

CMBI Credit Commentary

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

- **MIDEA:** proposed to issue 5yr USD bond (A3/A/A, all Stable). We see fair value for new MIDEA '27 at T5+115-120bp, 5-10bp behind CITLTD and on par with other Chinese A- rated consumer peers. See below.
- **JINKE:** proposed to issue RMB1.5bn 2+2yr onshore bond with coupon range of 7.0%-8.0% to repay onshore bond puttable on 20 Feb'22. JINKE'6.85% 24 remains one of our top picks. See below.
- **EHICAR:** S&P's negative outlook on eHi is mainly due to sporadic COVID-19 outbreaks in China. EHI's revenue growth in 2022 has so far been satisfactory at +25%yoy, our OW remains, given no major refinancing need before 2024.

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❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space continued to trade down with weak sentiment. Volatile names like LOGPH in general down 3-7pts. Logan Group was downgraded to Ba3 by Moody's on Monday. RONXIN fell to 57pts after the Company to hire advisors report but recovered to around 63pts in the afternoon. ZHLGHD/CHINSC down 3-5pts for the day while ZHPRHK dropped 2-3pts with flows skewed to better selling. ZHPRHK remained in the price range of 15-20pts.

IG market remained soft for most of the day, but recovered a bit post the news that Russia said it had pulled back some troops from the Ukrainian border, with benchmark spread back to Monday's level. In financial space, China AT1 remained heavy and closed 0.125pts down. SOE names such as SINOCH saw street selling and closed 2-3bps wider for the day.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
RONXIN 10 1/2 03/01/22	62.6	1.2	LOGPH 7 PERP	53.2	-8.7
YUZHOU 7.85 08/12/26	19.2	0.9	ZHLGHD 12 04/17/23	47.6	-7.4
YUZHOU 6.35 01/13/27	18.7	0.6	LOGPH 5 1/4 10/19/25	54.6	-7.2
GRNLGR 6 3/4 06/25/22	89.1	0.6	LOGPH 5 3/4 01/14/25	56.2	-6.9
REDSUN 7.3 05/21/24	28.1	0.6	LOGPH 4 1/4 07/12/25	55.7	-6.9

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stocks indexes rose after Russia said it had pulled back some troops from the Ukrainian border, mitigating fears about conflict between the two countries. The S&P (1.6%), Nasdaq (2.5%), and Dow (1.2%) all advanced last night. In addition, oil prices dropped from the eight-year high they hit on Monday. U.S. Treasury yield curve steepened for the day. The yield on the benchmark 10Y Treasury note was up to 2.05%. The 1Y yield declined slightly to 1.11% while 5/30Y yields climbed to 1.94/2.37% respectively.

Desk analyst comments 分析员市场观点

➤ MIDEA: 5yr New Issue

MIDEA [A3/A/A, all Stable outlook by Moody's/S&P/Fitch]

Issuer: Midea Investment Development Company Ltd

Guarantor: Midea Group Co. Ltd (000333.CH)

Ranking: senior unsecured

Tenor: 5 year

UOP: partly finance/refinance Eligible Green assets

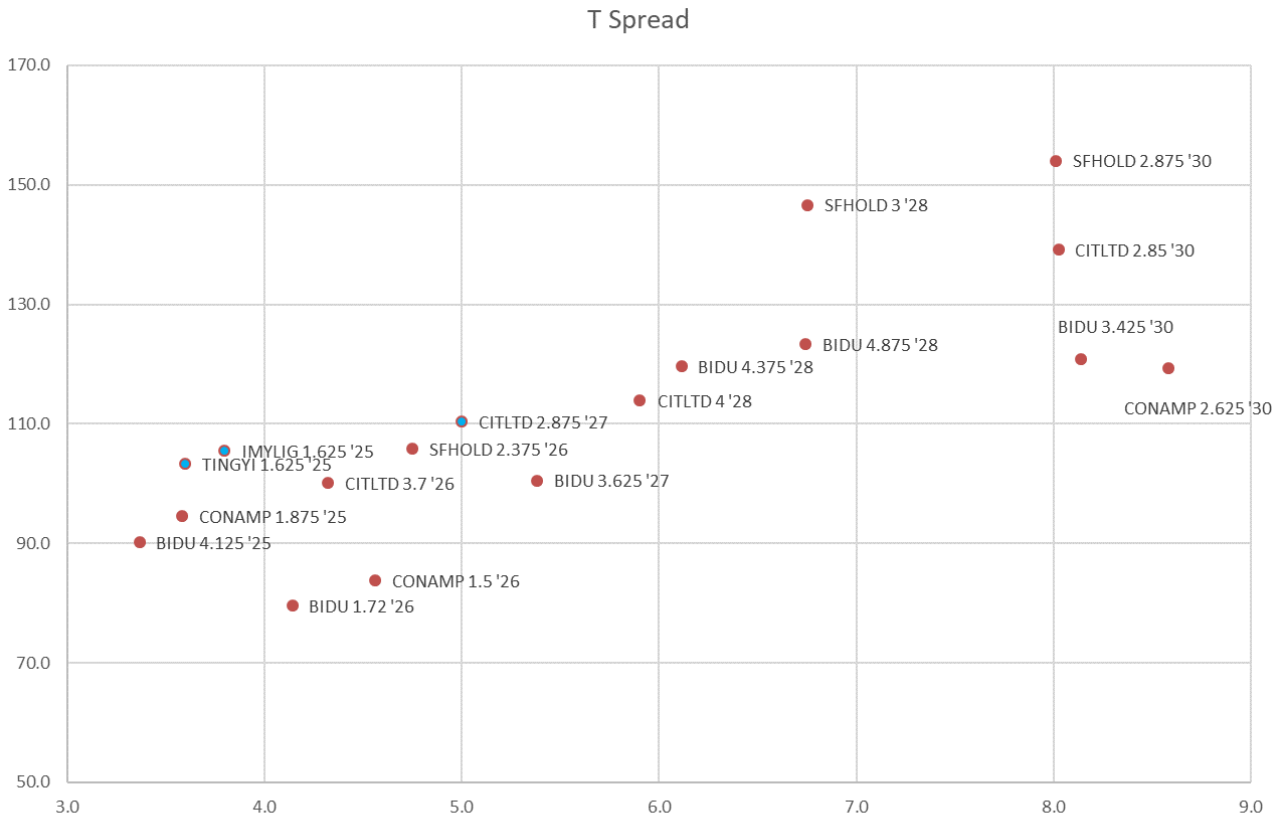
Issuance size: benchmark, Reg S only

Fair value for new MIDEA '27 at T5+115-120bp

Our FV places MIDEA'27 5-10bp behind CITLTD, a central SOE, and on par with other Chinese A- rated consumer peers; IMYLIG 1.625 '25 T3+108bp, 95.9 mid-px; TINGYI 1.625 '25 T3+106bp, 96 mid-px, factoring into 2-year tenor extension.

Company description:

Midea Group Co. Ltd is the largest home appliances manufacturer globally by units. It is also a market leader in China offering a diverse range of household appliances including air-conditioner, refrigerator and small appliances. It was wholly listed in Shenzhen Stock Exchange in 2013 and 31% owned by founder He Xiangjiang. It has a current market cap of RMB 518bn (c. USD 80bn), with revenue/EBITDA scale of RMB 285bn/RMB44bn, and a net cash position of RMB103bn in 2020.



➤ **JINKE: propose to issue RMB1.5bn 2+2yr onshore bond**

Jinke Properties proposed to issue RMB1.5bn 2+2yr onshore bond (“22 金科 01”) to repay RMB1.9bn onshore bond puttable on 20 Feb’22 (“20 金科 01”). Coupon range of the bond is 7.0%-8.0%. Jinke is one of few developers that largely un-interrupted access to onshore bond markets in a very tight credit environment. Recalled that company successfully issued 6.8% RMB1bn and RMB800mn 9-month SCPs back in Sep and Dec’21 in addition to the issuance of 4-year onshore bonds of RMB1bn at a coupon rate of 6.3%. JINKE’6.85% 24 is the only USD bond outstanding for the company and remains one of our picks in the Chinese property sector. Please refer to our [Asia High Yield Corps Outlook 2022](#).

➤ **EHICAR: S&P puts on B+/Negative**

S&P’s revised its outlook on eHi to negative, affirming B+, due to uncertain operating environment amid sporadic COVID-19 outbreaks in China. S&P also noted eHi purchased more cars in 3Q21, which lowered its liquidity ratio to 1.2x by end-2021, from 1.7x at Jun, 2021.

EHi’s operation in 2022 so far (Jan and Lunar New Year) has been satisfactory +25% yoy, according to our discussion with management. They are vigilantly responding to evolving Covid situation, and maintain its fleet size stable. The company also has no major refinancing need before 2024. We hence maintain our OW.

➤ **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)
Aluminum Corporation of China	USD	-	5yr	T+175a	-/-/A-
Midea Group	USD	-	5yr	T+135a	A3/A/A

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 49 credit bonds issued yesterday with an amount of RMB49bn. As for Month-to-date, 157 credit bonds were issued with a total amount of RMB171bn raised, representing a 61.2% yoy decrease.
- **[CWAHK]** outlook revised to Stable by S&P
- **[FWDGRP/FWDINS]** plans to submit IPO application in HK as early as end of this month. FWDGRPs/FWDINS with IPO call at 100-101 weakened lately
- **[POLYRE]** plans to use proceeds from a planned RMB 9.8bn bond issuance to fund property project acquisitions, replenish liquidity and fund project construction and operations, according to the bond issuance prospectus
- **[RSMACA]** to apply for RMB 200mn credit line from China Everbright Bank
- **[SHNSUN]** Caa2 rating withdrawn – Moody's
- **[VEDLN]** Indian government agrees to end arbitration over Hindustan Zinc and clears path for government's stake sale

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