

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *China HY market continued weak trend led by LOGPH. LOGPH dropped 5pts the most but paired some loss toward noon. Other names like COGARD/SUNAC/CIFIHG also down 1-2pts.*
- **TSINGH:** *will convene another creditors' meeting on 11 Feb 2022 to finalize the identities of onshore bondholders. Nevertheless, offshore creditors meeting, is still under Tsinghua Unigroup's strategic investors' deliberation. See below.*
- **STCITY:** *entered into subscription agreements with existing shareholders to raise USD300mn via private placement. It also proposed USD300mn 5NC2 USD bond issuance. STCITYs and WYNMACs are our top picks in Macau gaming sector. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space was skewed to selling with weak sentiment. LOGPH saw street selling and down 4-5pts in the early session, but recovered slightly from day low in the afternoon. CHINSC/COGARD/CENCHI remained soft and down 1-2pts. AGILE short-end notes outperformed yesterday. In the industrial sector, FOSUNI saw some selling in the market while the rest of the sector were still well bid.

IG market opened soft with benchmark spreads 3-5bps wider. TMT sector names like XIAOMI/TENCNT/BABA underperformed and widened 5-6bps. In SOE space, names like HAOHUA saw small selling and down around 0.5pts for the day. In addition, in financial space, Chinese AT1 in general traded down 0.5-1pts.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AGILE 7 7/8 PERP	28.3	2.1	LOGPH 6.9 06/09/24	68.8	-6.1
FTLNHD 7 1/2 03/20/22	99.3	1.9	LOGPH 4.85 12/14/26	65.1	-5.7
AGILE 6 7/8 PERP	28.1	1.7	LOGPH 4 1/2 01/13/28	64.8	-5.6
JIAYUA 13 3/4 03/11/22	86.5	1.7	LOGPH 5 3/4 01/14/25	68.2	-5.5
AGILE 8 3/8 PERP	28.1	1.5	LOGPH 6 1/2 07/16/23	72.4	-5.5

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market edged lower yesterday, continuing a volatile stretch for the stock market. The S&P (-0.4%) and Nasdaq (-0.6%) declined while Dow (0%) closed roughly flat from the prior session. U.S. Treasury yield curve shifted downward slightly. The yield on the benchmark 10Y Treasury note dropped to 1.92%. The 1/5/30Y yields down to 0.88/1.76/2.22% respectively.

➤ Desk analyst comments 分析员市场观点

➤ **TSINGH: Another onshore creditors' meeting on 11 Feb'22**

Tsinghua Unigroup will convene another creditors' meeting on 11 Feb'22. The meeting is to finalize the identities of onshore bondholders and will not conduct any voting. Recall Beijing court has approved Tsinghua Unigroup's restructuring plan on 17 Jan'22, the restructuring proposal will be proceeded for other regulators' approval. Nevertheless, offshore creditors meeting, is still under Unigroup's strategic investors' deliberation. Please refer to [our recovery analysis on 15 Dec'21](#) and [comments on Tsinghua Unigroup's negotiation with keepwell bondholders on 14 Jan'22](#).

➤ **STCITY: Share placements and USD bond issue to raise USD600mn**

Studio City will raise cUSD300mn from share placements to existing shareholders (Melco, New Cotai and Silver Point) and another USD300mn from the issuance of 5NC2 USD bonds to fund the capex on phase II of Studio City. We view the fund raising plan positively as this demonstrates Studio City's ability to access funding channels even in a challenging operating environment. The share placements also demonstrate its shareholders' ability to support and the company's discipline in protecting its credit when funding capex. We also see more clarities on the operating environment after the Macao government's press conference on the proposed new gaming law on 14 Jan'22. Please refer to [our comments on 17 Jan 2022](#). Within the sector, our top picks are STCITYs and WYNMACs which, in our opinion, offer better risk and return profile.

➤ **Offshore Asia New Issues (Priced)**

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ **Offshore Asia New Issues (Pipeline)**

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 10 credit bonds issued yesterday with an amount of RMB14bn. As for Month-to-date, 15 credit bonds were issued with a total amount of RMB19bn raised, representing a 95.6% yoy decrease
- **[CHFOTN]** Zhongrong Trust said it was unable to join the China Fortune Land Development Debt Committee because it violated the principle of resolution
- **[JINKE]** has remitted funds to Chinaclear for RMB 349.7mn bonds due on Wednesday; shareholder Huang Sishi had reduced 45.6494mn shares of the company, and provided one-year loan of RMB 120mn to its subsidiary; Jinke plans to repurchase RMB 500mn-1bn shares of the company, and had repurchased 42.7mn shares till 31 Jan
- **[SUNSHI]** said the bonds listed on the Shenzhen Stock Exchange will suspend trading on 8 Feb, and adopt the means of block trade afterwards; Yango Group Bondholders to meet on Tuesday to review extension plan; Yango Group was downgraded to BBB/Neg by Golden Credit
- **[YIDCHL]** announces consent solicitation in respect of senior notes due 2022, mainly to extend the maturity from Mar'22 to Apr'23 and amend the cross-default clause. The consent fee is c2.7pts per 100 and consent deadline is on 16 Feb'22. The approval threshold will be 75% of holders in principal amount.

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