

CMBI Credit Commentary - CHIGRA

CHIGRA: Recommendation change to Hold

CHIGRA '22 79.6

We see several incremental headwinds to China Grand Auto that we lower our recommendation to Hold, from OW previously. a) China auto sales is weakening to -12% yoy decline in Oct – Nov 2021; b) China Grand Auto has a maturity wall of RMB 7bn before mid-2022, including syndicated loan of USD358mn due March 2022 and CHIGRA '22 of USD253mn due in Apr 2022.

We estimate CHIGRA has RMB7-8bn unrestricted cash, as of 30 Jun, 2021. Liquidity is tight for the company in the run up to its hard maturity over next 6 months. CHIGRA will need to raise new onshore notes and offshore syndicated loan to meet its obligation.

For refinancing, we understand the company is in middle of obtaining regulatory approval of an onshore MTN issuance of RMB500mn – RMB 1bn, and an ABS of RMB 318mn. It has also started seeking a syndicated loan of USD 200mn from Standard Chartered and China Everbright, according to Debtwire.

We will monitor the above refinancing progress, and we believe any additional new bank loan/bills financing, following recent PBOC's loosening, will be key to its USD notes repayment.

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China Grand Auto - Capital Structure

Notes:

USDRMB exchange rate assumed to be: 6.5

China Grand Auto (600297.HK)

<i>in millions</i>	2021/09/30 RMB	2021/09/30 USD	Coupon	Maturity	Put-table Date
Cash and Cash Equivalent	18,847	2,900		N/A	
Total Liquidity	18,847	2,900			
18汽车G3	500	77	7.2%	20/12/2021	
2021 Total Bond Maturity & Put	500	77			
19广汇汽车MTN001	192	30	7.2%	28/1/2022	
19汽车01	1,000	154	7.6%	29/1/2022	
21广汇汽车SCP001	400	62	7.1%	26/3/2022	
20汽车G1	950	146	7.5%	27/3/2023	27/3/2022
CHIGRA 8.625% 2022	1,644	253	8.6%	8/4/2022	
19汽车02	1,000	154	7.2%	25/9/2022	25/9/2021
20汽车01	1,000	154	7.4%	26/11/2023	26/11/2022
2022 Total Bond Maturity & Put	6,186	952			
20广汇G2	550	85	7.0%	30/10/2023	
CHIGRA 9.125% 2024	1,506	232	9.1%	30/1/2024	
21汽车01	1,000	154	7.5%	30/3/2024	30/3/2023
广汇转债	3,367	518	0.4%	18/8/2026	
2023 onward Total Bond Maturity & Put	6,423	2,891			

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