Oct-12	Guiyang city had announced new measures in attempt to channel demands into the city's real estate market. It stated that all those (including non-residents) who bought commercial, office properties, or residential properties for the first time can enjoy the same treatment on employment, education and medical as residents, not limited by time moving into the property nor size of the property bought.
10-Oct-12	The Central Government had issued a notice delegating various administrative measures to local authorities, including application for pre-sale consents from "property market regulators above county level governments" to "county level governments' property market regulators".
15-Oct-12	Hainan Sanya Municipal Government announced they will implement new measures for sales of limited-price housing with a price marked system which requires a separate price tag to be set on every unit. It also stated that these units cannot be resold within 5 years (after the date of obtaining the ownership certificate) and a penalty will be applicable for individuals breaching this rule. Moreover, the highest ASP should not be higher than the ASP stated in the land sales agreement. However, if the limited-price housing has to be transferred under special situations, Sanya government will repurchase it at the original price, after taking into considerations of depreciation and inflation. On top of this, the Government has the priority to repurchase at maturity.
17-Oct-12	Hangzhou issued a new rule on land sales, capping the premium to land bottom price at 49%. If tender/auction of a site reaches 49% premium to its bottom price, competition of the site will depend on the area of social housing that developers are willing to build.
22-Oct-12	Shaanxi Provincial Department of Housing and Urban-Rural Development (SPDHURD) said in order to ensure stable and healthy development of the province's property market, the SPDHURD had set a "reasonable profit margin" for real estate developers at around 10% (calculated based on land cost, development cost, SG&A expenses etc.). Developers granted pre-sale permit must make all units for sale within 10 days of the grant and with one price for each unit only.
25-Oct-12	Wuhan Housing Provident Fund Centre said it had recently allowed contributors to use provident funds as commercial/ residential property loans to purchase properties outside of Wuhan city. It was also reported that the fund had increased the cap for maximum amount allowed for first 2nd-hand home mortgage from RMB400,000 to RMB600,000.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 97: Summary of major property market-related policies (Cont'd)

Date	Measures
1-Nov-12	Shenzhen city's NPC Standing Committee had approved amendments to rules which now prohibits VC firms from guarantee and real estate activities, with the exception for purchase of properties for own use.
1-Nov-12	The 18th CPC National Congress report made it clear that "we should reform the land expropriation system and increase the share of gain in land value to farmers." The amendment draft of Land Administration Law was submitted to the NPC Standing Committee for approval.
6-Dec-12	CCCPC set 6 key points for 2013: the Political Bureau of Central Committee of Communist Party of China (CCCPC) held a meeting under the leadership of Xi Jinping, discussing economic matters for 2013. The meeting concludes the followings: 1) Ensuring continuity and stability of macro policies, while at the same time will ensuring policy flexibility and adjusting according to circumstances; 2) Continuing China's path of urbanization gradually, facilitating a gradual shift of rural population to urban population, promoting a economical/efficient use of land; 3) Further implementation of the regional strategic development strategy; 4) Deepening the reform for openness of its economy, optimizing trade policies and trade mix; 4) Maintaining stable overall pricing environment; 5) Promoting reforms in key areas including extending the pilot scheme for the change from business tax to value-added tax, improving the pricing mechanism of resource commodities; 6) Improving social security, stressing property control and social housing policies. (Xinhua)
19-Dec-12	Ministry of Land and Resources (MLR) said all provinces will be required to implement various measures such as carving-out of larger land lots, joint bidding, applying additional bidding terms and increase payment difficulties, to avoid the emergence of "land kings". At the same time, the ministry will implement a system of closely monitoring large developers' actions, and to initiate investigation on the recent "land king" transaction.
20-Dec-12	Harbin and Nanning municipal governments announced new measures and opinions on household registration: JRJ reported that Harbin and Nanning municipal governments have recently announced new measures and opinions on household registration. Specifically, Harbin government issued an opinion draft, stating that the city plans to launch a new household registration system to combine both urban and rural before 2015, replacing the current household registration system. Meanwhile, Nanning also issued the "measures for implementation of further reforms of household registration system", stating that the city will no longer separate its household into urban and rural, and that one could become a registered household if (1) buy a flat in the city, (2) work in the city for 4 years, and (3) fulfilled certain investment amount. JRJ said this latest attempts of household registration reform in 2 of China's provincial city clearly indicated the government's determination to facilitate the next stage of urbanization.
25-Dec-12	Ministry of Housing and Urban-Rural Development (MOHURD) - 2013 target affordable housing starts and completion at 6mn units and 4.6m units respectively. In addition, China will continue to strictly implement property market control measures, differential residential mortgage lending, tax policies and Home Purchase Restrictions in 2013.
8-Jan-13	Ministry of Finance's (MOF) issuance of a new notice that required local governments to strictly adhere to rules relating to affordable housing projects constructions and management. In addition the MOF will provide various measures to support construction of affordable housing in the coming year, including 1) to ensure that all affordable housing construction financing are strictly confined to allowed financing channels only; and 2) to allow local governmental finance departments to raise funds from Housing Provident Funds income, Land Premium incomes, State-owned capital operational budgets, local government debts, and to use the funds on projects that needs government funding, including public rental housing, low rental housing, and relocation housing projects.
15-Jan-13	Hainan Housing & Development Bureau had issued a notice requiring all projects inventories must be cleared before 18 Jan 2013, and the results of the clearance must be reported to the Housing and Development Bureau. Those projects with inventories which are not cleared by that date must be temporarily closed until its inventories are cleared.
29-Jan-13	Central Government had issued a notice claiming that land pollution situation in China is not optimistic, and pollution must be prevented and mitigated. Risk assessments on land pollution must be properly conducted and remedies must be strictly implemented. Land use rights and construction permits will not be issued unless risk assessments were performed and soil quality is adequate for development. Should a land is assessed to be polluted and potentially harmful to humans, the pollution must be mitigated and residential development prohibited until the land quality is deemed adequate for development again.
20-Feb-13	China's Premier Wen Jiabao held a State Council executive meeting today, discussing policies regarding the property market. While the meeting concludes that existing policies (home purchase restricts, differentiated credit policies, property tax, etc) has already show positive signs in containing speculative demand, Premier Wen pledged to continue property market controls and measures to limit price rises and speculation. Besides, the meeting acknowledged that China is in rapid urbanization (resulting in short-term supply/demand imbalance in certain area) and policy continuity/stability will be essential for a healthy property market. The meeting specified 5 key directions: (1) local government should held accountable for stable prices: A well-structured accountability system (based on home price stability) should be established for local governments. Governments should release their annual home price control target. (2) To contain speculative/investment demand: For those cities with home purchase restrictions (HPRs), local governments should strictly execute existing home purchase restrictions. For those without HPRs, if prices gone up too fast, provincial governments should step in and implement HPR on time. Differentiated lending policies which targets to control lending to speculative/investment demands should continue, while property tax pilot schemes should extend to more cities. (3) Increase supply of ordinary commodity homes and land supply: Residential land supply in 2013 should not be lower than the past 5-year's average. (4) Speed up social housing construction: target to complete 4.7mn units in 2013, while new start target at 6.3mn units. (5) Enhancing regulations on market: Pre-sale system should be better managed, with prices clearly delineated during the selling/marketing process. Information system regarding home ownership should be enhanced, while market information monitoring/releasing should be improved.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 98: Summary of major property market-related policies (Cont'd)

Date	Measures
1-Mar-13	<p>The State Council issued a notice specifying 6 key policy areas (国办发〔2013〕17号文《国务院办公厅关于继续做好房地产市场调控工作的通知》) for preventing home prices from rising too quickly, including 1) To ensure that relevant government departments are held accountable to the task of market stabilization, including implementing home purchase restrictions, differential credit policies, collection of tax etc.; 2) Local branches of the People's Bank of China can raise LTV ratios and interest rates on second home mortgages as necessary based on local governments' price control targets and other specific policy needs. In addition, the capital gains tax (not new tax) of 20% on verifiable cost of the property should be strictly imposed on all properties sold and transferred; 3) To increase supply of land for commodity residential property use by maintaining a stable and reasonable land supply programmes; 4) To speed up planning and construction of affordable housing and to achieve the 2013 affordable housing start and completion targets of 6.3m units and 4.7m units respectively; 5) To strengthen market regulation and expectation management by heightening various requirements for pre-sale applications and implement reforms measures; and 6) To speed up building of a long-term sustainable system that could ensure the healthy development of China's property market by continuing property tax reform, strengthen local banking and land supply systems.</p>
27-Mar-13	<p>Guangzhou set home price control target as within GDP growth: The vice mayor of Guangzhou announced that the 2013 home price control target for Guangzhou is that overall property price increase this year should not be higher than GDP and disposable income growth in the city. As a reference, during the NPC and PCC meetings period in Guangzhou, the expected GDP growth and disposable income growth for the city for 2013 are 10% and 11% respectively. If these expected GDP growth and disposable income growth realizes as expected, that would mean overall property prices in Guangzhou can not rise more than 10% in 2013. The Guangdong provincial government has issued a notice called "On continuous work on property control". The five key points are:</p> <ol style="list-style-type: none"> 1) Guangzhou and Shenzhen should publish their 2013 home price control target by end-March. 2) Guangzhou, Shenzhen, Foshan and Zhuhai should continue to implement HPRs. 3) increase supply of small-sized ordinary commodity housing. 4) speed up development of social housing. 5) strengthen monitoring on the real estate markets, and the information networks of key cities in the province should be linked together by end-2013.
31-Mar-13	<p>The Chongqing municipal government has published the follow-up details on property tightening as requested by the State Council. The key points are:</p> <ol style="list-style-type: none"> 1) Overall ASP increases in 2013 cannot be faster than growth in disposable income of urban citizens in 2013. This will be applied to the 9 city-districts: Yuzong, Dadukou, Jiangbei, Shapingba, Jiulongpo, Nanan, Beipei, Yubei, and Banan. As a reference, Chongqing's disposable income per capita was RMB22,968 in 2012, up 13.4%. This means that if disposable income growth in 2013 is the same as 2012, ASP increase cannot be higher than 13.4% in 2013. 2) Land prices cannot be higher than 1/3 of property prices. The government will adjust land supply to make sure that overall land prices in the city will not be higher than 1/3 of property prices, and will increase or decrease land supply at the appropriate times to bring back this stated equilibrium relationship between land prices and property prices. 3) For second-time home mortgages, the banks need to strictly count both past mortgage record and home purchase record of the mortgage applicants. That means even for a person with a home but without a mortgage, his/her purchase of another home will be subject to the second-home mortgage restrictions. In addition, banks should not give any mortgage for third-time home purchases or mortgage applications. 4) However, the government has not explicitly stated that down payment and interest rates on second-home mortgages need to be raised. As reported in Hexun, the state-owned banks in Chongqing are still offering second-home mortgages with down payment of 60% and interest rates of 1.1x PBOC benchmark interest rates. 5) For the resale of properties with official tax and/or registration record, the 20% capital gain tax will be strictly levied (so that the seller could no longer opt for the 1% payment on latest selling prices). 6) Going forward, the government will strictly limit the development of projects with a plot ratio of less than 1x and will encourage the development of projects with smaller-size. This is to increase supply of small-medium-sized properties.
31-Mar-13	<p>Beijing municipal government has issued a notice called "Beijing municipal government strictly implements the State Council notice on continuing proper property market tightening":</p> <ol style="list-style-type: none"> 1) additional home purchase restriction on single residents in Beijing; 2) overall home prices for newly built commodity residential housing in 2013 have to be similar to that in 2012; and 3) details on how to collect the 20% capital gain tax on resale of properties.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 99: Summary of major property market-related policies (Cont'd)

Date	Measures
31-Mar-13	<p>Shanghai municipal government has issued the "Notice on strictly implementing the State Council notice on continuing proper property market tightening":</p> <ol style="list-style-type: none"> 1) 2013 home price control target will be based on the growth in disposable income per capita in 2013 with reference to inflation. The government will strive to maintain overall stable property prices in 2013. 2) The government would strive to restrict investment/ speculation demand, will request relevant housing management, taxation, human resources, social security, and administration departments to accelerate studies on establishing a comprehensive database on home ownership, tax payment, social security payment, and marriage information of homebuyers in Shanghai. This database will allow the government to better manage the property market in the future. 3) The banks need to strictly implement selective financing (on down payment and interest rates) to different types of homebuyers, and to strictly enforce higher down payment and higher interest rates for mortgages on second-time home purchases, and cannot offer mortgage for third-time home purchases or above. In addition, the banks need to have stronger checks on mortgages to homebuyers from other places, overseas, and those that are divorced or young, and should not offer mortgages if they do not meet standards. 4) For the resale of properties with official tax and/or registration record, the 20% capital gain tax will be strictly levied (so that the seller could no longer opt for the 1-2% payment on latest selling prices). 5) The government will increase the supply of land for developing ordinary commodity residential housing. The new land supply for 2013 will not be lower than the average actual supply in the past 5 years. In addition, for projects with 70% (or above) of units as small-medium-sized units should receive priority construction financing from the banks, subject to credibility of the developers. 6) The government will ensure adequate supply of social housing. For 2013, the target is to start constructions on 105,000 units, 7.5msm of social housing, and to complete 100,000 units and 7.3msm of social housing in 2013. 7) The government will impose strict control on approval for presale permits, and it might not issue presale permit for projects with ASPs that are markedly higher than ASPs of previous phases or higher than ASPs of nearby properties, or for projects which do not accept ASP guidance given by the government. 8) The government will strengthen monitoring of media news flow, and will take proactive and immediate clarifications on any false media news about policies and the property market.
31-Mar-13	<p>Hefei municipal government has released a notice on the details of property market tightening (as requested by the State Council):</p> <ol style="list-style-type: none"> 1) Residential home price target of the city should not exceed the per-capita disposable income growth of the city (largely the same to the city's target of not higher than GDP and residents' disposable income growths in previous years) 2) the government would release the 2013 residential land sales plan according to schedule: Currently, land sales plan of the city's urban districts has been published on the website of Hefei Ministry of Land and Resources (Hefei MLR), and plans of other districts will be released soon after. 3) Around 8,000mu (c. 5.3msqm) of residential sites will be supplied to the market (of which 5,000mu are ordinary commodity residential sites and 3,000mu are for social housing), which means it will not be lower than the average supply level of the previous 5 years 4) Accelerate social housing construction: Hefei will commence and complete construction on 39,000 and 16,000 social housing units respectively 5) Eligible immigrant workers with stable employment in the city will be included in the social housing scheme 6) Sites with better transportation connectivity, infrastructure and public facilities will preferably allocated for social housing 7) Redevelopment of urban villages and dilapidated homes within the second ring road of the city will be completed by end-2015; Improvement works of the city's old/dilapidated districts will be finished by end-2014 8) The government would strengthen the management of presale system, making sure that the use of presale deposits is for the construction of residential project. 9) Commodity residential projects will not be allowed to raise prices within 3 months after it report the presale price of the units. 10) If the price of a commodity residential project reported to the government is deemed as too high, and the developers refuse to follow the guidance of related government bodies, it may not get presale permit. 11) The developers should avoid misleading advertisement of property, and the government would have stricter regulation on property agencies.
From 1-Apr-13 onwards	<p>Over 40 cities including Shenzhen and Tianjin Municipal Governments, Xiamen, Wuhan, Nanjing, Jinan, Guiyang, Fuzhou, Shijiazhuang, Kunming, Chengdu, Zhengzhou, Qingdao city governments had issued details of property market tightening as required by State Council, which focuses on putting price controls on newly constructed (in 2013) commodity residential units lower than residents' disposable income for the year, and continue to implement differential credit policies and implementation of 20% capital gains tax from home transactions.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 100: Summary of major property market-related policies (Cont'd)

Date	Measures
14-Jun-13	<p>Ministry of Land and Resources required local government to follow the annual target of price control before supplying commodity residential housing to the market and to set reasonable range of land premium for new land sales based on pricing levels in the same area.</p> <p>In addition, when approving pre-sale permits, the Beijing Bureau of Housing and Urban-Rural Development has put in new restrictions by introducing a new sales quota for high-end residential properties with ASP of over Rmb40,000psm to avoid further rises in average housing price in the city.</p> <p>Beijing Housing and Urban-Rural Development Commission issued a notice on 14 June 2013, which sets out new requirements for commodity residential projects supplying unit sizes larger than 140sqm, and commercial and office projects. It requires that starting from 1 August 2013, for the types of projects listed above, if their superstructure construction didn't reach at least 7 storey high they will no longer be eligible for pre-sales permit applications. The new requirements specifically requires that for the above-listed projects, if they're less than 7 storey high their superstructure construction must be completed before they're eligible for pre-sales applications, and for projects with more than 8 storey high, their superstructure construction must be at least 50% completed (and not less than 7 storey) before they become eligible for pre-sales applications. The notice also states that for projects supplying normal commodity residential housing only (i.e. less than 140sqm), they should continue to follow the original requirements. The new notice applies to all property development projects with its land transfer agreements signed after 1 August 2013 (meaning that construction will start after this date), for projects currently under construction the original requirements continue to apply.</p>
19-Jul-13	<p>PBOC announced a few measures to further liberalize China's lending interest rates effective from July 20. The most important measure is the removal of the lending rate floors, which were previously 30% below the benchmark rates. However, the range of mortgage interest rates for homebuyers has not been changed, highlighting the central government's continued rock-solid stance on property market tightening.</p>
9-Aug-13	<p>Wenzhou City Government official admitted to have fine-turned its current HPR policy from only 1 commodity residential unit per local household and none for non-hukou households to the HPR policy as required by the State Council - 2 commodity residential units per local households and 1 per non-hukou households</p>
10-Sep-13	<p>The listing division of CSRC has already issued a notice listing out specific requirements for eligible developers to apply for refinancing in Shenzhen and Shanghai Stock Exchange. The notice includes disclosure and application requirements on restructuring for listed companies, as well as refinancing for listed companies' property development business. When developers submit their refinancing applications, they should also submit self-inspection reports on the refinancing plan, and also an inspection report from the handling financial intermediary that document their opinions on the refinancing plan and the projects involved.</p>
22-Sep-13	<p>Anhui Province had issued notice commenting on future land purchase restrictions in the province, such as max site area for commodity residential land in small/medium/large cities will be capped at 70ksqm/140ksqm/200ksqm respectively, implementing deposit system for construction start and completion, set at no less than 5% of land premium, and increase fines for idle land hoarding.</p>
3-Oct-13	<p>Anhui Provincial Government recently published a notice on management of Provincial Level Reserved Land. To prohibit hoarding of reserved land, Provincial Government won't issue Planning Indicators for regions who a) had not completed previous year's Land Use Plan, b) illegal farmland is over 15% of illegal lands, and b) land repossession ratio lower than 50% in previous year. The Notice also penalizes heavily against below-par investment and fraudulently obtained Planning Indicators.</p>
3-Oct-13	<p>A recently published notice by the NDRC stated that it will encourage enterprises engaging in shanty town redevelopment projects are eligible to apply for debt issuance to finance the projects. It also encourages participation through equity investments, direct investments and BT. The cap will be set at 70% of total project investment amount.</p>
6-Oct-13	<p>Anhui Provincial Government recently issued a notice on Affordable Housing Management to become effective on 1 Nov, listing out standards for tenancy contracts, and allows eligible households who had acquired affordable housing for 5 years can apply for property rights certificate from relevant departments to be sold on the market.</p>
14-Oct-13	<p>Vice-mayor of Shenzhen had proposed 8 home price control measures during the city's Property Market Control Committee meeting, namely 1) continues HPR and differential credit policies, 2) ensure residential land supply at 20% 5-year average supply, 3) PBoC Shenzhen Branch to tighten downpayment and interest rates for 2nd homes, 4) increase strength of pre-sale management, 5) ensure 2013 affordable housing construction target is met, 6) increase LAT rate, 7) strengthen market information disclosure, 8) speed up long-term property market control mechanism and policy research.</p>
23-Oct-13	<p>Beijing MOHURD announced seven property market measures to support end-user demand, stabilize market expectations and facilitate a long-term control mechanism. The seven measures focus on the introduction of 'self-use residential units' that target end-users, including 1) emphasis on end-user properties construction and management; 2) commodity residential land supply to be no less than 20k units by FY13; 3) supplying 70,000 'self-use units' at ASP of 30% discount to nearby units; 4) priorities given to family with Beijing Hukou; 5) speed up sales and registration management; 6) minimum holding period of 5 years or the an appreciation tax of 30% will be charged; 7) intentional deceit would lead to contract cancellation and legal consequences and also not allowed to buy properties in Beijing in 5 years.</p>
1-Nov-13	<p>Shenzhen branch of PBoC revised the down payment ratio requirement for all individuals who apply for mortgages for second home purchases from 60% to 70%. And Shenzhen continues the differential mortgage treatments, with 30% down payment requirement on first home buyers and no mortgage will be provided to buyers of the third or more houses.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 101: Summary of major property market-related policies (Cont'd)

Date	Measures
8-Nov-13	<p>Shanghai introduced 7 tightening measures on the property market on the back of the sharp rise in property prices in 2013 YTD. 1) Raising the downpayment requirement for 2nd-home mortgages to 70%, from 60%. 2) Increasing land supply: For 2013, the supply of land for developing residential properties should not be less than the average land supply in the past 5 years. And based on the average land supply in the past 5 years, land supply in 2013 should be 30% higher, and total land supply for residential development should be at least 1,000 hectares. In addition, the government would increase the land supply for building small-medium-sized properties. 3) Implementing accountability on property price tightening for individual districts: All district governments in Shanghai should actively introduce new measures to achieve the home price control targets set in early 2013. 4) Further developing the social housing system: For eligible families, government officials should to follow the principle of "as many as possible and as many as those willing to". At the same time, government would speed up the supply on economic housing, to develop public rent housings and to continue the proper implementation on land resettlements. 5) Strictly implementing the differential property tax policies: The government would implement proper collections of valued added tax on developers and also the property tax on inventory homes; to enhance inter-departmental information flows, and gradually develop the piloting individual property tax. 6) Strictly implementing HPR: The criteria would be tightened for people without Shanghai "hukou", tax payment record lengthened to 2 full years within the past 3 years before the purchasing date. 7) Strengthening supervision over the property market: Relevant departments have to facilitate information flows to increase the price disclosures, enhance control over agents and strictly punish on frauds and illegal activities. Every local government has to be responsible in the meeting the year target house pricing control; to strictly manage over pre-sales, to investigate on illegal activities towards the HPR.</p>
18-Nov-13	<p>Guangzhou government has issued a notice, which includes 6 measures to stabilize property prices. 1) Speed up the approval of presale permit for low-medium-price apartments: This is to increase the supply of low-medium price commodity residential properties. The faster pace for presale approval should help meet the demand for the low-medium-price housing. 2) Increase the residential land supply For 2013, the Guangzhou government targets to achieve a residential land supply which is 20% higher than the average actual supply of the previous five years. For 2014, the overall residential land supply will be equal or higher than 2013 land supply. 3) Strictly implement HPR: HPR aims at restricting the unreasonable property demand. Starting now, for residents or families without a Guangzhou Hukou but have been staying in Guangzhou for at least 5 years, and with a income tax payment record or social insurance payment for three consecutive years, they can purchase one residential property, including either new commodity housing or secondary housing. Effectively, this raises the tax payment or social insurance payment requirement from one year to three years. 4) Adjust the second home mortgage down payment to at least 70%. 5) Provide guidance for reasonable pricing by developers: Guangzhou government will continue the existing rules that guidance will be given to new commodity housing presale price. For property projects which are against the guidance, no pre-sale permit will be granted. 6) This latest notice will supersede previous announced tightening measures if there is any difference between this notice and previous announced measures.</p>
22-Nov-13	<p>Xuzhou widely loosened HPR: Xuzhou loosened the HPR on several areas, releasing more housing types, locations and area limits for purchasers. Moreover, children with age 18 or about will no more limited by the property owned by parents</p>
23-Nov-13	<p>Following the Tier 1 cities, Wuhan has announced seven measures to stabilize the property price and ensure a proper market development, effective on Nov 23, 2013.</p> <p>1) Strictly restrict investment demand for residential property: Wuhan will continue to strictly implement the Home Purchase Restriction (HPR). For residents or families without Wuhan Hukou but possessing a income tax record or social insurance payment for 2 years (lengthened from 1 year), one additional unit can be purchased. The HPR supervision and monitoring will be strengthened to punish the offenders. 2) Enhance the residential land supply management: For 2013, the Wuhan government targets to achieve a residential land supply which is 20% higher than the average actual supply of the previous five years. The land supply increase will focus on affordable housing, low-mid price housing and small-mid size commodity housing. The land supply planning will be sped up to ensure the total residential land supply in 2014 will be 10% higher than that of the average of previous five years. 3) Continue to accelerate the construction on social housing: Local governments need to increase the approvals, land collections etc. to facilitate the constructions of social housings. Local governments also need to provide capital to speed up the completions and deliveries of the social housing with proper quality and to supervise the allocation of social housing on open and fair principal. 4) Strictly implement the differential mortgage policies: Wuhan branch of PBoC will study to raise the downpayment ratio on second home purchases according to local controlling targets and requirements. 5) Increase ordinary commodity housing supply: Local governments have to speed up the approval on the constructions of small-mid size normal commodity housing and to urge developers regarding on approved but not yet build and built but not yet delivered projects. 6) Provide guidance for reasonable pricing by developers: The government will provide guidance for reasonable pricing by developers. Pre-sale permits will not be granted to those projects that do not following the pricing guidance of the Wuhan government. 7) The latest notice will supersede previous announced tightening measures if there is any difference between this notice and previous announced ones</p>
25-Nov-13	<p>Nanchang has rolled out 6 tightening measures on 25 Nov.</p> <p>1) Increase residential land supply: Nanjing will strive to surpass the annual land supply target by 10% in 2013. New land supply plan for 2014 will be set and announced before 31 Mar 2014. Supply target for 2014 is 120% to that of 2013, and will try to meet 130% to that of 2013.</p> <p>2) Increase ordinary commodity housing supply: Nanjing government will speed up the approval on the constructions of ordinary commodity housing projects, and to support the construction process.</p> <p>3) Control irrational housing consumption: Nanchang branch of PBoC will gradually raise the down-payment ratio on second home purchases according to local controlling targets and requirements. HPR will be implemented continually, non-local Hukou holders with income tax records or social insurance payments for 2 years (lengthened from 1 year) are allowed home purchasing while juveniles are restricted in home purchasing.</p> <p>4) Provide guidance for reasonable pricing by developers: The government will provide guidance for reasonable pricing by developers. Pre-sale permits will not be granted to those projects that do not follow the guidance</p> <p>5) Push forward the construction of social housing: Shanty town redevelopment project will be sped up, with annual target of not less than 3m sqm of GFA redevelopment finished in the coming 3 years. The construction progress of reallocation units will also be sped up, targeting to reallocate not less than 50% of the households affected by demolitions. The piloting program on "limited type and limited pricing" units will be continued in the city.</p> <p>6) Strengthening supervision over the property market: Implementation of HPR and differential mortgage policies will be continued and strengthened to curb the investment demand.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 102: Summary of major property market-related policies (Cont'd)

Date	Measures
25-Nov-13	<p>Xiamen has announced seven measures to foster a healthy development of the property market. Details as follows:</p> <ol style="list-style-type: none"> 1) Increase the commodity residential land supply: Speed up the commodity residential land launches and ensure the units fulfilled the presale condition will transact within the year. Speed up the demolition process and launch new commodity residential lands in 2013. 2014 residential land supply shall be 20% larger than the average of the past five years. Adjust the rhythm of new land launches to prevent spike in land prices. 2) Speed up the effective supply of commodity housing: Speed up the construction start and strive for earlier presale. Strictly inspect the idle commodity residential project. If the postponement in the construction starts exceeds a year and is due to the developers' issues, idle land charge is levied at 20% of land premium. Postponement exceeding 2 years will lead to uncompensated surrender of the land to government. 3) Strictly implement HPR: For residence/family with Xiamen Hukou already owns one property or non-residence/family with 1 year or above tax/social insurance proof in the recent two years, it is eligible to buy one property, including new or secondary residential property. For those without Hukou and owns two or more property, or non-Hukou holders with one or more property, or non-Hukou holders who could not provide 1 year or above tax/social insurance proof, developers cannot sell property to them. Non-Hukou holders could not buy property through resubmitting previous income tax or social security payment proof. 4) Strictly implement the differential mortgage policies: Xiamen branch of PBoC will raise the downpayment ratio on second home purchases according to local property price targets and requirements. 5) Enhance the taxation management: Enhance the collection and audit of taxation of the property projects with high ASP, ASP growth, or excessive profit margin. 6) Strengthen the property market supervision: The government will provide guidance for reasonable pricing by developers. Pre-sale permits will not be granted to those projects that do not follow the guidance. 7) The latest notice will be effective on the next day (Nov 26, 2013) and will supersede previous announced tightening measures if there is any difference between this notice and previous announced ones. <p>On 25 Nov, Shenyang announced 9 additional measures</p> <ol style="list-style-type: none"> 1) Continue to keep the residential land supply in leading level countrywide: Land supplies for small-mid size ordinary commodity housings, shanty house redevelopments and social housings have to be over 75% of the total land supply. 2) Lengthen the tax and social insurance record to 2 years (from 1 year) for non-local Hukou holders to be eligible for the purchase of a single house. It could be in the primary or secondary market. 3) Downpayment requirements for mortgages on second home purchases raised to 65%. 4) Strictly monitor the progress of construction projects supported by housing provident funds (HPF): In order to apply for the mortgage from HPF, multi-storey buildings needed to be topped off, and 2/3 of the high rise buildings needed to be topped off. 5) Further increase the supply of small-mid size ordinary commodity housing: Approvals will be sped up. For projects with more than 70% of the total units are small-mid size ordinary commodity housings, priority will be given by banks for loans on development. 6) Better manage the construction on social housing constructions: Strictly enhance the subsidy on social housing, perfect the public rental housing allocation and constructions. Ensure open and fair allocations. Actively promote the development on shanty town, old town, and dangerous houses. 7) Enhance supervision over the property market : Strictly enforce the "single price for single house" requirement. For projects that have obtained pre-sale permits, all housing information has to be disclosed on the point of sales as well as on the internet. Strictly manage over the sales process and punish those illegal acts. Sales will be halted for those refused to correct. 8) Further organize and perfect the personal housing information database: Comprehensively enhance the level of housing informing management to facilitate the development of an effective long term mechanism. 9) This notice is subject to the explanations of the property department: This latest notice will also supercede previous announced tightening measures if there is any difference between this notice and previous announced measures.
25-Nov-13	<p>Guangzhou has tightened property purchase restrictions outside HPR zone: Mortgage requirement of Zengcheng and Conghua have raised to three years social security or tax payment proof in Guangzhou, compares to previously one year requirement. Guangzhou central 10 districts already suspended the property purchase based on resubmitted tax payment or social security proof. It is not obvious whether such approach is still applicable in the Zengcheng and Conghua.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 103: Summary of major property market-related policies (Cont'd)

Date	Measures
26-Nov-13	<p>Nanjing announced additional property tightening measures on 26 Nov, in order to consolidate the existing tightening results and corresponding to Central government's call on speeding up the affordable housing and housing supply.</p> <ol style="list-style-type: none"> 1) Increase the supply of residential land with priority to affordable housing: Any shortfall against the 2013 land supply target (400 HA commodity residential land and 350 HA affordable housing land) needs to specify a timeline. The 2013 residential land supply has to grow by 10% upon the average five years land supply. Priority will be given to affordable housing land, in particular for village within the city, old or danger housing relocation, public rental housing supply. In addition, it has to increase the supply proportion of suburb and new region to lead a more reasonable population distribution. 2) Enhance the monitoring of land supply and explore new mode of land supply: Enhance the monitoring of land supply especially for start/completion fall outside the regular schedule. Establish a construction start/completion disclosure and dynamic land use monitoring mechanism. Inspect idle land and explore approaches to stabilize the land price, including "land bidding with associated construction" and "land bidding with affordable housing funding". 3) Differential mortgage policies to curb the investment demand: First home demand will be support but second home mortgage downpayment ratio will be raised. Enhance eligibility check and restrict approvals on mortgage to non-eligible applicants. 4) Strengthen ASP transparency and guide on a more reasonable pricing: Guidance will be given to new commodity housing presale price. No pre-sale permit will be granted to those against guidance and projects without proper presale deposit supervision. The "single price system" will be implemented 5) Strengthening supervision over the property market: Further strengthen the HPR, real name purchase with edibility check. Approvals on mid-low pricing and small-mid size housings will be sped up to increase supply. Contracted sales proceeds will be monitored and can only be used for project development rather than land purchase 6) Increase construction of social housing and improve the supply system: Affordable housing targeted a completion of 20m sqm by the end of "12-5" period. Gradually merge low rent, public rent and social security housing. 7) Increase supply of social housing: 3,000 units of "price-limited" housing will be launched in Dec 2013. Eligibility is adjustable to solve the demand for those who needed. 8) Departmental coordination to perfect the residential supply system
26-Nov-13	<p>Changsha announced additional property measures to enhance the property market tightening.</p> <ol style="list-style-type: none"> 1) Increase the supply of commodity housing and land supply: Approvals for constructions of small-mid size ordinary commodity housings will be sped up. Ensure the residential land supply in 2013 to be higher than the average of the past five years. New plans on residential land supply will be announced on 31 Jan 2014. Targeted residential land supply in 2014 is higher than the average of the past five years. 2) Curb unreasonable residential house demand: For second home purchases in urban areas, mortgage downpayment ratio will be further increased. 3) Guidance for reasonable pricing for developers: Guidance will be provided to developers to foster a reasonable pricing. Pre-sale permits will not be granted to those projects that do not following the pricing guidance of the Changsha government. 4) Emphasis on the construction of social housing: Social housing construction plan for the city will be completed before 31 Jan 2014. Public rental housing construction will be the focus. Promote the merging of public rent and low rent housing while the eligibility for social housing will be enlarged. 5) This notice becomes effective on the announcing date (26 Nov 2013)
26-Nov-13	<p>Shanghai further tightened HPR: Non-local hukou holders with children, and with marriage status of "divorce" and "widow" are categorized as "single" in home purchasing, which means they are not eligible for buying houses. And local citizens with same status are allowed to buy only one house.</p>
26-Nov-13	<p>Hangzhou branch of PBOC upward adjusted the downpayment ratio on second home purchases to 70%: This ratio for first home purchase will be kept at 30% and no more mortgage will be approved for the home purchase.</p>
27-Nov-13	<p>On 27 Nov, Fuzhou announced the following additional measures.</p> <ol style="list-style-type: none"> 1) Strictly control house prices: Guidance will be provided to developers to foster reasonable pricing. Pre-sale permits will not be granted for those projects which ASPs are significantly higher than the surround projects with similar quality, and neither which ASPs are significant higher than other units of the same project. "Single price" system need to be applied in all projects. 2) Speed up the supply of commodity housing: In order to satisfy the market demand, responsible government departments will provide weekly guidance to key developers for speeding up the process of application of the pre-sale permits. 3) Set up house price monitoring workgroup: A workgroup for monitoring on the house prices will be set up. Weekly meetings will be held to analyze the house price changes, trends and the reasons behind. Results will be used to determine the price movement in the coming week and corresponding measures would be implemented. 4) Strengthen supervision over the market: Strictly manage over the sales process to prevent hoarding and any forms of inflating the price. Supervision over agents will be strengthened. Illegal acts will be punished and included in corporate credit file and will also open to the public. 5) Tighten the eligibility on home purchases of non-local households: Buyers from non-local households have to provide tax and social insurance records for 2 years during the previous 3 years dating back from the purchasing day. Otherwise, they are not allowed to buy any house in the 5 urban areas of the city

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 104: Summary of major property market-related policies (Cont'd)

Date	Measures
27-Nov-13	<p>Hangzhou issued 6 measures to stabilize the property price.</p> <ol style="list-style-type: none"> 1) Increase the supply of residential land: The total urban residential land supply should be 20% above the five year average. Enhance the property mix by increasing the low-mid price residential land supply. Strengthen the land market analysis and transaction management to ensure stable transactions. 2) Speed up the affordable housing construction: Enlarge the infrastructure investment and facilitate the same time roll-out of the surrounding facilities. Explore affordable housing and construction to perfect the economic background check of the applicants. Ensure the fair allocation of such resources. 3) Effectively increase the supply on commodity housing: Approvals on constructions of ordinary commodity housing will be sped up to increase the supply of mid to low priced commodity housing. 4) Strictly implement the differential mortgage policy: Hangzhou branch of PBOC upward adjusted the downpayment ratio on second home purchases to 70%. This ratio for first home purchase will be kept at 30% and no more mortgages will be approved for third home purchase. 5) Strictly enforce the differential tax policy on housing: Enhance the system development on information sharing among department. Well manage LAT charging over developers. Utilize the valuation techniques on tax changed over inventory housing held for sale. 6) Strengthen supervision over the property market: Strictly manage over projects that are higher than the annual price target set. Greater force will be exerted to investigate illegal acts that against the HPR.
27-Nov-13	<p>On 27 Nov, Beijing announced 7 measures to manage the sales process of the "self use" unit to ensure it is fairness</p> <ol style="list-style-type: none"> 1) House source information will be disclosed on the website of MOHURD: Developers have to publish all related information on MOHURD website for at least 15 days before applying the pre-sale permit. Eligible families are only allowed to buy one "self use" unit. 2) Families without property or living in social housing have priority: Priority will be given to local families (including single persons aged 25 or above without any properties). Prioritized groups will be separated in the allocation process to safeguard their opportunities. 3) Buyers have to submit application online for eligibility checking: Intended buyers have to submit applications online and present the related documents in person for approval. 4) Reference on car license plate balloting will be taken to ensure fair process: Unified software will be used for the balloting process in generating the result of applications. Reference on car license plate balloting will be taken to ensure fair process 5) Ballot and house selection process will under notary supervision: Result of the ballots will be disclosed on the website of MOHURD and the sales venue for 3 days. House selection notice will be announced in full details including time, venue and batches info. The full process of balloting and house selection will be under supervision of notary, public and the relevant departments. 6) Family members of the buyers not allowed to buy other self use units: After the sales contracts have been signed, family members of the buyers are not allowed to buy other "self use" units. For families in the waiting list for social housing and price limited housing, the waiting list position will be removed once the sales contract on "self units" is signed. 7) Families purchased with fraudulent information will not be allowed to buy house in the city for 5 years: Families that hide, forge or involve other improper means in buying the "self use" units, sales contracts will be canceled once those acts were proven. Such families will not be allowed to buy houses in the city for 5 years. Any violation could be considered as a criminal offense.
27-Nov-13	<p>Xi'an has introduced new tightening measures to stabilize the property price and foster the healthy development of the market.</p> <ol style="list-style-type: none"> 1) Adopt effective measures to stabilize the property price: Various departments will adopt appropriate approaches to balance the residential land supply and manage the commodity property sales. Enhance the property market supervision and accomplish property price control target. 2) Strengthen the presale management and ASP guidance: Projects will refer to the ASP of surrounding projects during their application of presale permit. Provide ASP guidance to developers and stop issuing permits to high ASP, high ASP growth and those who don't adopt ASP guidance. 3) HPR and differential mortgage and tax policies will be continued to strictly implement: Investigations and punishments on fraudulent purchases and improper lending will be also strengthened. 4) Increase ordinary residential land supply with social housing projects in priority: Supply of small-mid sized and mid-low priced housing will be further increased. New land supply plan will be completed and announced by the end of 1Q14. Targeting land supply is 10% increment from 2013. 5) Enhance the affordable housing supply structure: Speed up the process of merging low rental and public rental housing. Carry out separation in rental vs subsidies and rental steps. Gradually increase the supply of low rental and public rental supply, Construct the affordable housing system with rental affordable housing as pillars. 6) Further enhance supervision over the property market to tackle illegal acts and rules violation of developers: Information sharing platforms will be established for better supervision over the developers. Strictly prevent activities such as land speculations, house hoarding and price inflating. Developers committed illegal acts and serious rule violations will not be allowed for land bidding from MLR, project financing from banks and their LAT on projects will be inspected. 7) Better monitor the property, reasonable guidance will be provided: Responsible departments have to better monitor and analyze the market. Land supply information has to be announced at the right time to manage market expectations.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 105: Summary of major property market-related policies (Cont'd)

Date	Measures
28-Nov-13	<p>Taiyuan has enhanced tightening and rolled out the following new measures.</p> <p>1) Raise the entry point on eligibility to the HPR: i) Strengthen the enforcement of HPR; ii) Raise the buyers' eligible age from 18 to 20; iii) Strictly assess the eligibility; iv) Public organizations and private companies are only allowed to buy one unit; v) Strengthen the investigation on illegal activities.</p> <p>2) Utilize the function of mortgage policy on price control: Downpayment ratio for second home mortgage will be raised. Effective measures will be applied to curb the investment demand. Loans will be inclined to projects of small-mid sized ordinary commodity housing and social housings as to increase supply.</p> <p>3) Strictly enforce differential tax policies: Enhance supervision and collection of LAT and related taxes on developers. Strengthen interdepartmental information sharing.</p> <p>4) Increase land supply on small-mid size commodity housing and social housing: Target land supply of small-mid size housing in 2014 will not less than 70% of the total land supply. Lower the selling price through structural improvements.</p> <p>5) Support the constructions of ordinary commodity housing: Speed up the approvals and constructions on ordinary commodity housing. 70% or above of the total units supplied have to be with GFA of less than 90sqm. Maximum GFA will be capped at 143 sqm.</p> <p>6) Enhance the construction on social housing: Speed up the process on shanty house redevelopment. Major parcel of shanty hoses redevelopment has to be finished by 2017. Speed up the reallocation and demolition of old villages in town, targeted to finish within 5 years. Loosen eligibility on low rent housings, personal monthly income raised from Rmb1,125 to Rmb1,290.</p> <p>7) Enhance supervision over house pricing: Continue to disclose sales and pricing information publicly with the enforcement of the single price policy. Guidance on ASP will be given to developers and violations will be subjected to halting of sales. Increase mid-low prices supply and control that of high-end housing.</p> <p>8) Strictly tackle down illegal activities and violations: Investigations on illegal activities and rules violations will be enhanced. Land hoarding will be strictly punished.</p> <p>9) Enhance media coverage and provide positive guidance: Regularly release market information to increase transparency to push rational development of the market. Media need to promote the process and achievement on market controlling measures as to stabilize market expectations.</p>
28-Nov-13	<p>Vice mayor of Guangzhou indicated they will issue supplementary announcement related to the tightening policy: Vice mayor of Guangzhou has indicated that Guangzhou will exert greater effort for the property tightening to strictly control the property price increase. He indicates Guangzhou will issue supplementary announcement includes the following details: 1) Construct the small-medium size units and speed up the presale of small-medium price units, 2) Raise the property purchase pre-requisite of non-Hukou holders and non-locals, 3) Raise the second-home down payment ratio, 4) Strengthen the property price guidance.</p>
4-Dec-13	<p>Harbin has announced further tightening measures on 1 Dec to enhance control over the property market.</p> <p>1) Adjust the plan for land use to spread from the city center: Land supply on social housing will be put on priority. Land supply for social housing and ordinary commodity housing will not be less than 70% of the total land supply of the year; land supply in 2013 will be higher than the average of the previous 5 years, and ensure annual target of completion of 24k units of social housing will be met.</p> <p>2) Downpayment ratio for mortgages on second home purchases cannot be less than 60%, and 1.1x of the standard interest rate has to be applied</p> <p>3) Regulatory bodies on banks have to enhance the supervision on implementation of differential mortgage policy: Harbin branch of PBOC will study to raise the downpayment ratio for mortgages on second home purchases according to price changes.</p> <p>4) Specific receipts have to be provided from developers to buyers on any forms of money received</p> <p>5) Projects have to be registered and funds for pre-sale will be under supervision: This is to enhance the control over pre-sale permits by limiting the delivery time and monitoring of construction process. No pre-sale permits will be granted to those projects with high ASPs and refuse government guidance.</p>
5-Dec-13	<p>Nanchang branch of PBOC announced new measures in response to the earlier additional tightening: New measures mainly regarding to the differential mortgage policies, including raising the downpayment ratio for second home purchases from 60% to not less than 70%, continue the 30% downpayment ratio requirement on first home buying and stop providing mortgage to third home purchases.</p>
7-Dec-13	<p>Changsha branch of PBOC raised downpayment requirements on second home mortgages: Changsha branch of PBOC released more details on the tightening of second home mortgage with downpayment ratio raised to 65% (up from 60%), for buyers' whose first homes are over GFA of 90sqm.</p>
16-Dec-13	<p>Hangzhou lowered the limit on land bidding premiums to 35%: Media reported that, Hangzhou government has lowered the premium on land bidding to 35% for all the land transactions in the main city area. The ceiling for such ratio is 49% before. This controlling measure applies to both residential and commercial use lands.</p>
2-Jan-14	<p>Xiamen has revised the pre-sale condition of commodity housing. Under the new rules, to qualify the pre-sale condition, 7th level or below of the building has to finish the major construction; the 8th level or above has to finish half of the construction of the main part and finish more than 7th floor. Previously Xiamen only requires the completion of basic and first level structure to fulfill the pre-sale condition of a flat (with baseman) consists of four levels or above. It requires the public announcement of all available units and their pricing in 10 days after obtaining pre-sale permit.</p>
8-Jan-14	<p>Media reported that the MOHURD of Chongqing has upward adjusted the starting price of property tax charged towards hi-end residential houses. The starting point of the taxable prices has been risen from Rmb12,779 psqm to Rmb13,192 psqm. This implies that the property tax will be charged towards those new houses transacted with ASP of higher than Rmb13,192 psqm.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 106: Summary of major property market-related policies (Cont'd)

Date	Measures
10-Jan-14	<p>In order to protect the productive farmland surrounding cities from changes in the use of land, Ministry of Land and Resources (MLR) has set limits on land supplies in large cities during the 2014 National Meeting of Land and Resources. Minister of MLR said the Central Government has requested the three big cities clusters in Eastern area of China to focused on activating the land inventory. Construction land supplies in these areas will be gradually decreased. Basically, no new construction land will be allocated to cities with populations over 5m.</p> <p>In rural areas, rural residential land reform has to be based on actual ownership rights on registration. The principal of one household with one house has to be insisted on in order to implement. Urban citizens are not allowed to buy land for construction of houses and villas, as to prevent "reverse urbanization".</p>
10-Jan-14	<p>Minister of Dongguan branch of MLR said will strictly control the new land supply for property construction use in 2014. Vice mayor of the city also said the city will also focus on redevelopment on old town, old factories and old villages.</p>
21-Feb-14	<p>According to Nanjing branch of Ministry of Land and Resources (MLR), an upper limit will be set at 45% premium to the asking price in all the land sales. After reaching the ceiling, the bid will be continued by the GFA area provided or the capital provided for affordable housings to be built on the land. The new rules also required that number of commodity housings with GFA less than 90 sqm could not be less than 50% of the total commodity housings.</p>
11-Mar-14	<p>Nanjing announced 7 additional rules on property market control. The rules included: in the coming 5 years, average land use for commodity housings will be over 500 Ha with over 50% of the units are with GFA of less than 90sqm; bidding price of lands cannot be higher than 45% of the asking price, when the limited reached, the bid will be subjected to the area allocated for social housing; developers which have delayed or failed deliveries before, units for sale are required to be completed; provide guidance on selling prices on projects, no pre-sale permits will be granted if not following the guidance standardized the application for "fine decorated" units; enhance supervision on 6 sub-urban areas; strengthen the monitoring on property prices.</p>
13-Mar-14	<p>Effective from 1 Apr, Beijing will raise the lowest life security amount of those who are contributing to their House Provident Fund (HPF) account. The item is a component in the formula for the calculation on mortgages to be approved from the House Provident Fund (HPF). Simply speaking, the adjustment will lower the amount of mortgage from the HPF.</p>
21-Mar-14	<p>Ministry of Finance (MoF) issued a notice on the guidance towards local governments on funds allocations for the merger of public rental and low rent housings. The notice regulated the subsidies towards low income families have to be delivered monthly or quarterly, and the last payment of the year has to be done before 25 Dec of the year. Moreover, for eligible families to live in the public rental housings, subsidies will be given on rent reduction rather than in monetary terms.</p>
25-Mar-14	<p>Guangzhou issued a notice seeking public opinions on modifying the rules on the Housing Provident Fund (HPF). Those who have obtained loans from HPF will not be eligible to further loans. This means citizens are only allowed to use the loans from the HPF for once only. In addition, application on mortgages will be accepted only after the down payment has been done paid.</p>
27-Mar-14	<p>Xiamen to transfer HPF mortgage loans to commercial banks. Starting March 2014, Funds for mortgages lend by Housing Provident Fund (HPF) will be from commercial banks, as to ease the tight liquidity of the HPF in the city. This is because by the end of 2013, the usage ratio has been reached 100% and applications are put in the waiting list. Same interest rate will be applied towards the applicants while the different in interest will be subsidized by the HPF management center</p>
31-Mar-14	<p>The management center of Housing Provident Fund (HPF) in Hangzhou has adjusted the eligibility for applying second home mortgages from HPF. Families with GFA per capita lower than 34.68sqm (upward adjusted from 34.36sqm) are eligible for application for improving the living standard.</p>
1-Apr-14	<p>Beijing adjusted up the guidance price for secondary commodity housings: Media reported that Beijing has adjusted up the guidance price of secondary commodity housings. Such increase would lead to the increase in tax payment and hence the guidance price is not disclosed to prevent tax evasion. Moreover, the pre-sale priced of new homes have to be linked with the land costs to prevent increase in selling price if the surrounding projects recorded higher transaction prices.</p>
2-Apr-14	<p>Shanghai to adjust land bidding rules: Media reported that the deposit for the land bidding will be raised from 20% to 40%, which would increase the entry barrier to the land auctions. In addition, maximum of three bidders will be limited for live auctions to shorten the bidding time.</p>
4-Apr-14	<p>Guangzhou issues new rules to prevent land hoarding. The new rules requires developers have to start constructions within 1 year after the land is bought and completions have to be done within 3 years. For those sites that will be delayed for development, the developer have to pay extra land premium for the increase in land value.</p>
7-Apr-14	<p>CCTV of confirmed the information that Sanya has decided to stop the constructions of the housing units with area below GFA of 80sqm. This is due to the enormous investment demand from non-local citizens. However, the construction of social housing will not be limited by the new rule.</p>
7-Apr-14	<p>The provincial government of Hainan has issued an notice to merge the low rent housing in the cities and counties to the system of public rental housing. 10% of the proceeds from land sales in the province will be allocated for the construction of social housings, and part of the funding will also from the housing provident fund.</p>
14-Apr-14	<p>MOHURD abandon the use of reporting of property price control targets. Media reported that the Ministry of Housing and Urban – Rural Development (MOHURD) has abandoned the requirement of local governments to report and publicize the annual property price controlling target. Local governments have doing so since 2009. An official from MOHURD said earlier that the control in 2014 will be more city-specific. Also, MOHURD has confirmed house purchase restriction will be continued to be implemented in the four Tier-1 cities.</p>
16-Apr-14	<p>Shanghai official said controls will be continued: The official from the housing department in Shanghai said the controlling measures over the property market will be continued to be strictly implemented, currently there will not be any loosening. He added that the measures on differential mortgage treatments, tax policies and house purchase restrictions will be continued to be carried out to curb the investment demand.</p>
21-Apr-14	<p>Local housing department of Zhengzhou, Henan Province said under the condition which is permitted by the government's policy, the house purchasing policy will be adjusted timely according to market conditions. In addition, the province also encourages citizens in rural area to buy houses in urban area.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 107: Summary of major property market-related policies (Cont'd)

Date	Measures
23-Apr-14	Beijing housing authority targets to allocate the families on the waiting list for social housings within 2 years. Media reported that the Beijing housings authority will redevelop a total of 640 old districts which will benefit a total of 150k citizens. Local official said the authority targets to allocate families on the waiting list for social housings within 2 years. He also mentioned a total of 50k units of self use units will be supplied in 2014 and will not be halted in the coming 1-2 years.
24-Apr-14	Media reported that Hangzhou branch of NDRC require developers have to report to government departments before significant price change. However, media reported that details have not yet been confirmed. In the first quarter, units of transactions in Hangzhou dropped 38% YoY to 10,112 units with ASP dropped 11% o RMB15,388 psqm.
24-Apr-14	Wuxi to grant local Hukou for house buyers: Stating from 1 May, buyers of commodity houses (primary and secondary) with GFA over 60sqm, and with stable job in the city, local Hukou will be granted to the buyer, the husband./wife, and the children with age under 18.
25-Apr-14	Guangdong province to allow use HPF for down payment and rent. Guangdong issued a notice on the deepening reform of housing and urban and rural area development. The notice said will push forward the use of Housing Provident Fund (HPF) on down payments and also for rents. Such plan will be confirmed by 2020.
28-Apr-14	Hangzhou to implement differential treatment on property market control. Media reported that Xiaoshan area of Hangzhou will adjust the controlling measures of the property market. The deposit for bidding of land sites will keep at 10% of the value of the price but an upper limit of RMB10mn has been added. In addition, for the reallocation of households of demolished units, it will be adjusted from housing reallocation to monetary subsidies.
29-Apr-14	Five cities in northern bay area will share the same rights of local citizens in Nanning when purchasing house
30-Apr-14	Tianjin to loosen house purchasing restriction. Media reported that, Tianjin will implement differential policy on property market. Citizens who do not own a house in the Binhai new district are allowed to purchase house in the district. In addition, "shared ownership" housings will also be rolled out in the district. Buyers can live in the house by paying 10% of the property price as down payment and allowed to pay the rest later when affordable.
30-Apr-14	Hangzhou to subsidize relocation buyers: Xiaoshan district of Hangzhou rolled out supporting measures for relocation buyers. Previous polices will grant money for families of demolished houses instead of reallocation. If these citizens will buy a house within one year after the demolitions of the old houses, subsidies equivalent to 2% of the property price will be granted.
1-May-14	Media reported earlier that there will be loosening of the House Purchase Restriction (HPR) in the Binhai district of Tianjin that citizens are allowed to buy a house if they do not own a house in the district. Official from one the of the local branches of MLR said this is still under planning and has not yet obtained approval from related department.
7-May-14	Tongling city in Anhui to subsidize property buyers: A notice from the city's government showed that, effective from 1 May, buyers of normal commodity housings, (GFA equals to or less than 144 sqm in both the primary and secondary market), 1% of the property price will be granted from the finance department. Contribution period of housing provident funds will be shortened from 6 months to 3 months. Down payment ratio will also be lowered from 30% to 20%. Eligible annual income level for single worker families also increased from RMB250k to RMB300k.
8-May-14	Changzhou government is discussing on loosening: Media reported that district governments held meetings as require by the city government, major issues including the high inventory in the city and the plan to stop the constructions of reallocation units and grant subsidies to the affected families as to encourage the purchase of commodity housings. Moreover, the local government also hopes developers could set aside some units with special offers for reallocation families.
9-May-14	Media reported that the Ministry of Land and Resources (MLR) has issued a notice on the formal establishment of the bureau for realty registration. The bureau is responsible for the registration of land, property, forest, grassland and sea. This act confirmed the unifications on registration body, registration records, registration basis and the information platform and also paving the way for property tax going forward.
9-May-14	Zhengzhou might issue new rules on mortgages: Zhengzhou city issued a notice seeking public opinions for the aim to help the mid-low income family groups to purchase normal commodity housings. The notice stated that guarantee for mortgages to individuals covers all types of loans, including both loans from commercial banks and that from housing provident funds. (JRJ)
13-May-14	PBOC has posted an official document on May 13 on the summary of a discussion forum held on May 12 between the vice Chairman of PBOC and 15 major commercial banks. In the meeting, PBOC has raised the following 5 requests to the commercial banks: Banks should reasonably allocate their credit resources and should give priorities on satisfying the financing needs of first-time homebuyers; Banks should adopt reasonable pricing for credit, and should have comprehensive review on sustainability and risk management to set reasonable interest rates for first-time homebuyers; Banks should increase efficiency to approve and grant mortgages to eligible homebuyers on time; Banks should control risks effectively, and should strictly implement the PBOC's regulations and guidelines on home mortgages, and should strengthen risk management on home mortgages; and Banks should establish inter-bank communication channels so the banks can respond to social issues and needs efficiently.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 108: Summary of major property market-related policies (Cont'd)

Date	Measures
14-May-14	<p>CBRC rolled out details on Circular No. 99: CBRC has issued a detailed document to the trust companies explaining the Circular No. 99 in more details, including areas on third party selling, reporting and non-standard funds pool. The notice indicated clearly that the sales of trust products have to be conducted in strict accordance with several requirements, such as,</p> <p>i) Sales could only be conducted under private placements and no public promotion is allowed. Trust companies are not allowed to entrust non-financial institutions for selling the trust plans;</p> <p>ii) Not allowed to entrust non-financial institutions to promote the trust plans in the form of consultation, advising and intermediating. This would cut the third party risk towards the trust companies;</p> <p>iii) Based on the concerns on proper disclosure and legalized sales, contracts should be signed directly between the trust companies and the investors.</p>
15-May-14	<p>Ministry of Land and Resources (MLR) announced that, as to coordinate the draft on rules for land supervision by the Standing Committee of the NPC and the State Council, MLR is striving to complete the "send for approval" version of the draft of the regulations for realty registrations in June - which is earlier than expected.</p>
16-May-14	<p>Media reported that the regulatory body is thinking about strengthening the supervision over the "non-standard" products of banks and might require banks to reflect the actual nature of the trades. In addition, banks have to assess the actual risks bear by the loans which are excluded in the balance sheet and to report the corresponding capitals and to assign provisions for such loans.</p>
23-May-14	<p>MOHURD: Loosening in HPR could not lead to large fluctuation in the market: Media reported that, official from the research center of MOHURD said the House Purchase Restriction (HPR) is short-term in nature and will be removed eventually. However, on what time and what form to exit the market, it has to be decided according to the market situation. Any adjustments of the HPR have to fulfill the following premises, not to affect the market expectation and not to create large fluctuation in the market.</p>
26-May-14	<p>Fujian to standardize the land sales for commercial properties: The notice issued by the provincial government of Fujian to standardize the land sales in six areas including: perfecting the land sales system, establishing the system for examining the land sales notices; enhancing information publication; prohibit random change in land uses and plans; standardize the management on land sales premium; and enhance supervision.</p>
26-May-14	<p>Tianjin to implement new rules on property transactions: The new rules will be effective from 1 July and the sales of illegal properties will be prohibited. Moreover, agents are not allowed to receive the deposits from the buyers, keeping of the ownership certificates, violating the rules in receiving commissions, making fraudulent or amending the contracts and so on.</p>
26-May-14	<p>MoHURD conducted researches on property price drops: Media reported that the piling inventories and price declines in various cities have drawn the attention from the Ministry of Housing and Urban-Rural Development (MoHURD). The ministry has conducted researches and reported to the State Council. Media also reported that the research is also a request from the central government. The research covered Tier-1 cities, major Tier-2 and Tier-3 cities in the regions of Pearl River Delta, Zhengjiang, Jiangsu and so on.</p>
26-May-14	<p>Lending quota from HPF in Xuancheng, Anhui adjusted up to RMB300k: After Tongling, Xuancheng is another city in Anhui Province that implements supportive measures to the house buyers. The maximum lending quota for the Housing Provident Fund (HPF) will be adjusted up from RMB200k to RMB300k. Moreover, the eligible criterion on social security contribution period will also be shorted from one year to 6 months. In addition, taxes refund will also be provided by the government based on the unit types.</p>
27-May-14	<p>Underground floor spaces will not be allowed for pre-sale in Changsha: The local government of Changsha issued a new regulation with effective date on 12 June. The new regulation prohibits the pre-sale of the underground floor spaces in the city. The regulation also stated that the underground car parks should serve the needs of the house owners first. For underground car parks of social services units, they are not allowed to be transferred, sold or leased in batch.</p>
27-May-14	<p>Wuhu launched new regulation on property purchase to allow citizens without local hukou use HPF on buying houses</p>
28-May-14	<p>Fujian launched new rules on land sales: The newly issued notice from Fujian provincial government specifies that the many of the precondition are prohibited to be set for land sales, as to avoid lands selling to specific parties under intentions. The preconditions include requiring bidders to fulfill the following: stated amount of sales and tax payment; stated scale of development; top ranking among industry by media; owning specific brands; listed companies, SOE, or local firms, and so on.</p>
28-May-14	<p>Application for low rent house in Wuhan will be stopped: Media reported that effective from 1 June, the application for low rent house will be stopped. Starting 1 July, low rent house and public rental house will be merged and the eligibility criteria and assessment process will be unified.</p>
30-May-14	<p>Dongguan requires developers to report if transaction prices fall over 15% than original reported price: Staffs from price bureau said if the transaction prices is 15% lower than the original reported price, the online contract signing system will reject the deal and the contract could not be signed. Media reported that the rule has been existed since 2011.</p>
30-May-14	<p>Guangzhou denied Luogang to loosen price restriction: Media reported that Guangzhou Luogang District will loosen the price restriction starting 3 June, but representatives from local housing bureau has denied on this, saying there is no housing policy adjustment.</p>
30-May-14	<p>The annual report expressed that CBRC is highly concerned on the focused regions and focused enterprises. The commission will also conduct in-depth analysis of major regions and enterprises to assess the concrete risks in the real estate industry. As a result, the central government can prepare for the risk controlling policies in advance to relieve the risks. CBRC would also strengthen the management of "listing system" which could prevent the risk arising from illiquidity and the potential impacts resulted.</p>
30-May-14	<p>Starting 1 June, the granting of "hukou" in Haikou City will be loosened. For citizens in Hainan Province who are buying a commodity residential property in the primary market with GFA over 120 sqm, a total of 5 family members can be granted the "hukou" of Haikou city. The "hukou" can be granted to the buyer, wife/husband, parents living together, and their unmarried children.</p>

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 109: Summary of major property market-related policies (Cont'd)

Date	Measures
3-Jun-14	NDRC officially admitted there are "micro stimulations": Official from the research center of NDRC said during a press conference that the government has taken many "micro stimulations" this year to keep the active financial policy, the stable monetary policy, which is needed by the economic development and effective.
4-Jun-14	Guangxi to implement the "five-year plan" on shanty house redevelopment: In the "five-year plan" of Guangxi's shanty town redevelopment, during 2013 to 2017, a total of 557.1k units of shanty houses have to be redeveloped, expecting a total of 1.9m citizens will be benefited. Expansion, reconstruction, integrated remediation will all be taken as forms of redevelopment.
5-Jun-14	MoHURD: HPR has not affected end-user, No cities is cancelling HPR: The chief economist of the Ministry of Housing and Urban-Rural Development (MoHURD) said, according to the perspective of MoHURD, the HPRs stipulated by the government has not had any impact on end-user demand and consumption pattern of the general public. HPRs only have restrained excessive investment demand in the housing market. In addition, as of May, a total of 2.8mn units of social housings have been started construction, achieved about 40% of the 7mn new starts target for the year.
5-Jun-14	MoHURD: There is no "inflection point" in the property market: The chief economist of MoHURD said most of the indicators showed that property market in China is still at a growth stage. The growth rate decline recently did not represent the inflection point in the sector. Since the growth rates in 2013 are extremely high, MoHURD believed that the lower growths in 2014 are just normal market adjustments, which also reflected that market forces are really working well in the China property market now.
5-Jun-14	Shanghai adjusted the contribution for HPF, effective 1 July: The new upper and lower limit of contribution to the Housing Provident Fund (HPF) are RMB2,116 and RMB226, respectively. The limits are increased by 7% and 10% from 2013, respectively. The ratio for contribution from both individual and the employers remain unchanged at 7%.
5-Jun-14	Shenyang to merge low rent housing into public rental housing by the end of 2014: The newly issued notice from Liaoning Province calls on local government to formulate detailed implementation plans to merge the low rent housing into public rental housing by end of August, and strive to achieve the goal by end of 2014. Shenyang and Dalian are urged to carry out the reform first.
9-Jun-14	MoHURD issued notice of new regulations on collective and conservative land use: The new regulation will be effective since 1 Sep 2014. There are six key areas: further enhance guidance on land use; further emphasize better planning; strengthen the standard for controls; let the market to fully exert the allocation function; highlight the re-use of land inventory; improve the system on supervision and assessment. (JRJ)
10-Jun-14	Projects sold at 10% lower than the filing price will not be processed in Foshan: Local media reported local government has issued notice on developers' deep price cut. For sites with discount of more than 10%, developers are required to go through filing procedures again. Or else such transactions will be not processed in the on-line registration system.
11-Jun-14	Shenyang government denied the loosening of HPR: Media reported that the House Purchase Restrictions has been loosened in the Shenyang, without official announcement. However, the local government has denied the rumor. Media also reported that non-local citizens are allowed to buy houses in Shenyang with one year working proof or 3 months of contribution to the social insurance. Moreover, each person of married couples is allowed to buy 2 houses within the second ring of the city.
12-Jun-14	Price restriction saw loosening in Guangzhou Zengcheng: Local media reported that Guangzhou Zengcheng MLR has given developers permission to supersede dual-contract regulation with a total price that is no more than the sum notified on house-purchase contract and decoration contract, hence decrease ASP in sales. Market perceives it as a signal that local government is taking measures to save the property market.
16-Jun-14	Wuhan to loosen the criteria on withdraw of the HPF: Starting 1 July, the minimum monthly income of the housing provident fund (HPF) will be set at RMB1,900. For citizens with monthly income less than RMB1,900 and has been recognized by the management center of the HPF, they can withdraw all the outstanding amount in the HPF account once every year.
16-Jun-14	Shaanxi Price Bureau issued an notice to abolish the management system of filing of property price. Developers no need to file the price of the commodity housing and car parking spaces before sales.
18-Jun-14	Media reported that, according to the local property agents in Fuzhou, buyers are allowed to buy more than one unit of houses as long as they are paying the full payment. An unnamed developer also confirmed with the information but there is no official response or announcement regarding to this at the moment.
18-Jun-14	Non-local citizens are allowed to purchase properties in Xiamen. For becoming eligible buyers, non-local citizens have to pay the amount contributed the social security insurance to fulfill the one year contribution record of the social security insurance. However, there is no official notices or announcement from the local government so far.
19-Jun-14	Ministry of Land and Resources issued an notice saying that the ministry will effectively control the new construction land supply in the mega-cities and to increase the land supply among small and medium cities, through different means including planning, setting criteria on land use and also exert guidance to the market.
19-Jun-14	Xiamen issued new policy for change of land use among industrial and warehouses sites. Beneficial policies could be offered for the land use for the businesses that are supported by the government, including software and information technology, cultural and creative industry, e-commerce, R&D center and so on.
20-Jun-14	The management center of the Housing Provident Fund (HPF) of Beijing announced adjustments to the rules on drawing HPF. For rental purposes, withdraw can be made every three months, shortened from 1 year. Moreover, for buying houses, citizens are no longer required to provide the house purchase contracts and documents for mortgage as proof. Moreover, if citizens are drawing HPF for rental purposes, its spouse can also apply for withdraw.
20-Jun-14	Media reported that, Zengcheng has been loosened the price restriction last month and Chonghua also allow projects to be sold at lower downpayment ratio. However, all these loosening are only verbal communications between the local government and developers, there is no official announcements.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 110: Summary of major property market-related policies (Cont'd)

Date	Measures
23-Jun-14	Wuhu relaxed requirement for government housing subsidy: On Jun 16, the Wuhu (a city in Anhui Province) government announced a change to the housing subsidy offered to graduates. With effect immediately, university graduates will be eligible for receiving housing subsidies from the government once graduated, versus the requirement of having worked for at least 3 years in the past.
23-Jun-14	Wenzhou might loosen HPR: According to the micro-blog post of the senior management of the research department of E-House (EJ.N), buyers in the primary market in Wenzhou will not be assessed for the current property ownership, no matter how many units that the buyers own, they are allowed to purchase properties from the primary market. But this is not applied to the secondary market.
24-Jun-14	Chengdu launched 22 measures to stabilize the economy, including improving the policies towards the property market: The first home and upgrade purchase will be encouraged, approval for loans from HPF will be sped up and the demand for the contributors of the HPF will be put on priority. Moreover, the city will also actively support individual house purchasing.
25-Jun-14	Xiamen MLR adjusted the details on the regulations regarding to the money received from pre-sales among the developers. The rules require that developers cannot use the more than: i) 70% of the pre-sales proceeds before properties has been structurally completed; ii) 85% of the pre-sales proceeds before completion of the projects and iii) 95% of the pre-sales proceeds before delivery.
25-Jun-14	Hohhot: no more assessment on buyer's existing property ownerships. As reported by JRJ (mainland media), the local government of Hohhot City in Inner Mongolia has issued a notice regarding proper implementation of social housing, and healthy development of the property market. The notice reportedly removes the rules on the filing process for the pre-sale of commodity properties. Further, when citizens are buying commodity residential properties (including units in the secondary market), there is no longer a need to assess their existing property ownerships during the process of signing pre-sales contracts, registration of contracts on the internet, paying taxes, applying mortgages, and registration of property rights.
26-Jun-14	Xiamen issued a notice regarding the management over the social housing allocations. The notice stated that those who destroy the structural parts of the houses will be fined for RMB50k. Moreover, a credit filing system will be established. Those households that have poor credit records or seriously violated the regulations will be banned from applying for social housings for 5 years.
2-Jul-14	According to the management center of Housing Provident Fund (HPF), in 1H2014, Guangzhou HPF has lent out RMB10bn. The management center requires the loan-to deposit ratio of the HPF to be no higher than 80%, and loans amount less than RMB17bn.
3-Jul-14	Jinan to end HPR from 10 July: Effective from 10 July, the housing purchase restriction in Jinan will be removed. From the effective date, no matter local or non-local residents, there is no restriction on the number of units to be purchased, both in the primary and the secondary market. In addition, non-local residents are not required to provide proof of tax payment nor contribution to the social security insurance.
7-Jul-14	Nanjing MoHURD denied offering tax subsidies to units with area over 144 sqm: Media earlier reported that the local government will offer tax subsidies to buyers who are buying flats with area over 144 sqm. However, this has been denied by the local MoHURD in the city. The city currency charging 3% deed tax for units with area over 144 sqm.
9-Jul-14	Local governments issued notice on collection of the delayed land appreciation tax: Media reported that Guangdong Province and Xiamen of Fujian Province have issued notice regarding the collection of the delayed land appreciation tax (LAT) from the developers. The measure in Guangdong has become effective since 1 July, indicating that the developers have to pay the LAT if 85% of the project has been sold, or three years after obtaining of the first pre-sale permits, or having approval from the local taxation bureaus.
9-Jul-14	MoHURD: to confirm the supportive policies on private capital investment in public rental housing: Media reported that the MoHURD has issued a notice requiring local governments to improve the merging and management of the public rental and low rent housings. In addition, the notice pointed out the requirement on new financing system and to confirm the supportive policies to encourage the involvement of private capital.
9-Jul-14	Social housings in Xiamen will be rentable and sellable: In late June, local government has passed the new rules regarding social housing. The social housings in the city will be both rentable and sellable. The official said the rationales behind are to satisfy the demand from citizens on buying houses and also help to solve the need of funds of the government in development of social housings.
11-Jul-14	Xiangyang, Hubei requires projects under 30k sqm to be sold with completed units: Media reported that the local government of Xiangyang city has issued a piloting rule requiring property projects with two buildings or less, and with total GFA under 30ksqm to sell completed units, no more pre-sale is allowed.
12-Jul-14	Five cities in Sichuan started the merging of social housings: The provincial government issued a notice regarding the supply and reform among social housing. The notice mentioned that, in Chengdu, Deyang, Yinbin, Leshan and Shuining, leases of the public rental housing will be able to purchase of 40-60% of the housings and share the ownership with the government.
15-Jul-14	Xiamen removed purchase restriction on units with selling price over RMB5mn: Media reported that, the local government has removed the purchase restrictions on the house units with selling price over RMB5mn, and is further expanding the area for removal on the restrictions. However, there is no official document from the government regarding the loosening.
15-Jul-14	Wuhan requires public housing equipped in commercial housing projects: Local government issued a notice stipulates that for all the listed sites sold after July 1 that have requires areas for public housing project, government will own, decorate, allocate and maintain these public housing.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 111: Summary of major property market-related policies (Cont'd)

Date	Measures
16-Jul-14	Market rumors Nanchang loosened HPR: Media reported that, promotion advertisements of many of the newly launched projects are indicating that the housing purchase restrictions (HPR) has been loosened. Projects outside of districts of Donghu, Xihu, Qingshanhu and Qingyunpu are no longer subject to HPR. However, local authority refused to comment on this.
16-Jul-14	Market rumors Changsha might loosen HPR: Media reported that Changsha is going to loosen the HPR, non-local citizens are allowed to use the housing provident funds (HPF) from their home town to purchase houses in Changsha. Moreover, buyers of units in Xiandao district will be subsidized for 50% of the deed tax. However, local MoHURD said there is no official notice issued regarding such loosening.
17-Jul-14	Zhengzhou might cancel HPR: Media reported that the local government of the Zhengzhou city in Hunan is ready for cancelling of the housing purchase restrictions (HPR). However, as the property market in the city is healthier than the country in general, it is not urgent for the city to cancel of the HPR. The government will closely follow the policy and also observe the way adopted by other cities.
17-Jul-14	Hebei issued new notice to guide healthy property market development: The new notice issued by the provincial government required the newly acquired lands have to start constructions within 1 year after the land has been transferred and constructions have to be completed within 3 years. In addition, the supply for small-mid sized housings will be increased and the consecution for social housing will be enhanced. Also, individuals who buy the only flat with area under 90 sqm, rate for the deed tax will be lowered by 1%.
17-Jul-14	Chuzhou to subsidize homebuyers: Media reported that, Chuzhou, a city in Anhui has issued a notice that, for first time homebuyers with education level of college or above, or with mid-level technical qualifications, are eligible to apply for subsidies when they are buying normal commodity housings (with GFA less than 144 sqm) during Jan 2014 to Dec 2015.
18-Jul-14	State Council: the key for policy on property market in 2H is differential policy: Researcher from the State Council said in a public event that the property market is now undergoing an upgrade and transforming stage, the differential policy treatments in 2H is the key for the market. Local governments should be allowed to choose their own ways on the policies.
21-Jul-14	Wuhan officially announced HPR loosening: The local Department of Housing Management hosted meetings with major developers to launch the new policy that houses with GFA bigger than 140 sqm, both in primary and secondary market, are exempt from the Housing Purchase Restriction (HPR). Only one year of social security fund payment recorded are required for non-local residents in new districts (including Caidian District, Jiangxia Distirct and etc) and talents with Bachelor or higher degree. Also government also pledge the banks to satisfy first time home buyers and strengthen support for upgrading buyers.
21-Jul-14	Yunan is planning on loosening of HPR: The local government says to relieve the high inventory pressure it is likely that government will repurchase the houses to be used as affordable housing. According to the data of NBS, as of June inventory area is recorded as high as 11,900 with 31.4% increase YoY.
22-Jul-14	Suzhou is said to cancel HPR soon: An university professor in Nanjing published in micro blog that the Housing Purchase Restrictions have been called off in Suzhou real estate transaction center - there are no restrictions on housing purchase with GFA bigger than 90k sqm for both local and non-local people any more. The policy for Hong Kong, Macau and foreign buyers stay unchanged - only one house is allowed nationwide.
22-Jul-14	Hangzhou admitted HPR adjustment: Recently it is rumored that Xiaoshan District and Yuhang District will be called off and rural cooperation banks will provide mortgages with benchmark interest rate. However Department of Housing Management government official denied on this later but admitted that there will be some HPR adjustment to be expected as government is under a lot of pressure in face of the weak market now, and also a lot of cities have already seen HPR loosening.
22-Jul-14	Guangzhou is said to roll out new HPF policy in August: The adjustment in new policy lies in the qualification for loan applicants. Old policy stipulates local / non-local residents are eligible for loan application only if they have consecutively made HPF payments for more than 24 months/ 36 months respectively. New policy loosens this requirement of consecutive 24 months / 36 months to 24 months / 36 months in the aggregate, respectively.
24-Jul-14	Haikou to call off HPR: Local government has issued notice on this decision but with no further detail disclosed. The media rumored after the cancelation, buyers are no longer required to provide proof of already owned housing units. Haikou, a market highly depend on non-local buyers, has seen a 28.29% decline YoY for 1H14 in volume since the beginning of this year.
25-Jul-14	CCTV reported that, according to information from various developers, the house purchase restrictions in Chengdu have been loosened. Completed set of information is no longer needed for assessment during house purchases. Although there is no official document issued, successful transactions have been made.
25-Jul-14	Local residents in Tianjin are allowed to buy the third houses: Media reported that that official from housing department in Tianjin has confirmed that, even there is no official announcement on loosening of the HPR, the restriction on the third purchasing of the third house has been loosened. Residents with local "hukou" are allowed to purchase the third house with down payment of 60%.
25-Jul-14	Upper limit for ordinary commodity residential units in Shenyang is adjusted to RMB11,230 psqm: Media reported that, the upper limit for ordinary commodity residential units in Shenyang has been adjusted to RMB11,230 psqm. Hence, some units which were categorized as luxury units will fall into the normal residential units after the adjustment. Relative deed tax rate will be lowered from 4% to 1.5%.
25-Jul-14	Shenzhen citizens can withdraw HPF two times for rental: Media reported that the MoHURD of Shenzhen has issued a notice seeking public opinions on the withdrawal of housing provident fund (HPF). Citizens who are renting houses are allowed draw twice from the HPF. Other citizens are allowed to draw money once every month for house consumption expenditure.
25-Jul-14	ABC offer interest rate discount for first home mortgages. Media reported that Agricultural Bank of China (ABC) (1288.HK) is offering 5% discount to mortgage for houses with total cost over RMB2mn, starting 1 Aug in Shanghai. Moreover, the bank also responded to media enquiry that the bank has adjusted the mortgage policy according to local market conditions.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 112: Summary of major property market-related policies (Cont'd)

Date	Measures
28-Jul-14	Media reported that Xi'an has officially loosened HPR on units with GFA less than 60 sqm, both in the primary and the secondary market. This means such type of units is no longer under the restriction on house purchasing. Upgrade buyers are also no needed to report the current ownerships on such type of units.
28-Jul-14	Media reported that Wuxi has issued a notice that, effective from 26 July, house purchase restriction on units with GFA 90 sqm or above will be cancelled while HPR on units with GFA less than 90 sqm will be continued. Third home purchases only accept full cash payment. Such information is verbally confirmed during the meeting of local authorities and no official notice has been issued yet.
28-Jul-14	Shijiazhuang loosened HPR: Media reported that, effective from 1 Aug, house buyers with non-local "hukou", or owning two property units, are allowed to buy property units in the city. Local housing authorities will not ask for proof of house ownerships during the process of purchasing.
29-Jul-14	Hangzhou will lift the ban on buying a second home in Xiaoshan and Yuhang districts starting Tuesday, according to Hangzhou Housing Security and Management Bureau. The ban is also lifted for buyers purchasing a house more than 140 square meters in downtown areas, according to the bureau.
30-Jul-14	Wenzhou confirmed the loosening on HPR: Media reported that the MoHURD of Wenzhou has announced during a press conference that the HPR in the city will be loosened effective right after the press conference. Buyers are no longer needed to assess for house ownerships, non-local citizens will be treated the same as local citizens in house purchasing. Moreover, the city is striving for offering discounts to first home mortgages.
30-Jul-14	Residential financing department of NDB is allowed to operate. Media reported that the China Banking Regulatory Commission has approved the operation of the residential financing department in the National Development Bank (NDB). The department will be involved in the financing of the shanty town redevelopment projects and infrastructure construction nationwide. Media commented that the shanty town redevelopment will be sped up with financial support.
31-Jul-14	Ningbo loosened HPR: Media reported that, the MoHURD of Ningbo city has announced the removal of HPR in its official micro-blog website. Effective from 31 July, house buyers for units within the city and in Jinzhou, Beicang, Zhenhai, Gaoxin district (including commodity shared rental units and units in the secondary market) are not longer to provide information on current house ownerships. For units with GFA over 90 sqm or units in the secondary market in Haishu, Jiangdong, Jiangbei Center, house buyers are also no need to provide information on house ownerships.
1-Aug-14	Shaoxing to loosen HPR. MoHURD of Shaoxing has issued a notice mentioning that the HPR will be loosened in the city. Non local residents are allowed to purchase houses in the city. Downpayment requirement on the second home mortgage will be downward adjusted to 40% from 60%.
1-Aug-14	Qingdao loosened HPR: Media reported that effective from 1 Aug, Qingdao will loosen its HPR, becoming the second city in Shandong Province after Jinan to loosen HPR. The HPR on primary and secondary market in Huangdao and Chengyang districts will be removed. While units with GFA 144sqm or above in Shinan, Shibei, Licang and Laoshan districts will be free from HPR while unit with GFA under 144 sqm will still under HPR.
4-Aug-14	Guangzhou: HPR is not loosened: Vice Mayor Rugui Chen in Guangzhou indicated in Guangzhou government's press conference that Nansha, as part of Guangzhou, will follow country's policy on Housing Purchase Restrictions (HPR).He reiterates HPR has not seen any loosening in Guangzhou.
4-Aug-14	Sichuan to subsidy 3% for first home mortgages: Media reported that the Sichuan Ministry of Finance has announced that effective from 1 Jul to 31 Dec, financial institutions offering first home mortgages to citizens who purchasing houses in the province, with interest rate limit at the PBOC benchmark rate, a 3% of the granted mortgages will be subsidized.
4-Aug-14	Tianjin to loosen HPR on non-local residents: Media reported that the staff from Tianjin housing department has confirmed with media that non-local citizens are no longer required to provide proofs on tax payment and social insurance contributions when purchasing house units. Moreover, the limitation on non-local residents to purchase second property units will be also removed.
5-Aug-14	Fujian might officially loosen HPR: Media reported that the local MoHURD of Fujian Province has officially issued a notice to allow Fuzhou and Xiamen to adjust the HPR. Moreover, buyers are no need to provide proofs on one-year tax payment and contribution to the social insurance. The number of units bought will only be recorded for the purchased in the primary market. Units with plot ratio over 1.0 and GFA under 144 sqm will be categorized as normal commodity units. For secondary units completed over 5 years, transactions will be free from the business tax.
5-Aug-14	Sichuan to withdraw the subsidy on first home mortgages: Media reported that the Finance Ministry of Sichuan has issued a notice earlier that 3% of the granted mortgage value will be subsidized to the financial institutions. The local government has withdrawn such arrangement on 3 Aug. The implementation of such arrangement is subject to local government's further announcement.
6-Aug-14	Guangxi to loosen mortgages for second home purchase. To promote the development of property market, Guangxi has rolled out supportive measures, including the implementation of the differential mortgage treatments and also loosening on second home mortgages, and meanwhile raise the cap on mortgages quota from Housing Provident Fund (HPF). HPF can also be used to purchase house units in other cities apart from where the citizens working and hukou is located.
8-Aug-14	Fujian and Xiamen are allowed to adjust the HPR, buyers are no need to provide proofs on one-year tax payment and contribution to the social insurance. For those who have fully repaid the existing mortgage, they are allowed to apply for another mortgage and will be treated as the first mortgage applied. Banks are also asked to support development loans, and to speed up the process for loan approvals.
10-Aug-14	Zhengzhou officially loosened HPR, effective from 9 Aug. Home buyers are no longer required to provide proofs on no. of house ownerships, residence, tax payment and contribution to social insurance. The loosening has covered five districts in the city and also the Zhengdong New District.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 113: Summary of major property market-related policies (Cont'd)

Date	Measures
12-Aug-14	Hunan issued new measures to ensure the healthy development of the property market. The notice issued by the MoHURD of Hunan clearly stated that the government will re-purchase the normal commodity housings to replenish the house resources for social housings. Moreover, non-local residents are allowed to apply house provident loans and also the supervision on capital requirement for residential projects will be halved.
13-Aug-14	Discounts on first home mortgage hard to seen in Beijing: Media reported that, discounts for first home mortgages in Beijing is not wide seen in Beijing, only Beijing Rural and Commercial Bank, CITIC Bank (0998.HK) and China Merchants Bank (3968.HK) offer 10% discount. Industry experts commented that this is due to the current risk outlook on the property industry, low return and long loan terms.
17-Aug-14	Outer island of Xiamen to see completed HPR loosening: The notice issued by MLR, Municipal Finance Bureau and etc and will be effective for one year. The key are on the notice is that outer island area, namely Jimei, Haicang, Tong'an, Xiang'an will be free from HPR. Other contents include the regulation that only high end residential housing are allowed in inland area and that first upgrading will be treated as first home buying.
17-Aug-14	Dalian to loosen loan from HPF: The Housing Provident Fund (HPF) Management Centre of Dalian issued a notice on the adjustment of HPF. The requirement of the eligible borrowers will be changed from "timely contribution to the HPF for 12 months or above" to "timely contribution to the HPF for 12 months or above, and has opened the account for 9 months or above". Media reported that this arrangement has finished seeking public opinions and actual effective date is yet to be announced.
18-Aug-14	Harbin loosened HPR: According to the local housing bureau, effective from 16 Aug, local and non-local residents are no longer to provide house ownership proofs when purchasing houses in both the primary and the secondary market. This marks to end to the HPR which has been in force since Feb 2011.
19-Aug-14	Mortgages see loosening in Tier-1 cities: Mortgage rate at 30% off of the benchmark rate in Beijing has been seen. The actual arrangement will invest part of the down payment to trusts and the buyers will be rebated monthly. Besides, most of the large banks in Shenzhen and Guangzhou have lowered the first home mortgage rate to benchmark rate or PBOC+5% from the PBOC+10% earlier.
20-Aug-14	Jiangxi launched new measures to support the property market: The provincial government issued a new notice with 20 measures to support the healthy growth of the property market. Major measures including to lower the down payment requirement for second home mortgages; to support the government in cities where inventory is high to purchase the units from developers for replenishing the social housing supply; and encouraging private capitals to involve in public investments.
26-Aug-14	Mortgage discount saw in Beijing: Media reported that some banks in Beijing are offering discounts on mortgages to homebuyers. The promotion of bank with an agent offers 10% discount. Media also reported that 5-10% discounts have been seen in Beijing Rural Commercial Bank, China Merchants Bank (3968.HK), Bank of Communication (3328.HK) and some foreign banks. However, there are different criteria have to be satisfied, including the purchase of wealth management product or having a certain amount of deposits. Industry insiders commented that the approval process from the banks have been sped up.
27-Aug-14	Ningxia announced supporting measures towards property sector: According to the notice issued by the local government of the autonomous region, buyers are no longer needed to provide the information in relation to the number of house units that they own. On the financial arrangements, first time home buyers are allowed to borrow a maximum of 15x of their contributed amount from the HPF, and the HPF lent could be as much as 75% of the house price. 1-1.5% discount on deed tax will also be offered for families that are only buying one single flat.
28-Aug-14	More discounts on mortgages saw in Shanghai. China CITIC Bank (0998.HK) is offering discounted interest rate mortgage to home buyers. Based on the amount of deposits in home buyers accounts, they can get different discounts for their mortgages - and can be as low as 0.8x bench mark rate in certain circumstances.
29-Aug-14	Hangzhou to fully loosen HPR starting 29 Aug. According to the official micro-blog of the Hangzhou housing department, as to allow the market to take the lead in the market adjustments, buyers of units (both in primary and secondary market) of GFA under 140 sqm within the main town area. are no longer needed to provide the house ownership record. Earlier in July, the same loosening measures have been applied to areas in Xiaoshan and Yuhang districts.
29-Aug-14	Media reported that the authority in Xi'an has announced that starting 1 Sep, buyers in both the primary and secondary markets are no longer to provide hukou and current living situation. Previously such arrangement only applies to units under 60 sqm. The notice from the authority also mentioned to stimulate the transaction in the secondary market.
29-Aug-14	The MOHURD of Guiyang announced that the HPR will be officially canceled starting from 1 Sep. No matter buyers with local or non-local "hukou", they are no longer limited for number of house units to be purchased, and also no need to provide house ownership record, tax payment record or social insurance contribution record.
30-Aug-14	Ningbo to fully loosen HPR. The official micro-blog of the MoHURD of Ningbo revealed that the HPR in the city has been fully loosened starting 30 Aug. House buyers (both primary and secondary market) in Jinzhou, Beilun, Zhenhai and Gaoxin are no longer required to provide house ownership records. For units under 90 sqm in the secondary market in Haishu, Jiangdong and Jiangbei, house buyers are also no need to provide the house ownership.
30-Aug-14	Wuxi to fully loosen HPR: Media reported that, the local housing department of Wuxi has issued a notice to further loosen the HPR. After on the cancellation of HPR on units of 90 sqm or above, the city is now loosen the HPR for units under 90 sqm, which means citizens are allowed to buy three house units or above, and they are not required to provide the house ownership record when purchasing house units.
1-Sep-14	Qingdao to fully loosen HPR: Media reported that the local MLR of Qingdao has announce in their official micro-blog that the HPR on units under 144 sqm in the districts of Shinan district, Shibeidistrict, Licang district and Laoshan district will be loosened starting 1 Sep. In addition, the government also announced that at least 35k units of social housing will be started construction in during 2014-2016. After 2016, 10k units of in social housing new starts will be implemented annually.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 114: Summary of major property market-related policies (Cont'd)

Date	Measures
1-Sep-14	Anhui residents are allowed to use HPFs to purchase houses outside the province: According to information released by the MoHURD of the province, citizens in Anhui Province are allowed to use the HPFs to purchase house units outside the province. Homebuyers can choose to apply the HPF either on the place of contribution or the place of house purchasing.
2-Sep-14	Hangzhou might subsidize homebuyers: Media reported that non-confirmed information from the internet showed that the government will provide 1.3% of the house prices subsidy to eligible homebuyers. A maximum of RMB 30k would be subsidized to each homebuyer. In addition, the eligibility for granting the local "hukou" for buying houses will be lowered to 60 sqm from 90 sqm. The down payment ratio for applying HPF mortgage on the second home will also be lowered.
4-Sep-14	Heilongjiang to trail property tax: The detailed criteria stipulated that except the 8 types of housing that are exempt from property tax, all private non-commercial use real estates, all rental housings and self-used units are required to pay property tax from now on. Cases that can decrease tax amount including dangerous housing that is no longer used and some units in social welfare institutions.
4-Sep-14	Lanzhou cancels HPR: According to the official website of the Lanzhou housing department, starting from 3 Sep, homebuyers in both the primary and the secondary market are no longer to provide house ownership record for assessment. Previously, non-local citizens are only allowed to own one house unit and local citizens are allowed to own two house units.
10-Sep-14	Xiamen simplified the procedure on drawing HPF. Media reported that, effective from 6 Sep, citizens in Xiamen will no longer need the approval from their working units for applying the withdraw on HPF or the monthly repayment. Citizen can directly apply in the HPF management center with related documents and ID card.
12-Sep-14	Xining loosened HPRs: The housing security and management bureau in Xining, capital of Qinghai Province, lifted its 3.5-year-old curbs on housing purchases. There will be no restrictions on the number of houses people can buy, and home purchases will be open to both locals and non-locals, the bureau said.
12-Sep-14	Shenyang to fully cancel HPR. Media reported that starting from 12 Sep, home buyers (in both primary and secondary market) with local "hukou" are no longer needed for house ownership assessment. In addition, buyers with non-local "hukou" are no longer needed to provide the proof of contributions to social insurance or tax payment.
16-Sep-14	Hubei provincial government launch measures to support the property market. The local MoHURD of Hubei announced new measures to support the property market. For first time homebuyers of normal commodity housings, 30% downpayment will be applied, and the lending rate for the mortgage could be lowered to 0.7x of benchmark rate. Deed tax will be halved for buying only one house unit; while 1% deed tax rate will be applied for buying one unit under 90 sqm.
16-Sep-14	Wuxi to adjust up the lending quota from HPFs. The local government of Wuxi has announced that, starting from 1 Oct, lending quota from HPF for individual will be increased to RMB300k, and that for couples will be increased to RMB600k. Moreover, eligibility for second homebuyers to apply for HPF will also be loosened.
22-Sep-14	Nanjing to cancel HPR: Media reported that on 21 Sep, the local government of Nanjing has issued a notice regarding the healthy development of the property market in the city, with immediate effect that home buyers are no longer to provide proofs on property ownership. Moreover, residents without local hukou are also allowed to purchase houses in the city without providing proofs on social insurance contribution
22-Sep-14	Jinan to use HPF to support social housing: Media reported that Jinan has received all the principals and interests for supporting the construction of social housings in the province. The province has been one of the piloting areas for such arrangement since 2010. The total amount of RMB1bn has lent for several projects. Media reported that currently there is no further arrangement on this arrangement.
24-Sep-14	Experts: Mortgage loosening is on the way: Despite the confirmation on the mortgage loosening is still pending confirmation from the banks as well as PBOC, media reported that industry experts are expecting the loosening as reported earlier. They believed that relating policies will be rolled out shortly
24-Sep-14	Wuhan to fully remove HPR:: Media reported that Wuhan will fully remove HPR starting from 24 Sep. Home buyers in both the primary and the secondary market are no longer required to provide proofs on house ownership and also "hukou" information.
24-Sep-14	Zhuhai in Guangdong might loosen HPR: Media reported that the provincial government of Guangdong has agreed to loosen the HPR in Zhuhai city, and currently is studying the details for implementation. Industry expert from Guangdong said earlier that Guangzhou and Shenzhen could gradually loosen HPR
25-Sep-14	Shijiazhuang might fully cancel HPR starting 26 Sep: Media reported Shijiazhuang in Hebei might be fully canceled HPR on 26 Sep. However, there is no official announcement from the housing department of the city. Media reported that, homebuyers are no need to provide proof of house ownerships
25-Sep-14	Bank of China has authorized its branches to adjust the mortgage policy: Media reported that, in response to the reports on mortgage loosening, Bank of China (3988.HK) replied to the media that it has authorized its branches to adjust the mortgage policy. Moreover, Agricultural Bank of China (1288.HK) also said it will enhance the support of mortgages related to first home buyers and upgraders.
29-Sep-14	Sanya is said to cancel HPR after National Holiday: According to people familiar with this matter, the relative official documents are now under process. If this prove to be true, there will be only 4 Tier-1 cities, namely Beijing, Shanghai, Shenzhen, Guangzhou, still under HPR from then on.
29-Sep-14	Shijiazhuang canceled HPR thoroughly: According to local MLR, home buyers will not be asked to provide housing records any more, effective from 26 Sept. And as long as there is no mortgage record under their name in banks, their purchase is eligible for 0.7x benchmark interest rate loans.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 115: Summary of major property market-related policies (Cont'd)

Date	Measures
29-Sep-14	Zhuhai to cancel HPR: According to the website of the local authority, Zhuhai has adjusted the HPR in the city on 26 Sep. Home buyers for house units with GFA over 144 sqm and home buyers for hose units in New Town district are no longer required to provide proofs for tax payment and social insurance contribution. Moreover, restriction on people with non-local hukou has also loosened.
30-Sep-14	Nanchang branch of PBOC to loosen mortgages: Media reported that, he Nanchang branch of PBOC has issued a notice on the loosening of mortgages. Downpayment requirements for second home mortgages will be lowered from 70% to 60% with immediate effect. The notice also required banks to follow the instruction and made public announcements before 10 Oct.
30-Sep-14	PBOC issued an notice on mortgage loosening: On the afternoon of 30 sep, the People's Bank of China (PBOC) has issued a notice on its website regarding the financing arrangements on the real estate industry. For families applying for the first home mortgages, lowest downpayment ratio is 30% and the lower limit for mortgage rate is set at 0.7x of the benchmark rate, detailed implementation will be based on banks actual situation. For the upgrading purchases of families which are owning one house unit and have fully repaid the related mortgages, banks have to apply first home mortgage arrangements on such families.
3-Oct-14	Guangzhou under HPR loosening discussion: According to people familiar with this matter, the internal discussion for relaxation is threefold: first, non-local residents are eligible for purchase of 1 unit without contribution to social security fund; every local resident is eligible for purchase of 2 units, i.e. a couple can buy 4 units; unit with size larger than 144 sqm are not to be under purchase restrictions any more. The final decision is yet to come.
6-Oct-14	PBOC retains stable policy with moderate liquidity: On the back of a stable domestic economy and differentiating global landscape(with more recovery in US and more easing in Europe), PBOC is set to adopt various monetary policy tools to maintain healthy growth in credit and social financing scale, according to the 3Q14 Monetary Policy Committee Meeting hosted by ZHOU Xiaochun.
8-Oct-14	Guangzhou might loosen HPR: Media reported that the HPR in Guangzhou might be loosened as the government is holding meeting to discuss the issue. However, the government has not confirmed or released any document relating to this. Some developers are making agreements to potential buyers and received "deposit", if the policy is loosened within three month, the transaction will be taken place, or the developer will return the money to the customers.
9-Oct-14	Sanya MoHURD denied HPR loosening: While there has been news that Sanya will cancel HPR from 7 Oct, the government's official from MoHURD has made it clear that Sanya will not see HPR relaxation for now. MoHURD indicated this decision is aimed at accelerating industrial transformation and upgrade.
14-Oct-14	HPR will be continued to be implemented in Beijing: Media reported that, the official from MOHURD confirmed that the HPR in the city will not be removed. Moreover, the newly adjusted benchmarking price for normal commodity housing has enlarged the coverage on tax allowance and will support the purchase of small-mid sized flats by normal families
15-Oct-14	Shanghai may apply additional conditions at confirming first time purchase: Media reported that, for homebuyers who have fully repaid the existing mortgage, there is another additional condition for getting the new mortgage at the interest rate of first home mortgage, the newly purchased house unit have to be normal commodity housing, which the total cost is limited at RMB3m/2m/1.6m for units locating within the inner/second/outer ring of the city, respectively.
15-Oct-14	Three departments jointly announced new measures on HPF: The new measures were jointly announced by MOHURD, MOF and PBOC, aiming to improve the affordability on first home and upgrade purchases. Citizens who have consecutively contributed to HPF for 6 months are allowed to apply HPF. In addition, HPF will be only eligible to first home and second home buyers. As the mobility in China has been increasing, the notice has required the recognition and continuity among HPF different cities.
16-Oct-14	Step up the legislation of property tax to make it a steady income stream for local governments Financial Minister Mr. LOU Jiwei indicated the main direction is to establish tax item on construction, transaction and possession. He also expressed that the legislation effort would come with timely reform to maintain the healthy development of property market.
17-Oct-14	Wuhan lowers downpayment on second home purchase for using HPF for mortgages: According to local HPF management center of Wuhan, for those who are applying for mortgage from HPF for the second home purchases, the downpayment requirement is lowered from 60% to 30%. However, the upper limit of the mortgage from HPF is remained unchanged at 40% of the total cost of the house units.
17-Oct-14	Tianjin to remove HPR completely, both local and non-local buyers are no need to provide proof of house ownerships when buying houses. In addition, 30% downpayment and the lower limit of 0.7x PBOC rate on mortgage will be applied for first home buyers.
20-Oct-14	Xi'an clarified the "hukou" policy: Local authority of Xi'an clarified that the hukou granting policy has not been loosened but only adjusted. Currently the granting of hukou still needed to be connected with the property ownership in the city. The adjustment is mainly related to the processing and issuance of the ownership and living proofs which would help to smooth the application in local hukou.
24-Oct-14	Tianjing has new HPF policy for end users: The new policy stipulated that home buyers could pay back loans for banks and HPF at their will in the future, instead of at a fixed ratio for banks loans and HPF loans. Many local residents, especially end users, become hoping to pay back old loans in advance after the PBOC easing policy.
29-Oct-14	Private clubs inside historical buildings to be prohibited: Media reported that, government departments have jointly issued a notice to prohibit the establishment of private clubs in historical buildings and parks. This will be effective from 1 Nov. Building, leasing, contracting, transferring and so on of the operations are all prohibited.
31-Oct-14	MLR to enhance the management over the idle lands: Media reported that, since Oct 2014, the Ministry of Land and Resources (MLR) has decide to enhance the supervision on the idled conservative and collective lands. The minister said current the supply is imbalances and many of the lands are wasted as they were not supplied even approved, which lower the efficiency.
4-Nov-14	Nanjing implemented new measures on HPF: According to the notice issued by the local HPF management center, the down payment requirement on the second homes is lowered from 60% to 30% for the eligibility on applying the HPF.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 116: Summary of major property market-related policies (Cont'd)

Date	Measures
6-Nov-14	Over 30 cities adjusted the HPF policy: After the loosening on the house purchase restriction (HPR), media reported that more than 30 cities have adjusted the policy on house provident fund (HPF), including lower the downpayment ratio, increase the loan quota, loosening on the second home mortgages and allowing the use on HPF to purchase house units out of the home town of the citizens.
8-Nov-14	Shanghai relaxed HPF loan policies : As with new mortgage policies by PBOC on Sept 30, Shanghai eased its Housing Provident Fund loans policies indicating that to further support upgrading demand, home buyers who have already paid down the previous HPF loans, are eligible for 30% down payment and RMB 600,000 loans quota (or RMB 800,000 loans quota with supplementary HPF) in second purchase with HPF loans. Meanwhile, the mandatory guarantee fees by institutions are to be removed.
12-Nov-14	Hubei to loosen the usage on HPF: Media reported that, the provincial government of Hubei has issued a notice regarding the management on the HPF. The new measures stated that for citizens without any house ownerships, the HPF can be drawn for rental payment. Citizens are also allowed to draw the HPF for decoration and for payment on property management fees.
13-Nov-14	Property tax will be a major tax in Guangdong: Media reported that Guangdong has issued a notice on the reform on the tax and the budgetary system. The notice mentioned that, through the reform on property taxes, such type of taxes will be the major tax in cities and counties to stabilize the local tax revenue.
14-Nov-14	Shanghai to implement new standard on normal commodity housing: The local housing authority of Shanghai issued a notice regarding the recognition of the normal commodity housing. The new standard for units to be eligible for the favorable housing policies include: 1) high-rise apartments with 5 or more storey tall, old fashioned house buildings less than 5 storey tall; 2) unit size has to be lower than 140 sqm; 3) actual transaction price is limited at 1.44x of the average price of the lands with same category, i.e. RMB4.5 / 3.1 / 2.3 mn for units locating at outer / middle / inner ring of the city. The new measure will be effective starting 20 Nov.
18-Nov-14	More stimulus policy on the way: Another wave of stimulus policies are coming, mainly involving tax subsidy and HPF. Local governments in quite some places are increasing house purchasing tax subsidies and adjusting tax fee policies, meanwhile the down payment ratio from HPF is also required to decrease.
18-Nov-14	Shenyang offers a maximum subsidy of RMB 150 psqm to homebuyers: Shenyang government has recently launched a package of new property policies. Of the 16 policies, the most eye-catching one is the subsidy policy for home buyers, which stipulate a subsidy of RMB 30 psqm for units with GFA less than 90 sqm, a subsidy of RMB 50 psqm for units with GFA between 90 and 144 sqm and a subsidy of RMB 150 psqm for units with GFA more than 144 sqm. The subsidy funds will be provided at the time of signing home purchase contract.
20-Nov-14	Changsha adjusted its HPF policy: Changsha has issued a notice on the adjusted policy on HPF. The notice stated that, effective from 18 Dec, citizens have contributed to HPF for 6 consecutive months will be eligible for the withdrawal of HPF. Moreover, contributions on other cities are also eligible for the withdrawal of HPF. The policy also allows citizens to transfer HPF from other cities to Changsha.
20-Nov-14	Nanjing revised up HPR contribution base: Nanjing HPR Management Center published announcement yesterday revising up the HPR contribution base. The new policy stipulates that HPR contribution base must be higher than RMB 1,630, the lowest salary standard. This new standard is RMB 150 higher than last year's lowest HPR contribution base.
21-Nov-14	Ninghai in Zhejiang to subsidize homebuyers: From the official micro-blog of the city, effective from 20 Sep 2014 to 19 Sep 2015, homebuyers in the county area are allowed to apply for housing subsidies. For units with GFA under 90 sqm, 90 to 140 sqm, 1.5% and 1.0% of the house price will be subsidized respectively. The policy has no limitation on "hukou" status as well as house ownerships.
21-Nov-14	PBOC announced that starting from 22 Nov 2014, benchmark interest rates for RMB loans and deposits among financial institutions will be downward adjusted. The one year term benchmark lending interest rate among financial institutions will be adjusted down by 0.4ppt to 5.6%. The one year term benchmark interest rate for deposits will be adjusted down by 0.25ppt to 2.75%.
21-Nov-14	Meanwhile, PBOC will also promote the marketization of the interest rate reform. The ceiling of the deposit interest rates among financial institutions will be lifted to 1.2x of the benchmark deposit interest rate (currently it is 1.1x) Other terms of interest rates will also be adjusted.
24-Nov-14	Beijing revised down HPF interest rate: Beijing HPF Management Center announced to cut five-year and beyond interest rate to 4.25% on Saturday, following PBOC's interest rate cut decision on Friday. Chief Research Analyst from Centaline, Mr. Zhang Dawei commented for a market that is really rallying up like Beijing, such relaxation measures is set to further boost market and improve homebuyers sentiment. For a RMB 1 mn mortgage loans with 30 year maturity, this HPF interest rate cut is to reduce payback amount by RMB 90,000.
25-Nov-14	HPF interest rates in Tier-1 cities lowered: Media reported that, the interest rate on HPF loans in Tier-1 cities have followed the PBOC's rate cut and have adjusted down by 0.25ppt. The interest rate for loans under 5 years has been adjusted from 4.00% to 3.75% and that for loans over 5 years has been adjusted from 4.5% to 4.25%. Media reported that there are over 30 cities have adjusted their policies on HPF after the PBOC's mortgage loosening on 30 Sep.
25-Nov-14	Kunming revised down HPF interest rate: The Kunming HPF Management Center declares that following the PBOC's interest rate cut last Friday, Kunming is to revise down HPF lending rate down 25 bps, effective from 22 Nov. After this adjustment, the less than 5-year lending rate will record at 3.75%, while the beyond 5-year lending rate will be 4.25%. For a RMB 300,000 loans with a maturity of 30 years, the pay back amount will be reduced by RMB 88.47 every month, or RMB 31,850 in aggregate.
27-Nov-14	Shenzhen lowers interest rates on HPF loans: Effective n 22 Nov, HPF loans in Shenzhen will be adjusted following the interest rate adjustments of the PBOC. 25 bps cut will be applied, i.e. 3.75% interest rate will be applied to HPF loans with 5 years or less and 4.25% interest rate will be applied to loans over 5 years.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 117: Summary of major property market-related policies (Cont'd)

Date	Measures
28-Nov-14	Chongqing revised down HPF mortgage rate by 25 bps: The credit management director of Chongqing HPF Center Mr. Deng Xiaoyu, indicates that the HPF mortgage loan longer than 5 years has cut rate from 4.5% to 4.25%, while HPF mortgage loan shorter than 5 year has cut rate from 4.0% to 3.75%.
1-Dec-14	Zhuhai to lower interest rates on HPF: Interests on mortgage loans within 5 years will be lowered from 4.0% to 3.75%. That for loans over 5 years will be lowered from 4.5% to 4.25%.
2-Dec-14	Guilin to subsidize deed tax for house purchase in December: Guilin, a city in Guangxi announced that, for any home purchases in 5 city areas and also the Lingui New District during 1 Dec to 31 Dec, 100% deed tax will be subsidized to the buyers. For home purchase during 1 Jan to 28 Feb 2015, 50% deed tax will be subsidized.
10-Dec-14	Guangzhou restricts owners of economic housing from purchasing new units: According to the housing departments in Huangpu and Baiyun district in Gaungzhou, for owners of economic housing or price limited housing with the property holding less than 5 years and the authority has not complete the repurchase from the owners, such owners are not allowed to buy new homes. For owners holding the property for 5 years or longer could paid the land premium to convert the house into commodity houses.
11-Dec-14	State Council forbid land sales at discounted price: State Council has newly published notice on investigation of various discount policies. The notice has stipulated that without the pre-approvals of State Council, local governments and various departments cannot apply preferential and discounted policies towards enterprises, including tax exemption to reimburse the purchase of land, or any illegitimate discounts to sell land resources. Overall without the approval of State Council, the unified tax rate must not be cut.
16-Dec-14	Huizhou HPF cancels loan warranty fees: Huizhou HPF Management Center has recently published notice, stating that effective now, Huizhou is canceling loan warranty fees and housing insurance in the HPF mortgage. Hence in the future employees who are applying for HPF loans will be exempt from not only loan warranty fees and housing insurance complicated procedures, but also expenses of RMB 3,000 to 15,000. Media reports the simplified process and reduction of cost is very well received among local home buyers
19-Dec-14	Intercity recognition on HPF to be implemented between Wuhan, Changsha, Nanchang and Hefei: It is reported that the HPF management center said in 18 Dec, effective from 1 Jan 2015, the HPF of the four cities will be mutually recognized and are able for intercity transfer. This means contributors could use their hometown's HPF in the house purchase in other cities.
19-Dec-14	HPF can also be used on rental payment: Foshan HPF Management Center introduced the new policy on HPF, stipulating that qualified local residents that use rental housing can use HPF subsidy for the rental payment. These HPF subsidies can be withdrawn every 6 months, at a quota of half the amount on the rental receipt.
21-Dec-14	Realty Registration Rules will be effective from March 1, 2015: The State Council has issued provisional regulations on realty registration today. The regulations include 35 articles and will take effect from March 1, 2015. In accordance with China's Property Law, the new rules mark the beginning of PRC's realty registration work, to be guided and supervised by the MLR. All governments above the county level shall designate special departments for registration in their areas. The regulations will cover collective ownership of land, ownership of buildings and forest, contracted land management rights, and rights to the use of construction land, homesteads and maritime areas.
23-Dec-14	Old town redevelopment in Ningbo has to obtain the consent from 90% of the affected before running: According to the official website of the local government, a notice has been issued for seeking public opinions on the old town redevelopment in the Ningbo. The notice suggested that for those redevelopment plans that needs to collect the existing houses units from the citizens, consent has to be obtained from at least 90% of whose house are needed to be collected before the plan implement. 15% of the unit value will be granted as compensation to the affected citizens for relocation.
30-Dec-14	Shanghai denies HPR cancellation: There is a piece news circulating on the internet yesterday afternoon alleging that Shanghai will remove HPR before 31 March 2015, as HPR has not been effectively performed the roles on property market control and adjustment. Local media reported that the staffs from Shanghai Transaction Center denied on this allegation.
30-Dec-14	Zhongshan to loosen policy on HPF withdraw: Media reported that, Zhongshan city in Guangdong has issued a notice regarding the loosening on HPF withdraw. Effective from 1 Jan 2015, citizens with Zhongshan hukou are allowed to apply for HPF loans even their contribution is made in other cities when they are buying houses in Zhongshan city.
2-Jan-15	Beijing to lift up HPF loan quota from 1 Jan: Beijing HPF Management Center says it has made adjustment to the HPR policy to lift up HPF loan quota, effective from 1 Jan. The new policy stipulates that for first time home buyers purchasing housing under favorable policies or units with GFA less than 90 sqm, the personal loan quota has been revised up to RMB 1.2 mn. For non-first-time home buyers purchasing non-policy-housing or units with GFA larger than 90 sqm, the maximum personal loan quota from HPF is still RMB 800,000, regardless of credit ratings.
8-Jan-15	Zhengzhou launched new policies on transfer of properties to direct family members: Zhengzhou government has launched favorable policy regarding the transfer of properties among direct family members. These transactions are no longer valued by the tax department but freely set by the sellers with a lowest limit of RMB500. The tax will be charged based on price stated in the contract.
14-Jan-15	Trial rules on realty registration confirmed will be officially effective from 1 Mar 2015: The State Council has officially announced the implementation of the trail rules on realty registration will be started from 1 Mar 2015. Such act would pave the way for property tax. But the actual timeline on property tax is yet to be announced.
15-Jan-15	Xiamen to fully remove HPR from 16 Jan: With approval from Xiamen local government, Xiamen is to fully remove HPR from 16 Jan. Commodity housing with GFA less than 144 sqm in Siming District and Huli District will be no longer subject to any purchase restrictions from tomorrow. Before this adjustment, purchases restrictions are still imposed on residents with more than 1 house in Xiamen Island. But the roll out of new policy a complete removal of HPR in Xiamen from now on.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 118: Summary of major property market-related policies (Cont'd)

Date	Measures
21-Jan-15	MOHURD: support the change of commodity housings to social housings: Media reported that, Mr. Chen Zhengao, head of MOHURD said during a meeting that, the shanty town development is no longer limited to lead by the government but eligible buyers could opt to purchase from the market with government's subsidies. Especially for some Tier-3/4 cities with high inventory levels, it is unnecessary to build new houses.
26-Jan-15	Fuzhou government to buy inventories from the property market: Fuzhou has issued a notice on buying back the inventory in the property market for the sake of relocation needs. The units to be purchased by the government included commodity units and also relocation units, with GFA ranged from 45-135 sqm. The repurchasing price of commodity units will be at least 15% less than the estimated market value estimated by the valuers
28-Jan-15	Three Ministries jointly relaxed withdrawal conditions for HPF: On Jan. 28, MoHURD, MoF, and PBOC jointly announce that employees that have made contribution to HPF for a consecutive three months, and are renting houses with spouses (instead of possessing housing of their own), are eligible to withdraw HPF for the use of rent payment. According to the announcement, employees can withdraw an amount equivalent to the actual rent amount if they live in public rental housing.
12-Feb-15	PBOC: will closely monitor property industry and shadow banking in China: Media reported that, Mr. Yi Gang, Deputy Governor of PBOC said during the G20 meeting in Turkey calling for cross boarder financial cooperation. In addition, the central bank will closely monitor the property industry and the shadow banks in China.
13-Feb-15	PBOC announced 100 bps targeted RRR cut to Bank of Beijing: Bank of Beijing (601169.SS) is granted approval for 100 bps targeted RRR cut to execute 16.5% deposit-reserve ratio yesterday, effective from February 16. As PBOC announced on February 5, on the basis of general 50 bps RRR cut to all banks, it will conduct an additional 50bps to qualified urban commercial banks, rural commercial banks (in terms of certain level of SMEs loans ratio), therefore more banks are expected to be granted targeted RRR cut going forward.
13-Feb-15	MOHURD: financial institutions will provide more support to shanty town redevelopment: Mr. Qi Ji, Deputy Minister of MOHURD sai during 2011-2014, a total of 32m units of social housings (including shanty town redevelopment) have been started construction and over 20m units have been completed. The new start target for social housings in 2015 was set at 7m units. Mr. Qi added that more financial supports will be provided from financial institutions including National Development Bank. Central government will also provide more supportive measures towards social housings. He further explained that China needs to redevelop a few millions of shanty town units in the coming few years
26-Feb-15	23 banks in Zhejiang area allowed for an extra 0.5ppt RRR cut: Media reported that, a total of 23 banks in Zhejiang are allowed for an extra 0.5ppt RRR cut. Media quoted the data source is from documents from the Hangzhou branch of PBOC. Some other banks also announced earlier this month that they are eligible for an extra 1% RRR cut since mid-Feb.
1-Mar-15	PBOC announced that starting from 1 Mar 2015, benchmark interest rates for RMB loans and deposits among financial institutions will be downward adjusted. The one year term benchmark lending interest rate among financial institutions will be adjusted down by 0.25ppt to 5.35%. The one year term benchmark interest rate for deposits is also adjusted down by 0.25ppt to 2.50%. Meanwhile, PBOC will also promote the marketization of the interest rate reform. The ceiling of the deposit interest rates among financial institutions will be lifted to 1.3x of the benchmark deposit interest rate (currently it is 1.2x). Other terms of interest rates will also be adjusted.
2-Mar-15	PBOC announced 5 listed banks are eligible for directional RRR cut: on 1 Mar, PBOC official announced 5 listed banks are eligible for directional RRR cut, including Bank of Beijing (601169.SS); Shengjing Bank (2066.HK); Bank of Nanjing (601009.SS); Bank of Chongqing (1963.HK) and Huishang Bank (3698.HK).
2-Mar-15	Beijing to lower interest rates on HPF by 0.25%: After the interest rate cut announced by PBOC on 1 Mar, HPF Management Center in Beijing has issued a notice to adjust the interest rate on HPF accordingly. The interest rate for mortgage loans within 5 year will be lowered from 3.75% to 3.5%. That for mortgage loans ranging from 5-30 years will be lowered from 4.25% to 4.0%.
2-Mar-15	Xinjiang rolls out supportive measures towards the property market: Xinjiang Uyghur Aptonom Rayoni (Xinjiang) issued a notice stating that, for buyers in the primary market, the deed tax value exceed 1% will be subsidized by local governments. In addition, for first time homebuyers, the lower limit for mortgage rate is set at 70% of benchmark rate. Moreover, for those who has fully repaid their existing mortgage and buying a new house, the mortgage will be treated as first mortgage.
2-Mar-15	Shandong to implement old town redevelopment compensation rules: According to the notice issued by Shandong Province, the if there are more than half of the affected citizens are not accepting the compensation plan, local governments are required to held meetings and to revised the plan. In addition, for affected citizens with only one flat, the compensation area of the relocation flat cannot be lower than 45 sqm.
3-Mar-15	Qinghai adjusted polices on HPF: Media reported that, Qinghai Province has issued a notice on the adjustment of the policies HPF. The notice stated that applicant can apply for HPF mortgage after 6 consecutive months of contribution to the HPF. In addition, downpayment ratio will be lowered to 20% and children of whom have contributed to HPF are also eligible to use mortgage.
3-Mar-15	Shanghai lowers interest rates for HPF: According to the notice issued by HPF management center of Shanghai, the newly granted HPF mortgage will apply a 0.25% downward adjustment in the interest rates. For the loans granted before 1 Mar 2015, the new rules will be effective from 1 Jan 2016. The interest rate for loans with terms over 5 year will be adjusted down from 4.25% to 4.00% and that for loans within or equal to 5 years will be reduced from 2.35% to 2.10%.
4-Mar-15	Public rental housings are allowed to build on industrial zones in Guangzhou: Media reported that, Guangzhou has recently issued a notice on utilizing the industrial land use. According to the notice, public rental houses are allowed to be built in industry zones for the accommodation needs of the workers. Normal residential properties and hotels are strictly prohibited on such lands.
5-Mar-15	Cities followed interest rate cut on HPF mortgages: Media reported that, after the interest rate cut effective from 1 Mar, many cities have followed the downward adjustment on HPF mortgage interest rates, including Beijing, Tianjin, Shanghai, Guangzhou, Fuzhou, Nanchang and Changsha. The adjusted interest rate for loans under 5 year is 3.5% and that for loans over 5 years is 4.0%.

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 119: Summary of major property market-related policies (Cont'd)

Date	Measures
6-Mar-15	Fuzhou is planning to use commodity housings as social housing: Media reported that, Fuzhou has issued a notice recently regarding using commodity housings as social housing for relocation of the demolished sites. Basically the purchase price by the government of the commodity housing will be over 15% discount from the estimated market value. Media reported that the details are still under study.
9-Mar-15	Beijing to further loosening HPF rules: HPF management center of Beijing has issued a notice on its official website that the consecutive time period for HPF contribution to be eligible HPF borrower has been shortened. The minimum contribution period has been shortened from 12 months to 6 months. Besides, maximum HPF loan amount for first self-use commodity house is set at RMB1.2mn.
10-Mar-15	School-related property sales restricted: Education authorities in Hongkou District announced a new policy over the weekend restricting admission to government-funded primary school to one child per apartment for five years. Following on the footsteps of Jing'an District, Hongkou, in the northeast of Shanghai, is the second district in the city to adopt the policy which aims to stop people from buying apartments in areas with reputed schools. It had led to rapid increase for enrollment in prime schools while prices of property in the area surged.
13-Mar-15	HPR will remain in effect in Tier-1 cities: Loosening of HPR is the hot topic during the NPC and CPPCC meeting this year. Spokesperson of MOHURD, Ms. Qin Hong said during interview that the HPR should be continued to apply based on local situations. In addition, different senior officials from the four Tier-1 cities, namely Beijing, Shanghai, Shenzhen and Guangzhou have all re-emphasized that HPR will continued be implemented in these cities.
16-Mar-15	Premier Li: to encourage self-use and upgrading housing demands: Premier Li Keqiang said during a press conference that the urbanization process of China in speeding up and the demand in China property market is end-user focused. The government encourages self-use and upgrading housing demands and to stabilized the long term and healthy growth of the market. He also said the policies to be applied have to based on local situations among the cities. He added that in 2015, governments will increase of shanty town units and dilapidated buildings redevelopment by 1 mn units of each.
16-Mar-15	33 piloting cities to implement the rural land reform: Media report that, in a notice issued by the State Council earlier this year, a total of 33 piloting cities have been selected to implement the rural land reform but the notice have not been officially publicized. It is reported that, from the interpretations from the senior officials including minister of land and resources, this round of reform will not include small property rights units. The reform mainly includes, increasing the land compensation considerably, and also including the land transaction among collective operational lands, under the plan and administration of the MLR. In addition, transfer of using rights of residential based lands between peasants in the same village is allowed.
17-Mar-15	20% down payment for units with GFA under 90 sqm in Jinan: Jinan Housing Provident Fund (HPF) policy set out new relaxation. Units with GFA over 90 sqm will be applied with 30% down payment, while for those with GFA less than 90 sqm will be applied with 20% down payment ratio. A benchmark interest rate will be applied to both cases above.
18-Mar-15	Ningbo consider acquiring commodity residential housing for social housing use: Ningbo Government passed the guidelines on new social housing source, advocating two new means of social housing subsidy: 1) financial allowance for direct housing subsidy; 2) acquiring commodity residential housing from the market for social housing use. As of now, social housing completion in Ningbo is recorded at 99,415 units, or 6.04 msqm, while social housing under construction recorded at 24,100 units, or 1.53 msqm.
18-Mar-15	Guangxi to purchase commodity housings from the market as social housings: Recently Guangxi MOHRD announced the shanty town reallocation will adopt the mode of purchasing from the market instead of constructing new units. A total of 6,300 units have been repurchased from the market in Laibin and Nanning as of 18 Mar.
18-Mar-15	Guizhou repurchases commodity housing for social housings supply: Media reported that, Guizhou is one of the piloting cities that the government to repurchase the commodity housing units from the market as supply in social housings and also as reallocation units for shanty town redevelopments
20-Mar-15	Three government departments in Fujian jointly issued a notice on supporting end-use housing demand: Except villas, first home purchase of any sizes (in both primary and secondary market) will enjoy the new policy No more house investigation for HPF applications 95% of the HPF can be lent 20% downpayment ratio for first HPF mortgage Those who has fully repaid the existing mortgage can apply for second HPF mortgage Benchmark interest rate will be applied to both first and second HPF mortgage
28-Mar-15	The Ministry of Housing and Land Resources (MLR) and (Ministry of Housing and Urban-Rural Development (MoHURD) has issued a notice on supporting the stable development in the property market. Among the various measures, the more important ones are: 1) For cities with over-supply, the government would target to adjust land sales, construction pace to bring in a more balanced supply-demand balance. 2) For cities with over-supply, local governments would also target to purchase some of the commodity housing projects and turn them into social housing. 3) The central government is now focusing more on the development of social housing and shanty town redevelopment to address the housing needs of the lower-income group. 4) No mention of relaxation of HPF home purchases or relaxation of mortgages for second homes (for buyers that still have outstanding mortgage balances on the first home). We believe that relaxations of HPF and 2nd home mortgages are to be announced by the local governments (if they wish to).

Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Figure 120: Summary of major property market-related policies (Cont'd)

Date	Measures
30-Mar-15	<p>PBOC and MoHURD jointly announced new loosening measures:</p> <ol style="list-style-type: none">1) To support families to purchase self-use ordinary commodity residential housing, for a family that already has 1 property but has not fully paid off the outstanding mortgage for that first home, when that family purchases a 2nd home, the minimum downpayment is lowered to 40% (from 60-70% previously).2) To facilitates the use of housing provident funds (HPF), for eligible HPF homebuyers buying their first homes with HPF, the minimum downpayment is lowered to 20%. For an eligible HPF family that already has 1 home (and has paid off the mortgages on that first home), when that family buys a second home, the minimum downpayment is lowered to 30%.3) The local branches of PBOC and CBRC should continue to monitor the commercial banks to ensure that they are implementing the minimum downpayment and interest requirements in a reasonable manner.
30-Mar-15	<p>The key loosening measures announced by MOF:</p> <ol style="list-style-type: none">1) For an individual who purchased a home and now re-sell the home within less than two years, business tax will be charged on the total sales proceeds;2) For an individual who purchased a non-ordinary commodity residential unit and now re-sell the unit after two years, business tax will be charged on the difference between the sales proceeds and original cost of the unit; and3) For an individual who purchased an ordinary commodity residential unit and now re-sell the unit after two years, no business tax will be levied. <p>As a reference, before this relaxation, the restriction period for charging business tax is 5 years, now shortened to 2 years. This should help facilitate first-time home upgrades, especially in Tier-2-4 cities (because HPRs are still on in Tier-1 cities).</p>

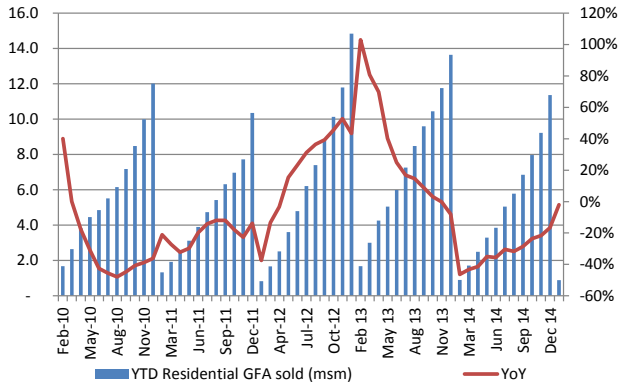
Source: State Administration of Tax, Ministry of Finance, PBOC, Guangzhou SAT, Shanghai SAT, Beijing SAT, Ministry of Construction & CIR, Deutsche Bank



Local residential market

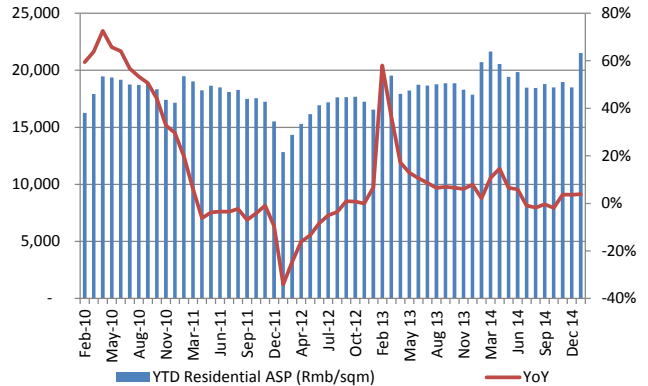
GFA sold, started, completed and ASP of individual cities

Figure 121: Beijing – Residential GFA sold (msqm)



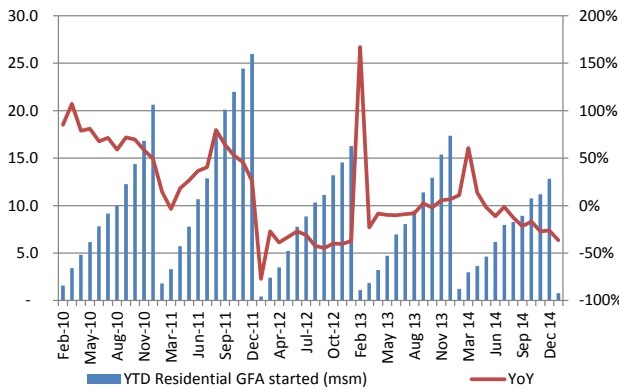
Source: Deutsche Bank, Soufun

Figure 122: Beijing – Residential ASP (Rmb/sqm)



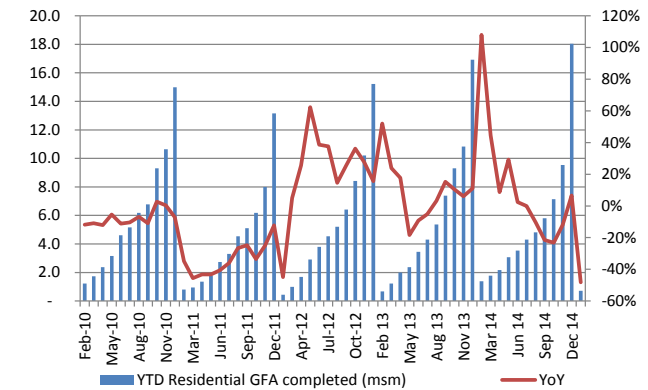
Source: Deutsche Bank, Soufun

Figure 123: Beijing – Residential GFA started (msqm)



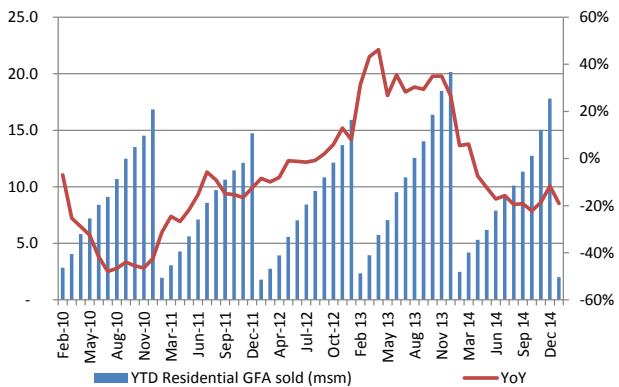
Source: Deutsche Bank, Soufun

Figure 124: Beijing – Residential GFA completed (msqm)



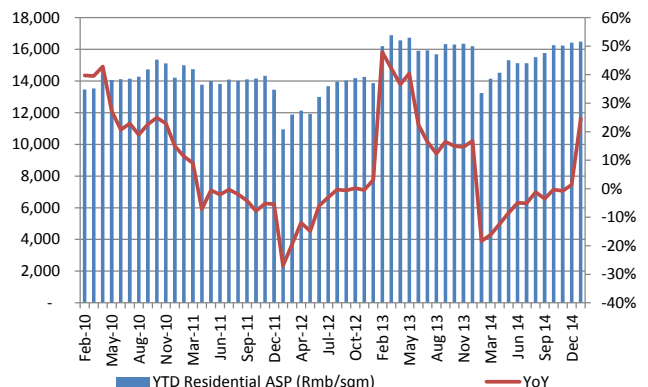
Source: Deutsche Bank, Soufun

Figure 125: Shanghai – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

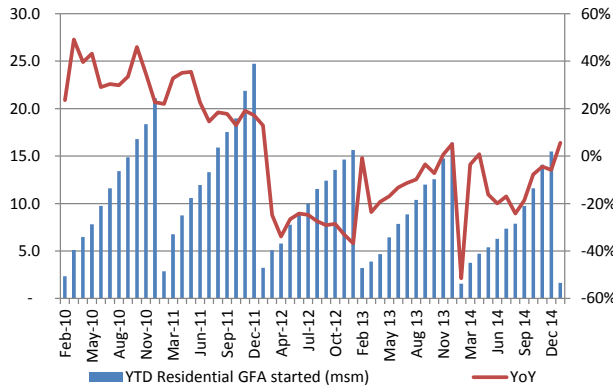
Figure 126: Shanghai – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

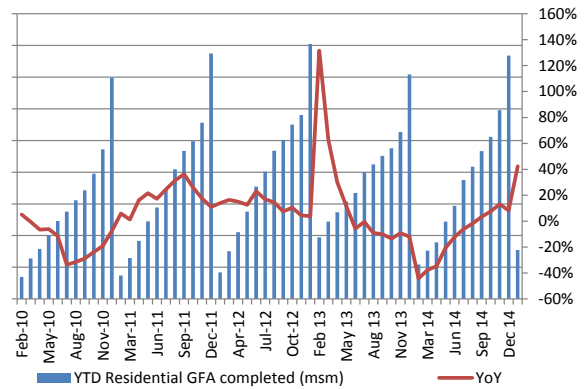


Figure 127: Shanghai – Residential GFA started (msqm)



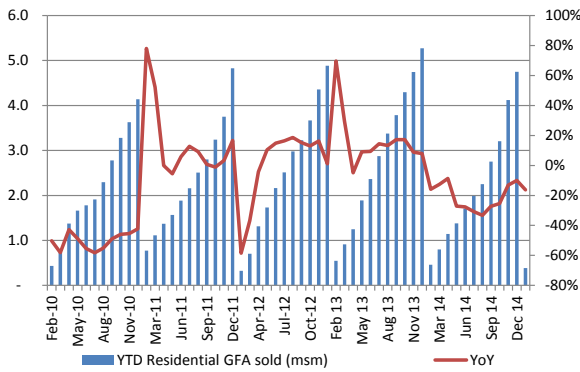
Source: Deutsche Bank, Soufun

Figure 128: Shanghai – Residential GFA completed (msqm)



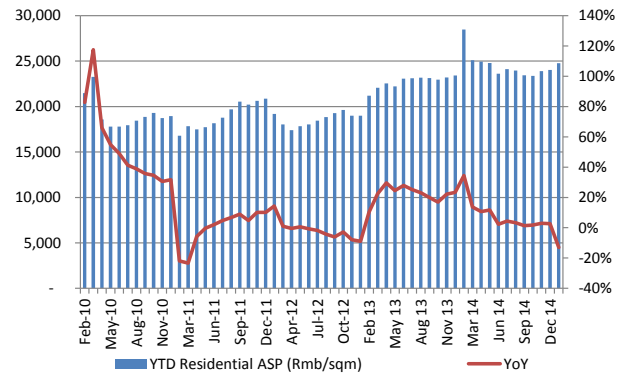
Source: Deutsche Bank, Soufun

Figure 129: Shenzhen – Residential GFA sold (msqm)



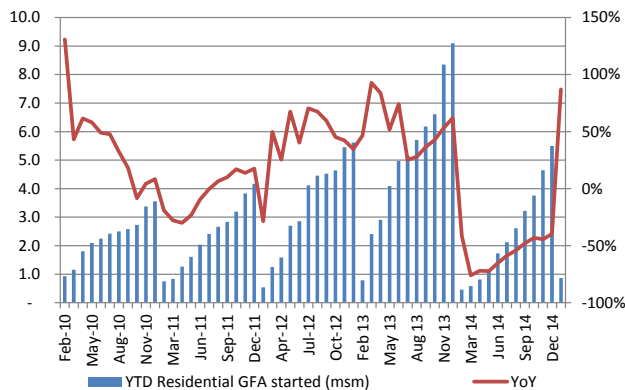
Source: Deutsche Bank, Soufun

Figure 130: Shenzhen – Residential ASP (Rmb/sqm)



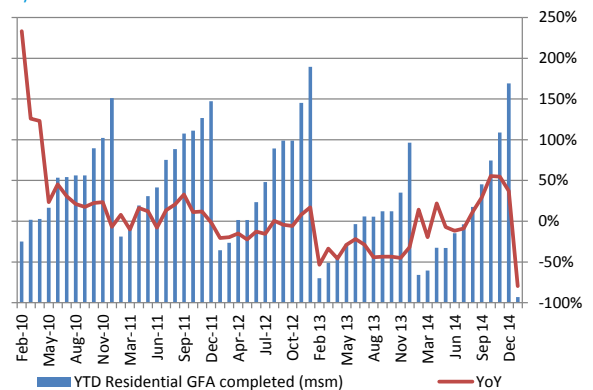
Source: Deutsche Bank, Soufun

Figure 131: Shenzhen – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

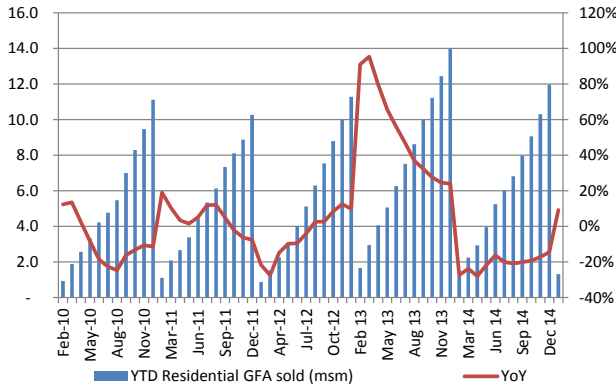
Figure 132: Shenzhen – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun

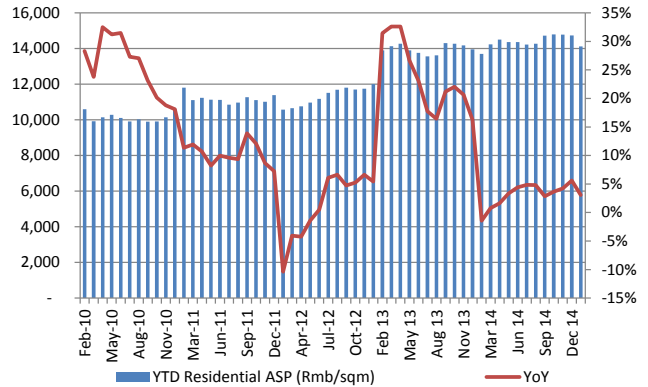


Figure 133: Guangzhou – Residential GFA sold (msqm)



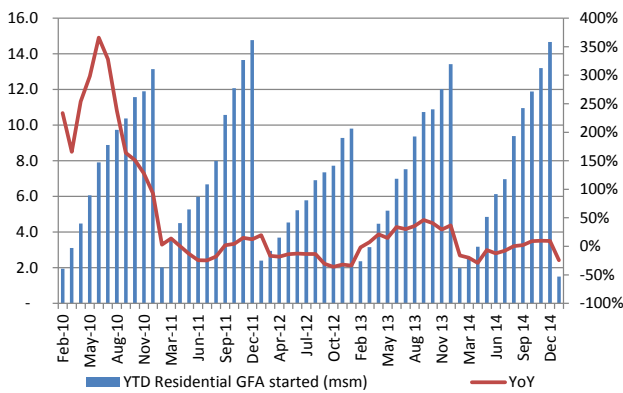
Source: Deutsche Bank, Soufun

Figure 134: Guangzhou – Residential ASP (Rmb/sqm)



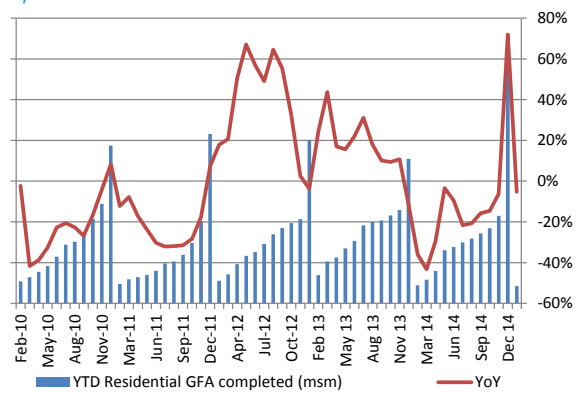
Source: Deutsche Bank, Soufun

Figure 135: Guangzhou – Residential GFA started (msqm)



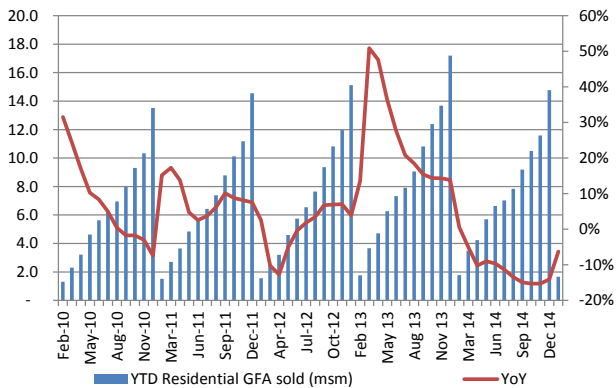
Source: Deutsche Bank, Soufun

Figure 136: Guangzhou – Residential GFA completed (msqm)



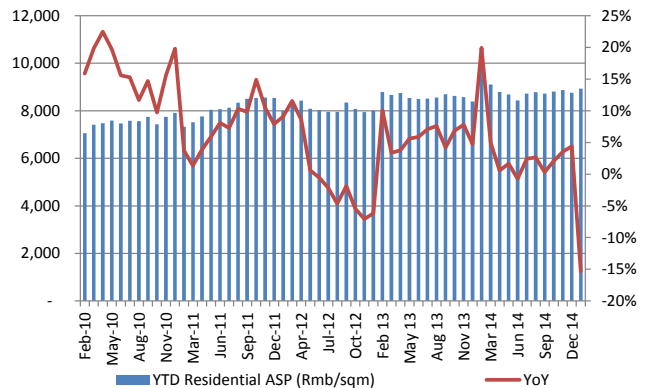
Source: Deutsche Bank, Soufun

Figure 137: Tianjin – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

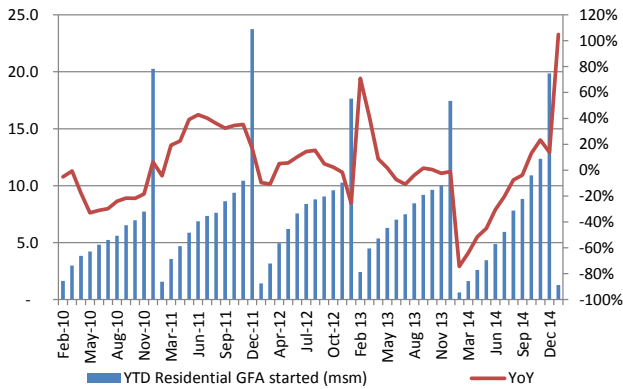
Figure 138: Tianjin – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

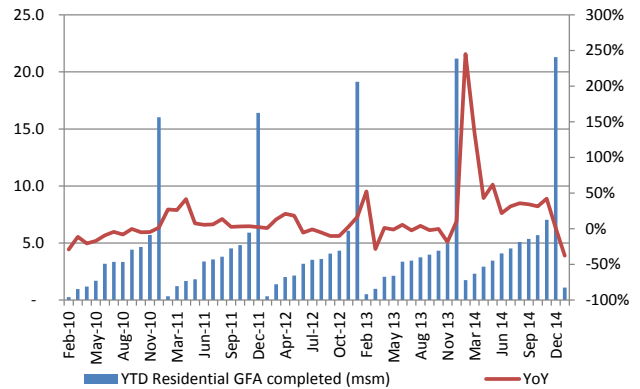


Figure 139: Tianjin – Residential GFA started (msqm)



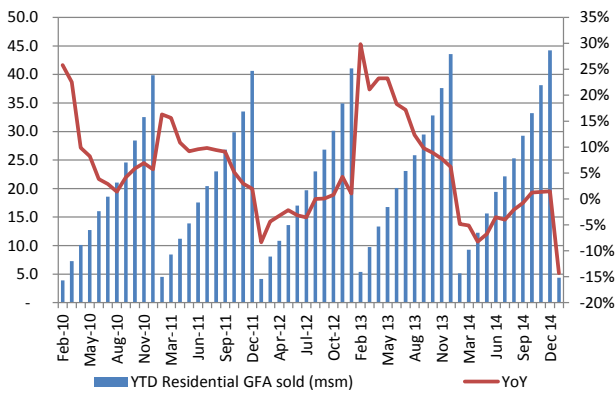
Source: Deutsche Bank, Soufun

Figure 140: Tianjin – Residential GFA completed (msqm)



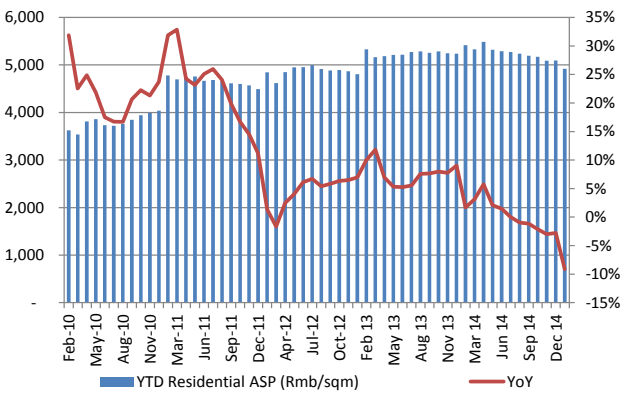
Source: Deutsche Bank, Soufun

Figure 141: Chongqing – Residential GFA sold (msqm)



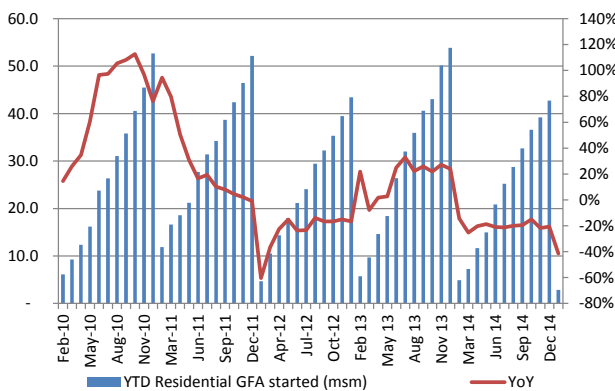
Source: Deutsche Bank, Soufun

Figure 142: Chongqing – Residential ASP (Rmb/sqm)



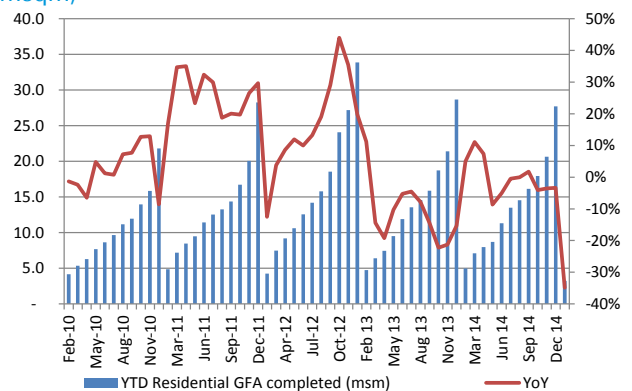
Source: Deutsche Bank, Soufun

Figure 143: Chongqing – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

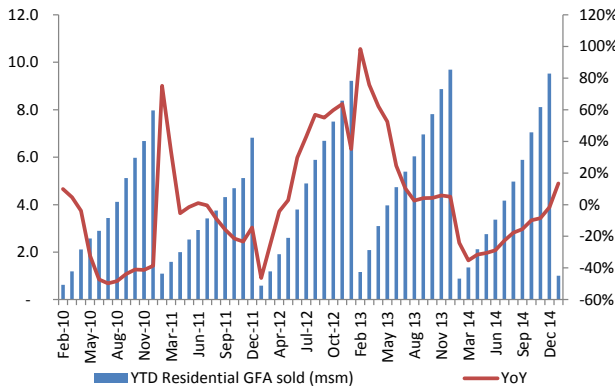
Figure 144: Chongqing – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun

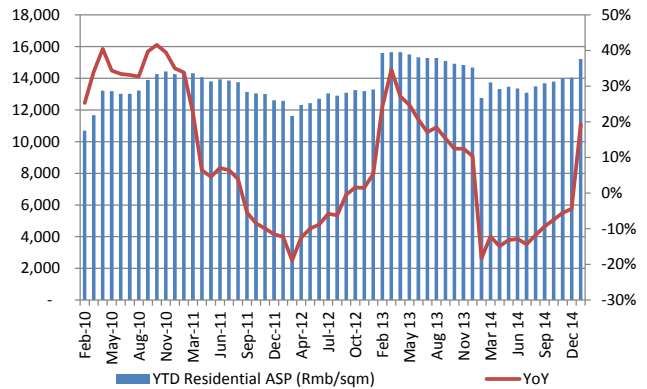


Figure 145: Hangzhou – Residential GFA sold (msqm)



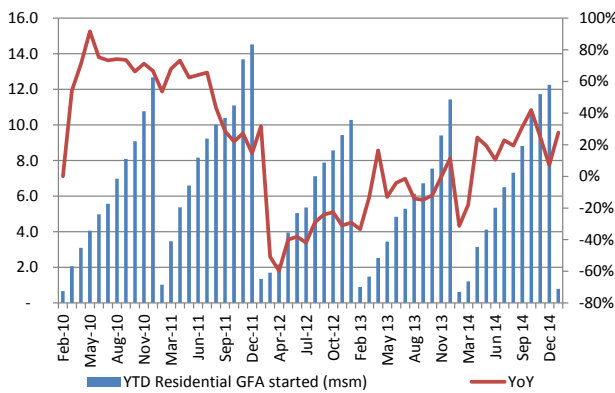
Source: Deutsche Bank, Soufun

Figure 146: Hangzhou – Residential ASP (Rmb/sqm)



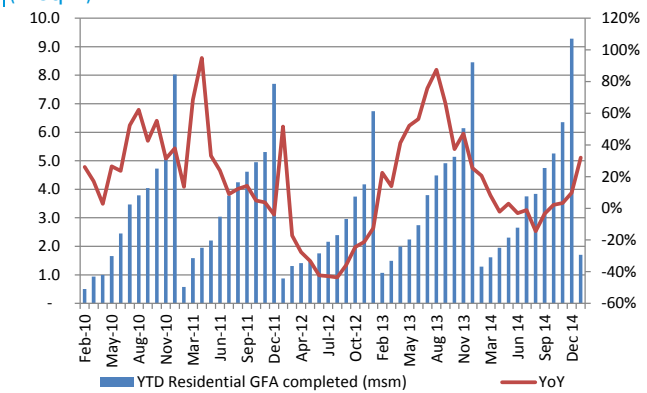
Source: Deutsche Bank, Soufun

Figure 147: Hangzhou – Residential GFA started (msqm)



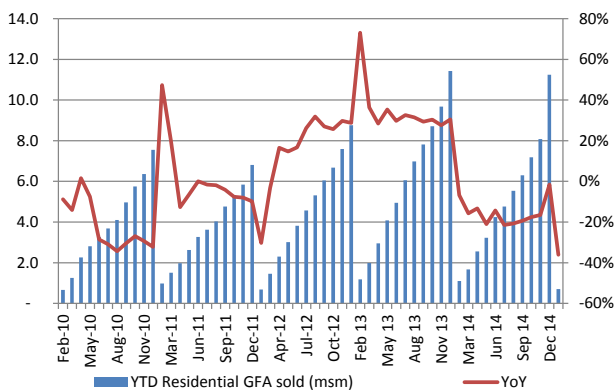
Source: Deutsche Bank, Soufun

Figure 148: Hangzhou – Residential GFA completed (msqm)



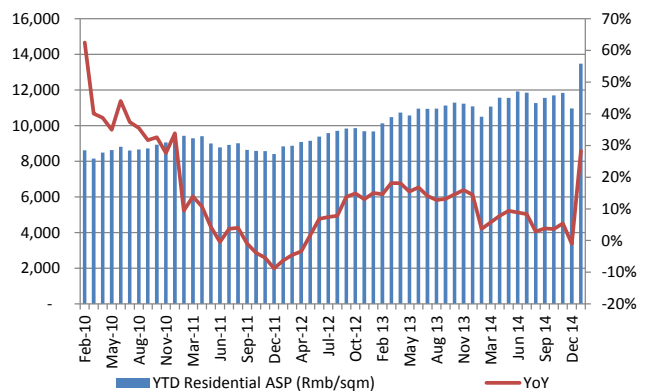
Source: Deutsche Bank, Soufun

Figure 149: Nanjing – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

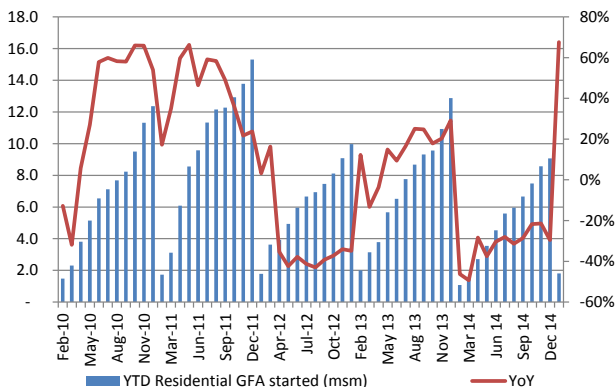
Figure 150: Nanjing – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

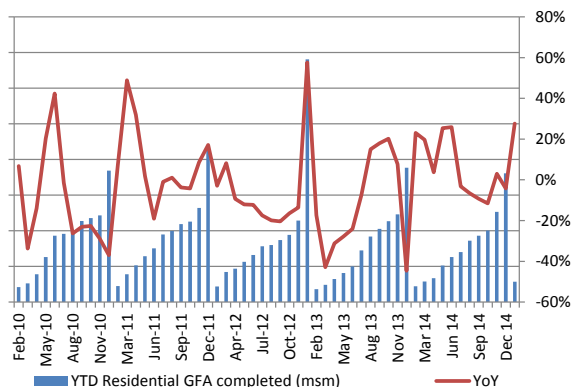


Figure 151: Nanjing – Residential GFA started (msqm)



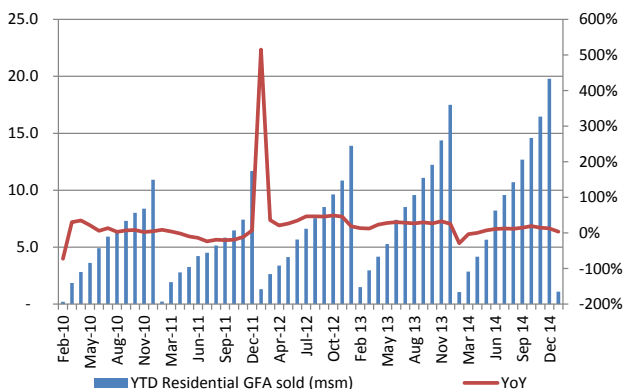
Source: Deutsche Bank, Soufun

Figure 152: Nanjing – Residential GFA completed (msqm)



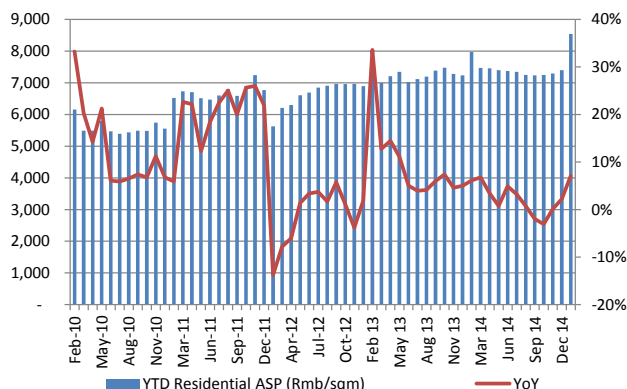
Source: Deutsche Bank, Soufun

Figure 153: Wuhan – Residential GFA sold (msqm)



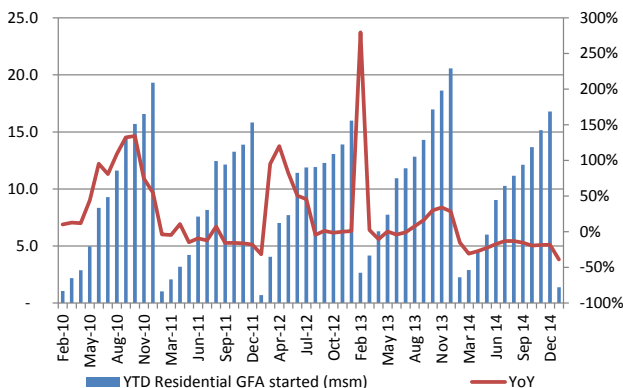
Source: Deutsche Bank, Soufun

Figure 154: Wuhan – Residential ASP (Rmb/sqm)



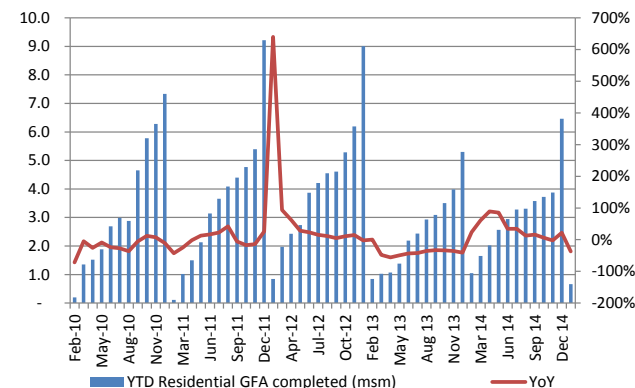
Source: Deutsche Bank, Soufun

Figure 155: Wuhan – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

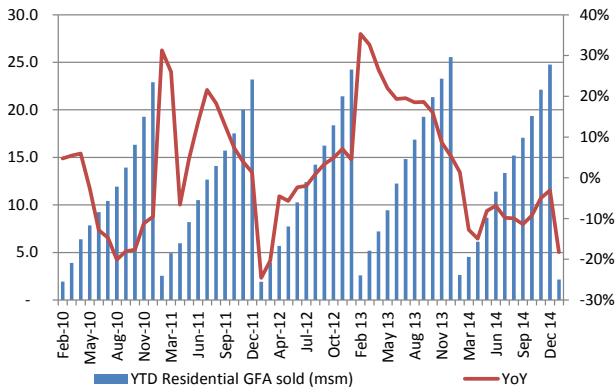
Figure 156: Wuhan – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun

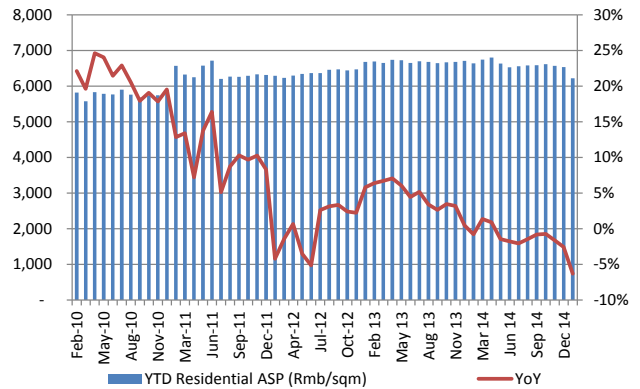


Figure 157: Chengdu – Residential GFA sold (msqm)



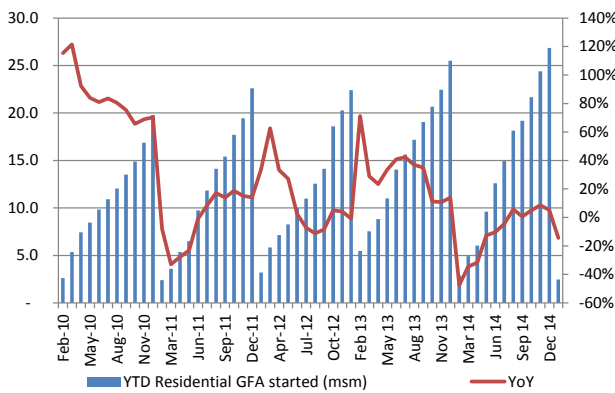
Source: Deutsche Bank, Soufun

Figure 158: Chengdu – Residential ASP (Rmb/sqm)



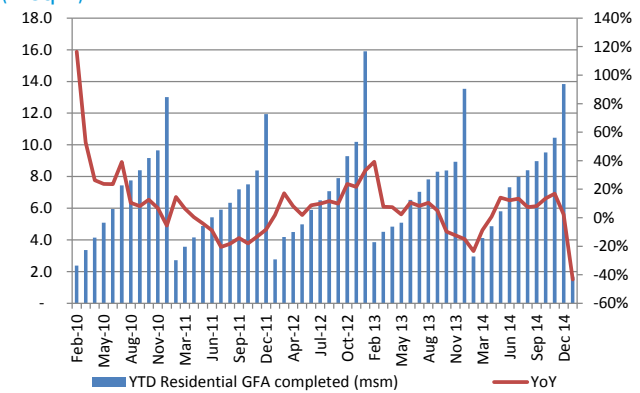
Source: Deutsche Bank, Soufun

Figure 159: Chengdu – Residential GFA started (msqm)



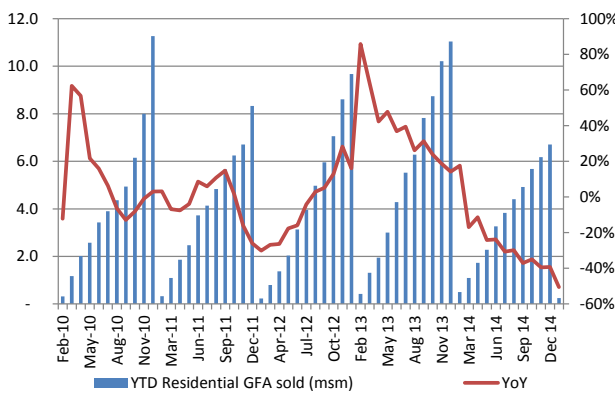
Source: Deutsche Bank, Soufun

Figure 160: Chengdu – Residential GFA completed (msqm)



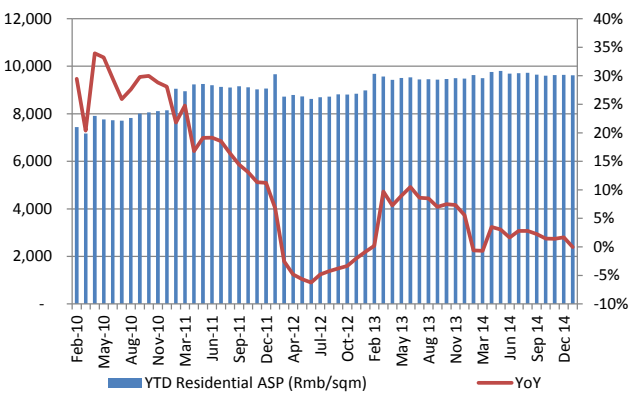
Source: Deutsche Bank, Soufun

Figure 161: Suzhou – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

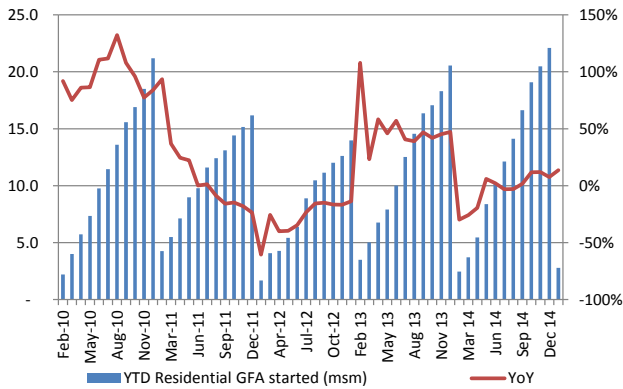
Figure 162: Suzhou – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

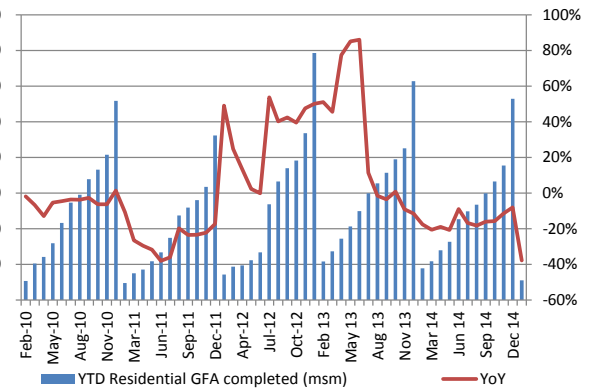


Figure 163: Suzhou – Residential GFA started (msqm)



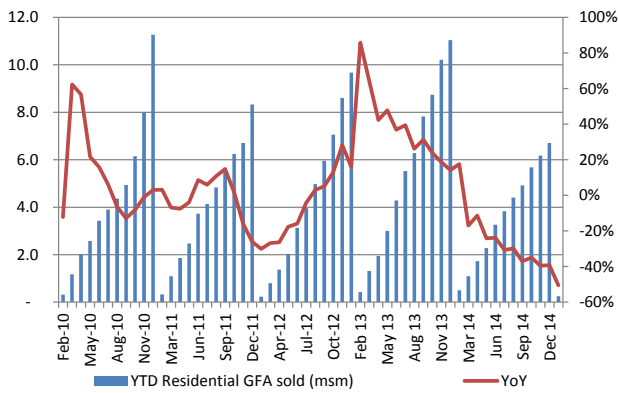
Source: Deutsche Bank, Soufun

Figure 164: Suzhou – Residential GFA completed (msqm)



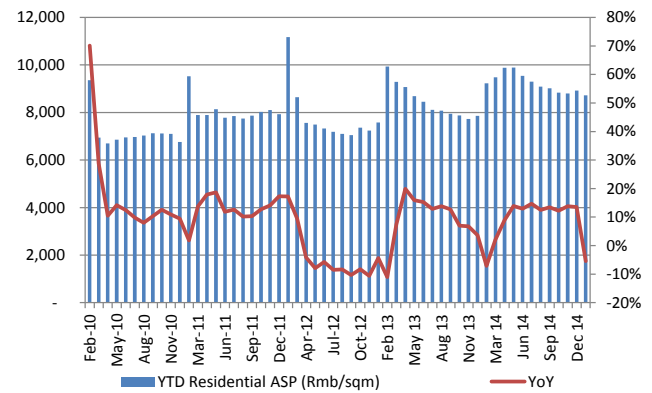
Source: Deutsche Bank, Soufun

Figure 165: Dalian – Residential GFA sold (msqm)



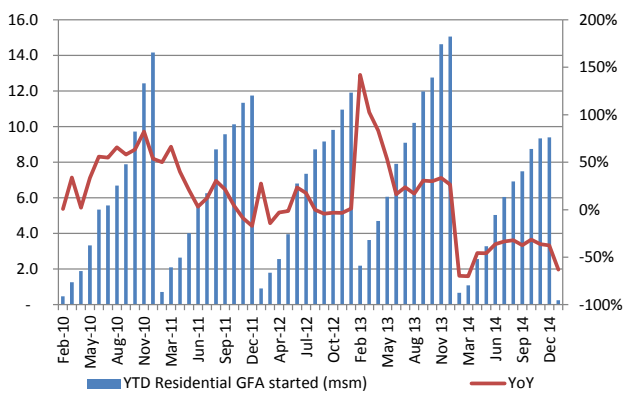
Source: Deutsche Bank, Soufun

Figure 166: Dalian – Residential ASP (Rmb/sqm)



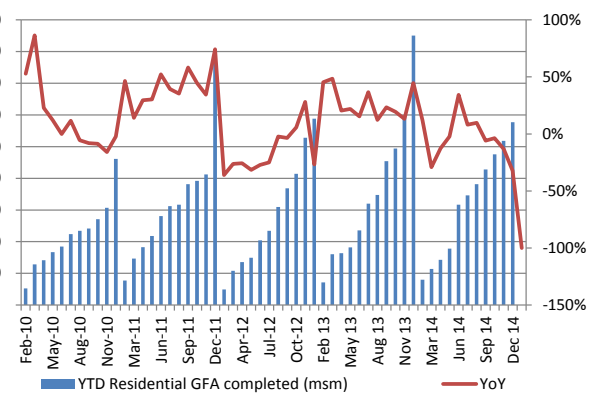
Source: Deutsche Bank, Soufun

Figure 167: Dalian – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

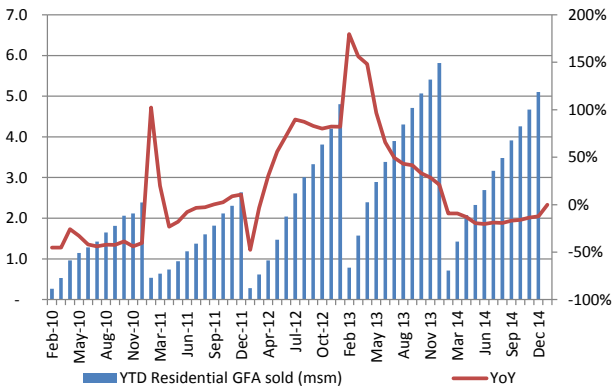
Figure 168: Dalian – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun

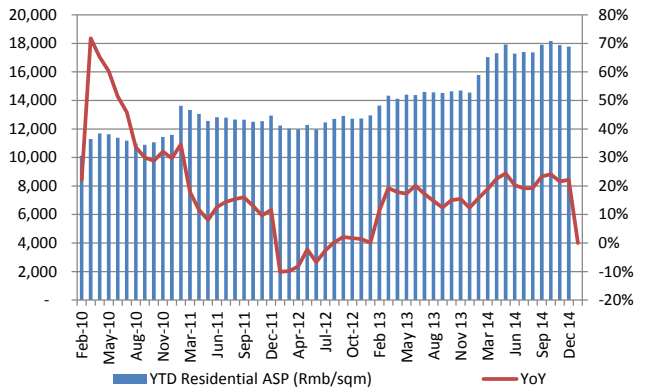


Figure 169: Xiamen – Residential GFA sold (msqm)



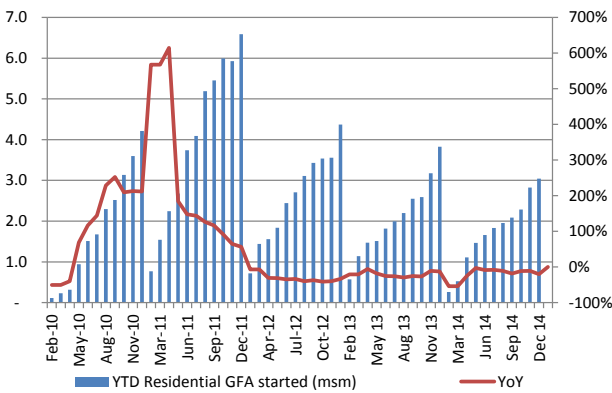
Source: Deutsche Bank, Soufun

Figure 170: Xiamen – Residential ASP (Rmb/sqm)



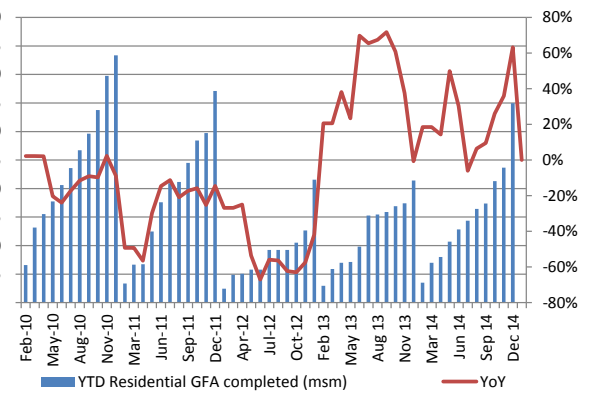
Source: Deutsche Bank, Soufun

Figure 171: Xiamen – Residential GFA started (msqm)



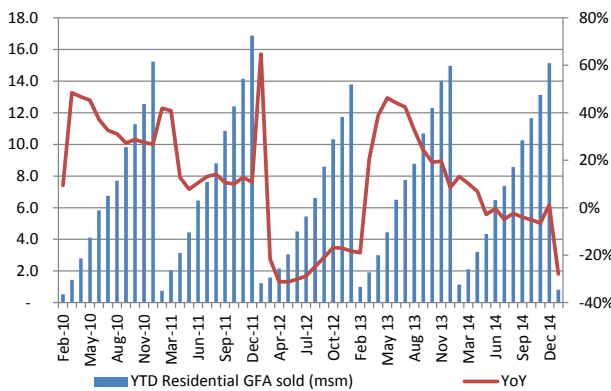
Source: Deutsche Bank, Soufun

Figure 172: Xiamen – Residential GFA completed (msqm)



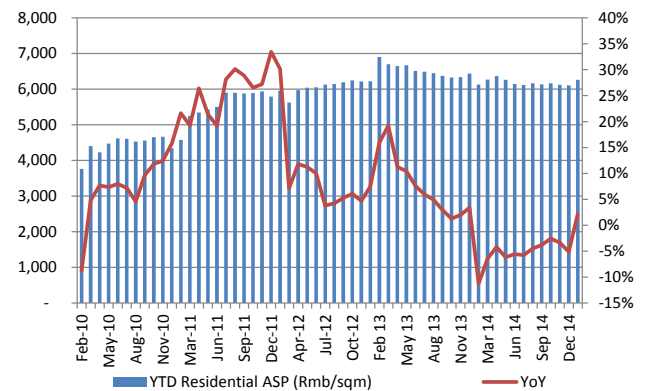
Source: Deutsche Bank, Soufun

Figure 173: Xi'an – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

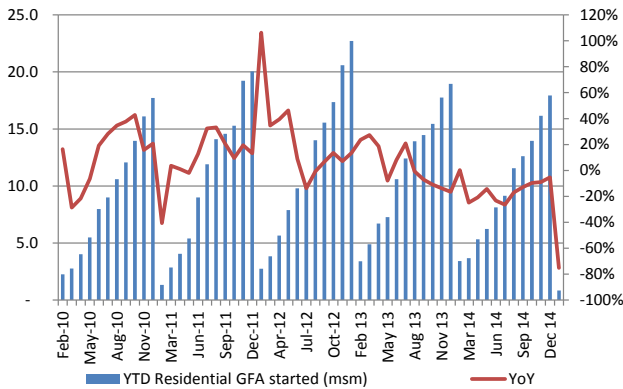
Figure 174: Xi'an – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

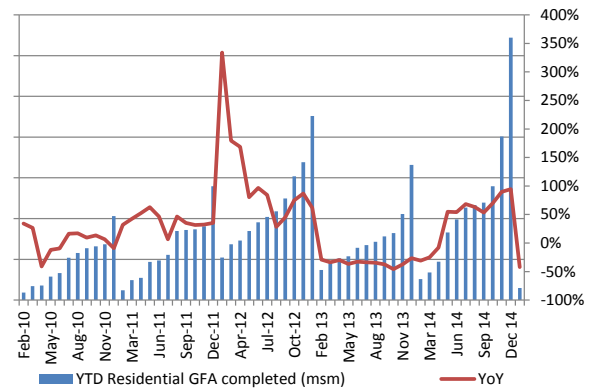


Figure 175: Xi'an – Residential GFA started (msqm)



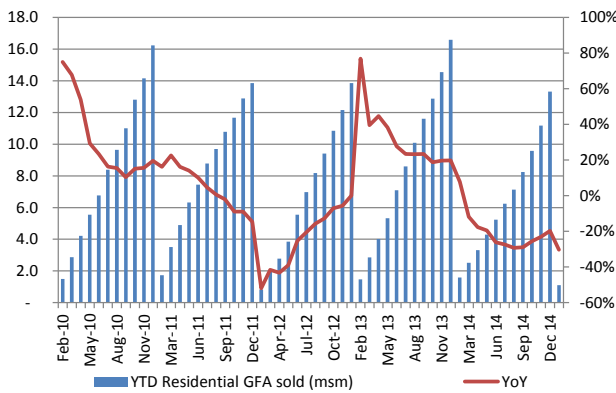
Source: Deutsche Bank, Soufun

Figure 176: Xi'an – Residential GFA completed (msqm)



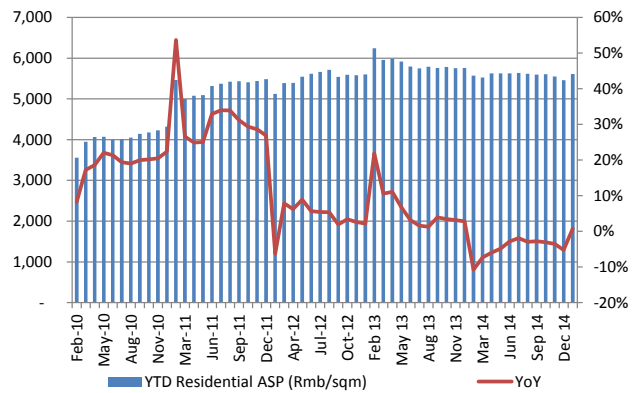
Source: Deutsche Bank, Soufun

Figure 177: Changsha – Residential GFA sold (msqm)



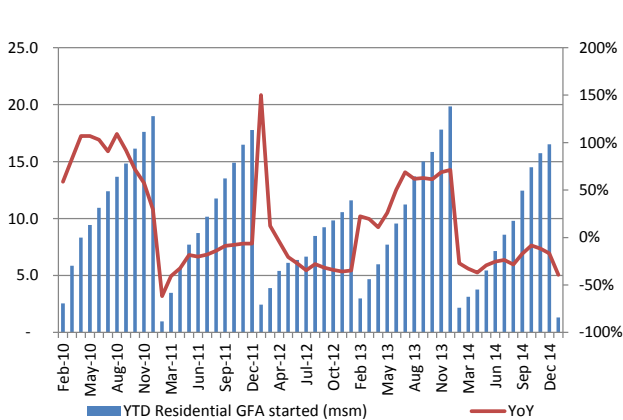
Source: Deutsche Bank, Soufun

Figure 178: Changsha – Residential ASP (Rmb/sqm)



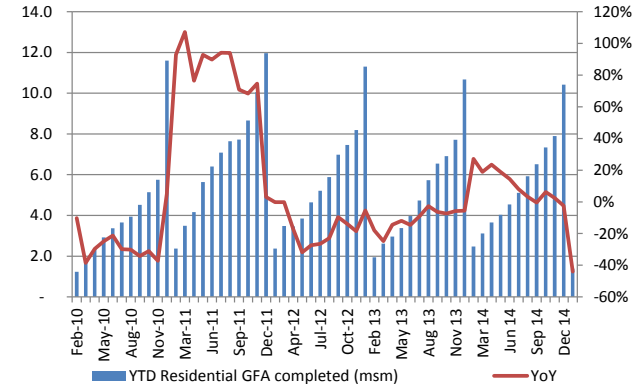
Source: Deutsche Bank, Soufun

Figure 179: Changsha – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

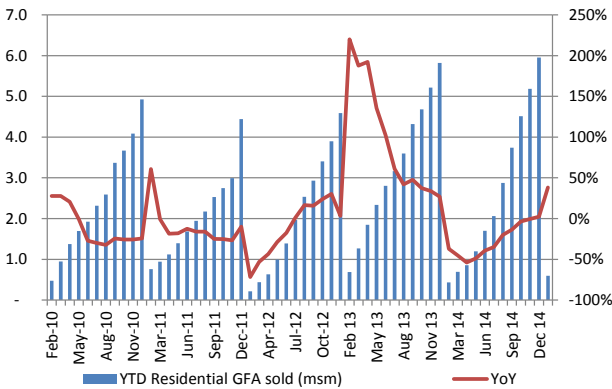
Figure 180: Changsha – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun

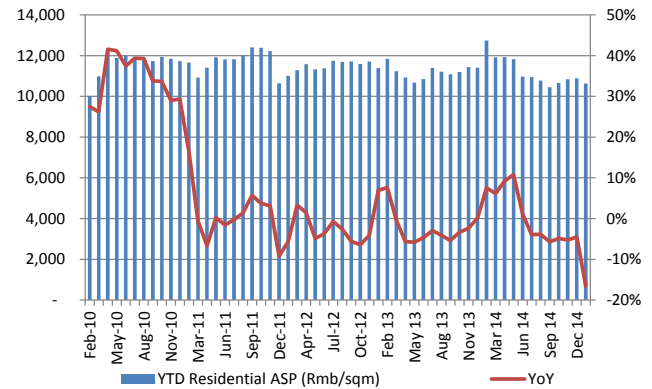


Figure 181: Ningbo – Residential GFA sold (msqm)



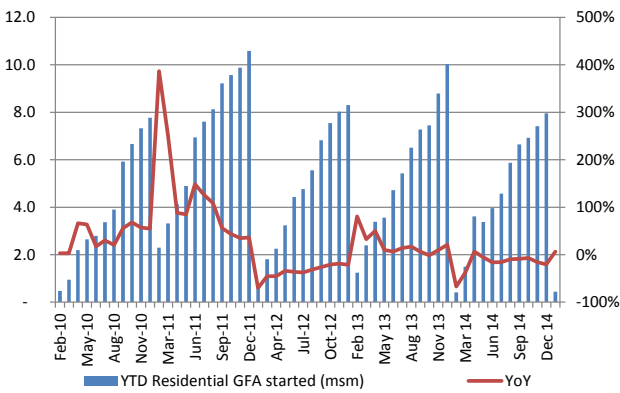
Source: Deutsche Bank, Soufun

Figure 182: Ningbo – Residential ASP (Rmb/sqm)



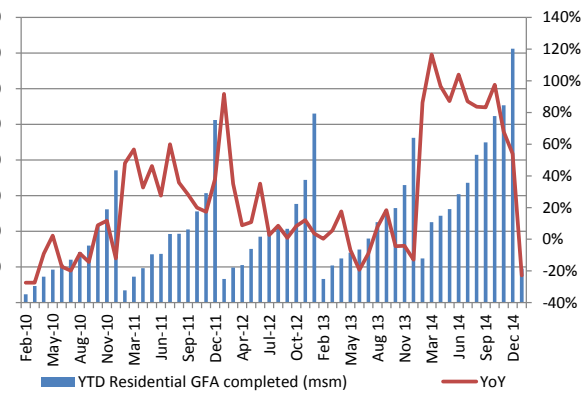
Source: Deutsche Bank, Soufun

Figure 183: Ningbo – Residential GFA started (msqm)



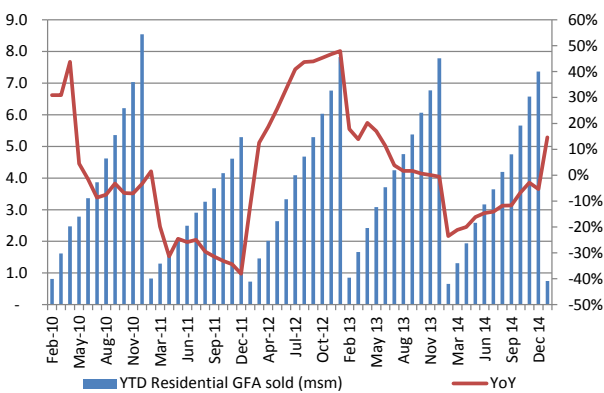
Source: Deutsche Bank, Soufun

Figure 184: Ningbo – Residential GFA completed (msqm)



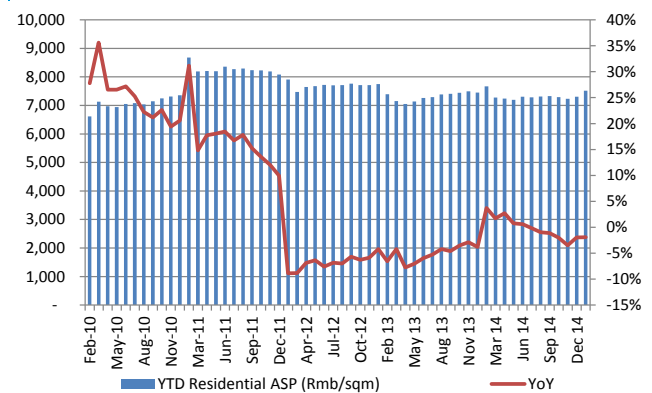
Source: Deutsche Bank, Soufun

Figure 185: Wuxi – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

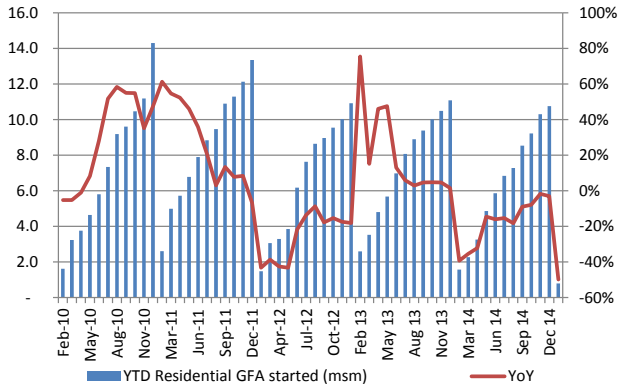
Figure 186: Wuxi – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

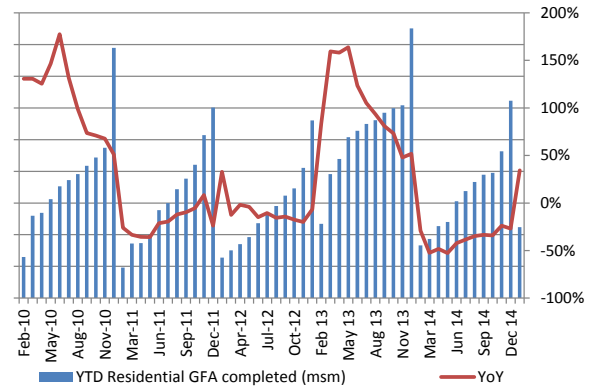


Figure 187: Wuxi – Residential GFA started (msqm)



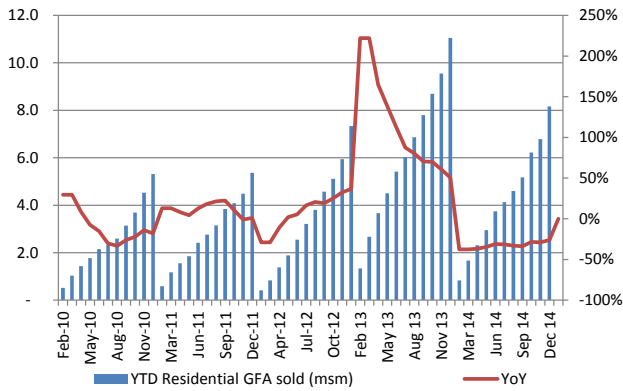
Source: Deutsche Bank, Soufun

Figure 188: Wuxi – Residential GFA completed (msqm)



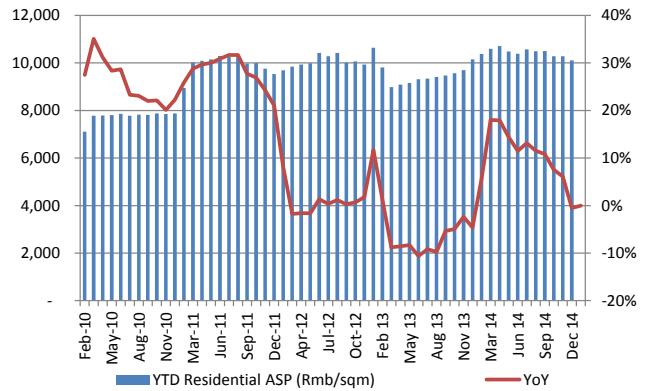
Source: Deutsche Bank, Soufun

Figure 189: Fuzhou – Residential GFA sold (msqm)



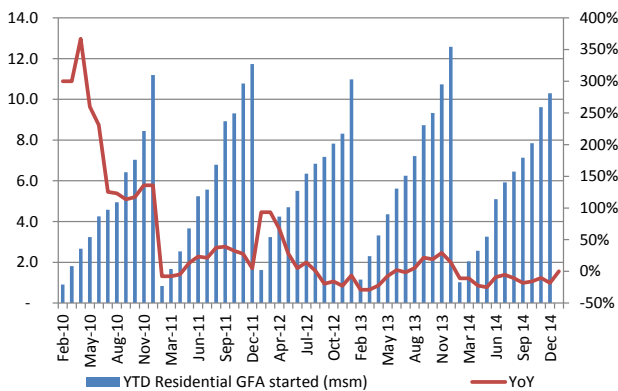
Source: Deutsche Bank, Soufun

Figure 190: Fuzhou – Residential ASP (Rmb/sqm)



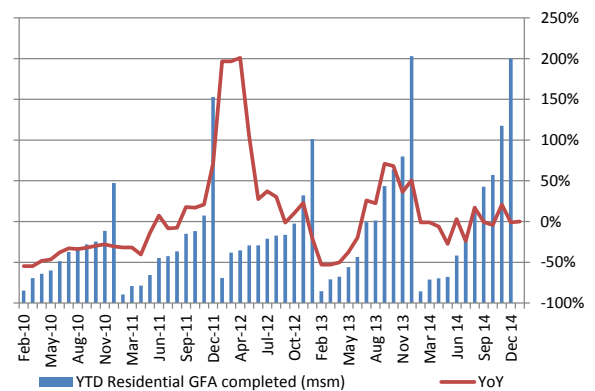
Source: Deutsche Bank, Soufun

Figure 191: Fuzhou – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

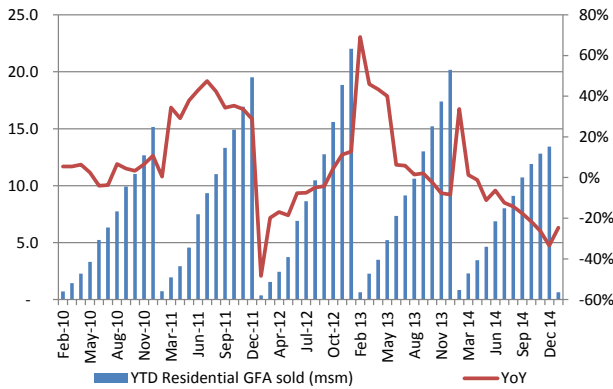
Figure 192: Fuzhou – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun

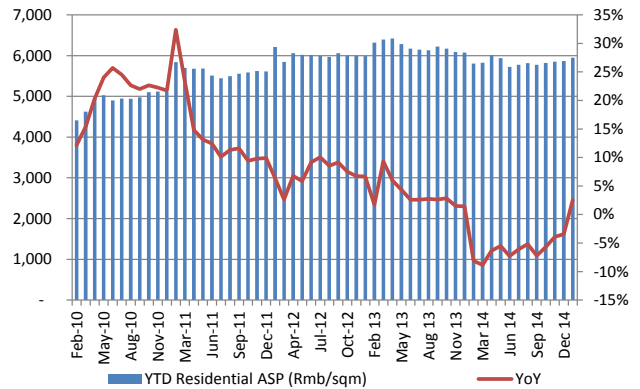


Figure 193: Shenyang – Residential GFA sold (msqm)



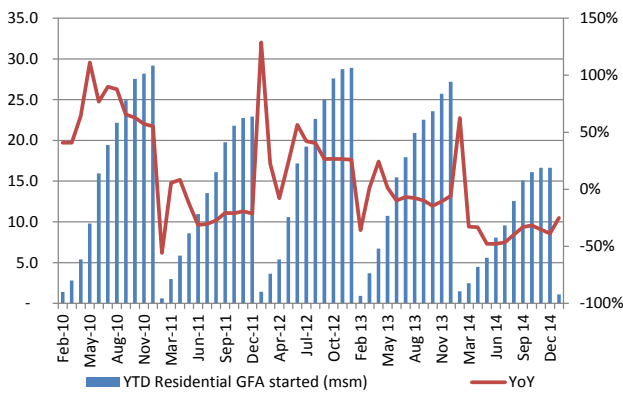
Source: Deutsche Bank, Soufun

Figure 194: Shenyang – Residential ASP (Rmb/sqm)



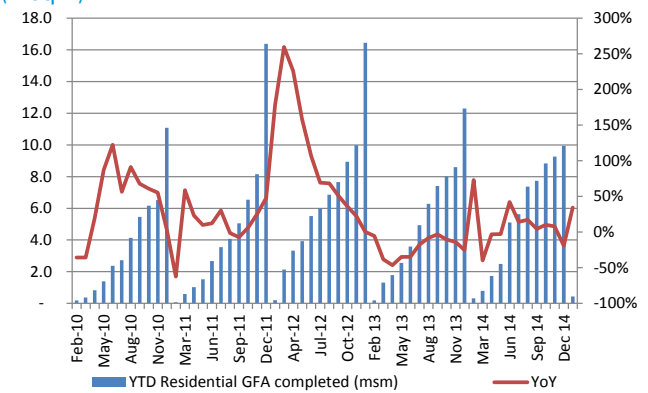
Source: Deutsche Bank, Soufun

Figure 195: Shenyang – Residential GFA started (msqm)



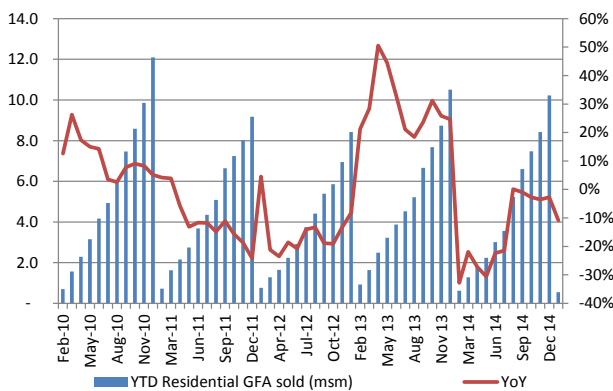
Source: Deutsche Bank, Soufun

Figure 196: Shenyang – Residential GFA completed (msqm)



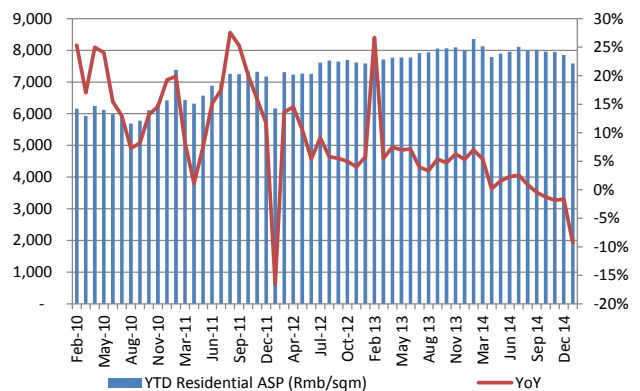
Source: Deutsche Bank, Soufun

Figure 197: Qingdao – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

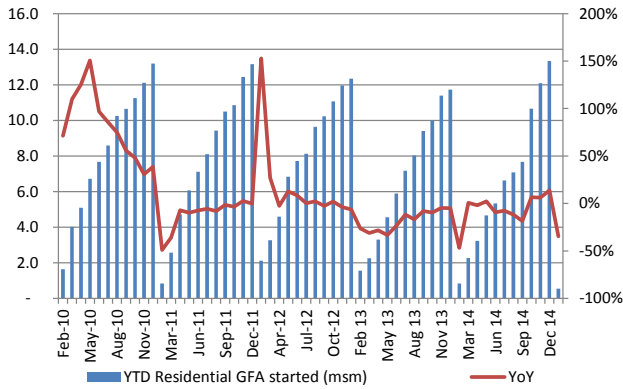
Figure 198: Qingdao – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

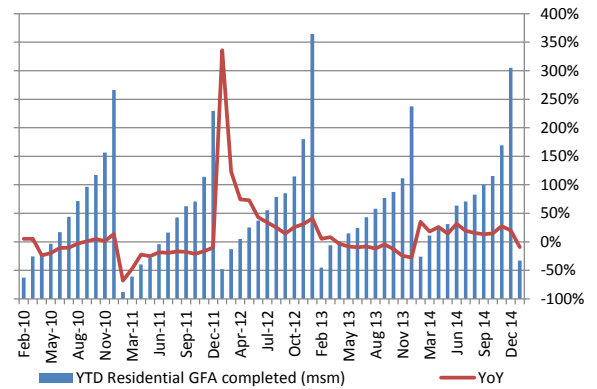


Figure 199: Qingdao – Residential GFA started (msqm)



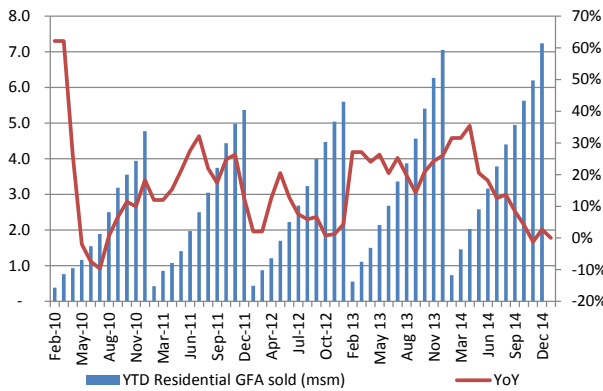
Source: Deutsche Bank, Soufun

Figure 200: Qingdao – Residential GFA completed (msqm)



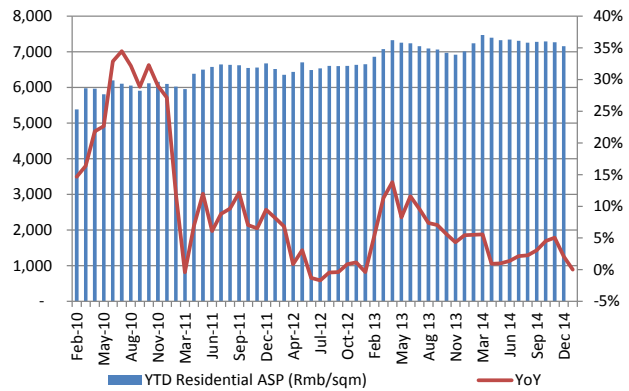
Source: Deutsche Bank, Soufun

Figure 201: Jinan – Residential GFA sold (msqm)



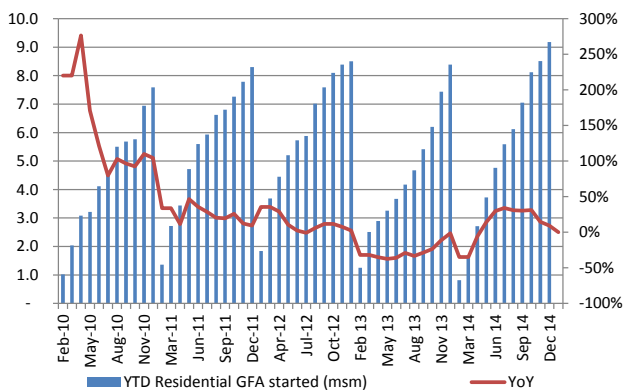
Source: Deutsche Bank, Soufun

Figure 202: Jinan – Residential ASP (Rmb/sqm)



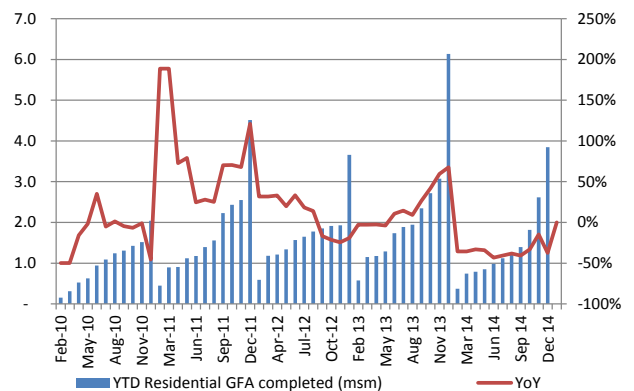
Source: Deutsche Bank, Soufun

Figure 203: Jinan – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

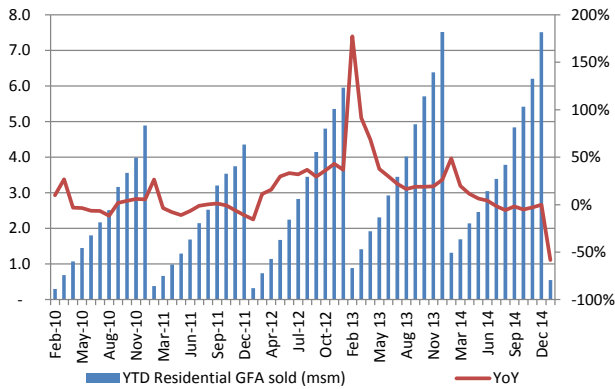
Figure 204: Jinan – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun

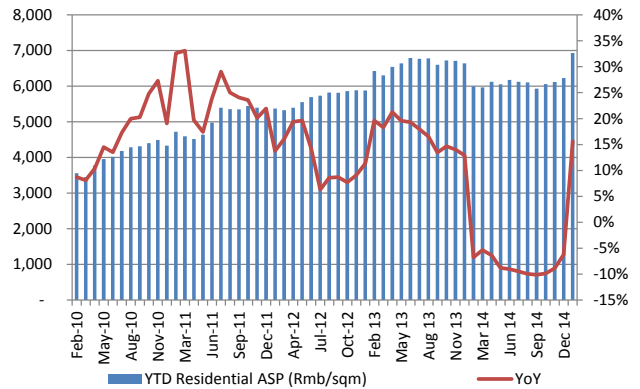


Figure 205: Nanchang – Residential GFA sold (msqm)



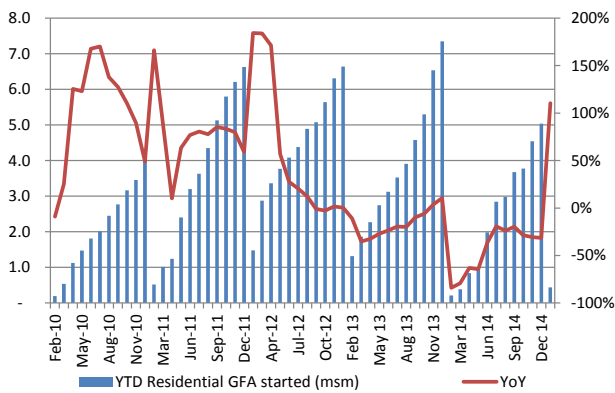
Source: Deutsche Bank, Soufun

Figure 206: Nanchang – Residential ASP (Rmb/sqm)



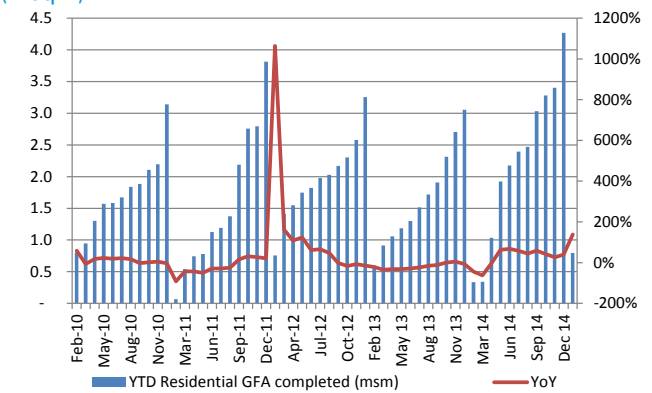
Source: Deutsche Bank, Soufun

Figure 207: Nanchang – Residential GFA started (msqm)



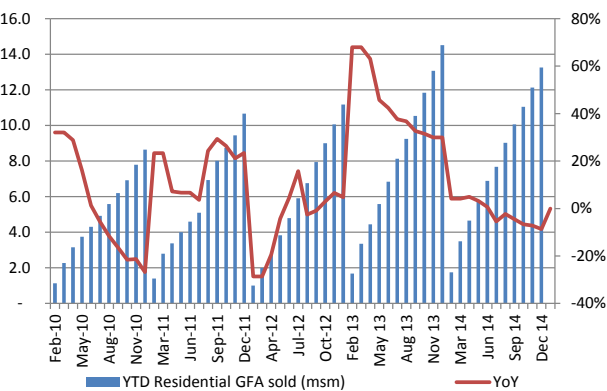
Source: Deutsche Bank, Soufun

Figure 208: Nanchang – Residential GFA completed (msqm)



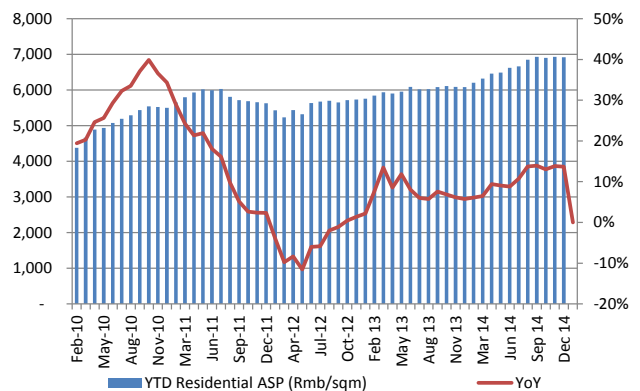
Source: Deutsche Bank, Soufun

Figure 209: Hefei – Residential GFA sold (msqm)



Source: Deutsche Bank, Soufun

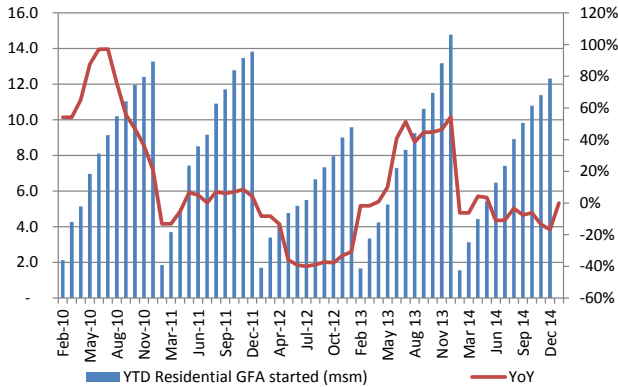
Figure 210: Hefei – Residential ASP (Rmb/sqm)



Source: Deutsche Bank, Soufun

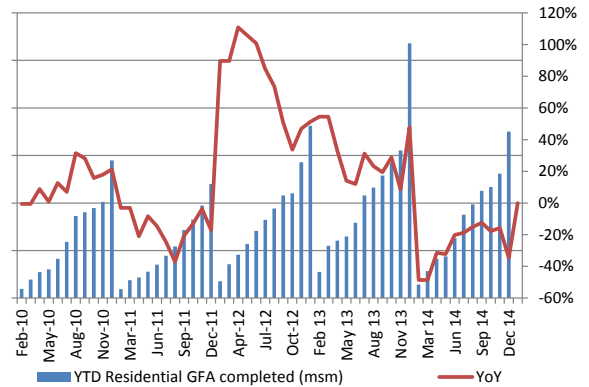


Figure 211: Hefei – Residential GFA started (msqm)



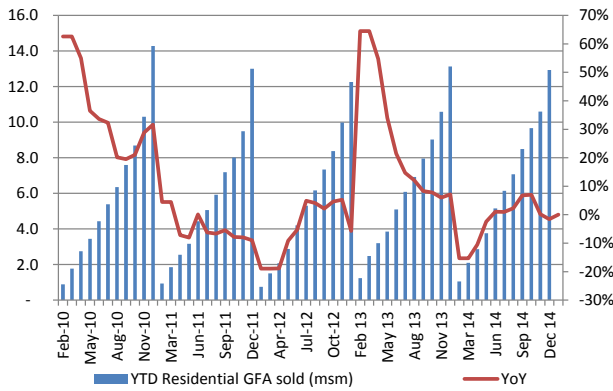
Source: Deutsche Bank, Soufun

Figure 212: Hefei – Residential GFA completed (msqm)



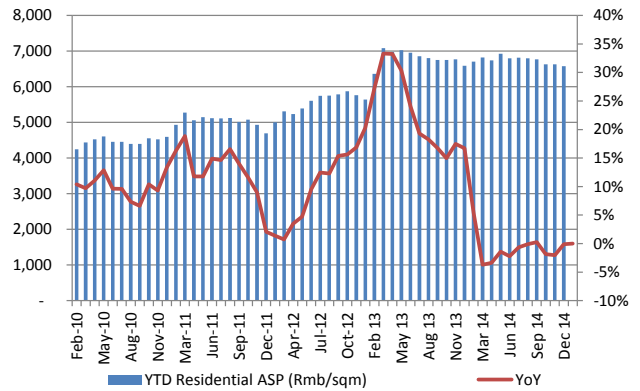
Source: Deutsche Bank, Soufun

Figure 213: Zhengzhou – Residential GFA sold (msqm)



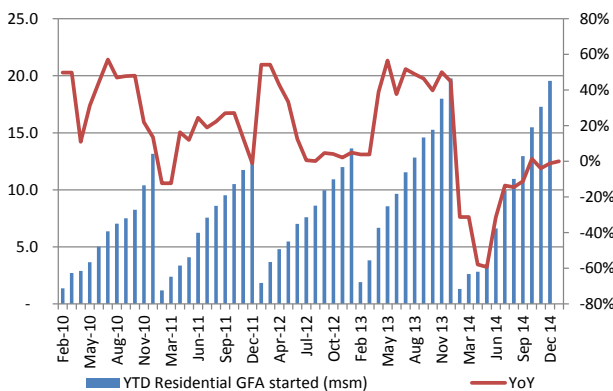
Source: Deutsche Bank, Soufun

Figure 214: Zhengzhou – Residential ASP (Rmb/sqm)



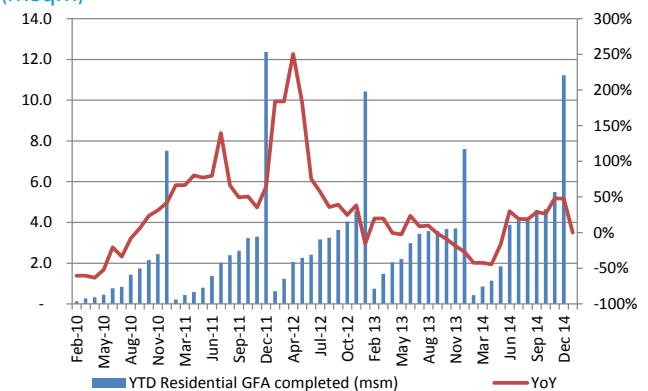
Source: Deutsche Bank, Soufun

Figure 215: Zhengzhou – Residential GFA started (msqm)



Source: Deutsche Bank, Soufun

Figure 216: Zhengzhou – Residential GFA completed (msqm)



Source: Deutsche Bank, Soufun



Appendix 1

Important Disclosures

Additional information available upon request

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Buy: Based on a current 12-month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

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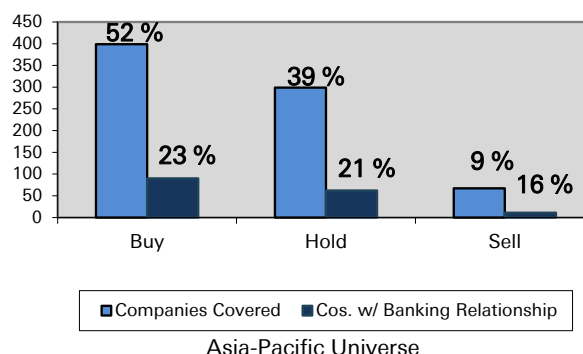
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Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships



Asia-Pacific Universe

Regulatory Disclosures

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