

CMBI Credit Commentary

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

- *RONXIN outperformed this morning with RONXIN Mar'22 up 10pts to 90s handle. LOGPH/SHIMAO also traded 1-2.5pts higher. SUNSHI curve down 1-2pts after announcement of missed interest payment within grace period.*
- **FOSUNI:** *onshore core operating subsidiary – FOSUN Hi-Tech raised RMB 2.5bn SCP at 4.77% yesterday. We expect FOSUNI's good onshore capital market access to continue, as its property subsidiary only accounts for c.10% its portfolio NAV. See below.*
- **YUNMET:** *Media reported Yunnan provincial government injected RMB 5bn bailout fund to help stressed SOEs, and expects another RMB15bn cash injection by March. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space performed weak in general. SHIMAO curve continued to trade down 4-6pts. TPHL was skewed to selling and fell 3-5pts after downgraded by Moody's. Other property names such as AGILE/KWGPRO/LOGPH/PWRLNG traded down 1-2pts for the day while COGARD/SUNAC/ROADKG slightly dropped 1pt. RONXIN due Mar'22 outperformed and up around 8pts to high 70pts. Macau gaming sector names like SJMHOL closed around 0.5pt lower.

IG market underperformed due to weaker macro sentiment. In financial space, Bank Tier 2 saw street selling and widened 2-3bps while AMC names spread closed relatively unchanged for the day. TMT/SOE benchmark names were skewed to selling post Ukraine headline and spreads widened 2-3bps. Newly issued CHALUM 27s opened 7bps tighter from reoffer but retreated to T+134/132, while the new issue MIDEAZ 27s traded down with spread 8bps wider from reoffer.

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➤ **Yesterday's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
RONXIN 10 1/2 03/01/22	81.1	13.2	SHIMAO 4 3/4 07/03/22	54.7	-7.3
FTLNHD 5 08/08/22	82.8	3.1	SHIMAO 3.975 09/16/23	43.2	-6.0
YUZHOU 5 3/8 PERP	12.8	1.5	TPHL 6 3/4 07/16/23	41.2	-5.2
AGILE 6.7 03/07/22	91.9	1.2	TPHL 6.6 03/02/23	41.8	-5.0
HAOHUA 4 3/4 06/19/49	108.6	1.1	TPHL 5 3/4 04/26/22	70.7	-5.0

➤ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stocks indexes closed much lower yesterday due to concern over escalating Russia-Ukraine crisis. Geopolitical tensions remained high as Russia has amassed more than 100,000 troops on the Russia-Ukraine border. The S&P (-2.12%), Nasdaq (-2.88%), and Dow (-1.78%). The yield on the benchmark treasury all came down slightly. The 1/5/10/30 yield declined 4/5/6/3bps to 1.05/ 1.85/ 1.97/ 2.31% respectively.

Desk analyst comments 分析员市场观点➤ **FOSUNI: FOSUN International - Continual onshore bond market access**

Impact from capital market closure to Chinese property sector for FOSUN International (FOSUN) is contained so far. FOSUN's Chinese property subsidiary – Forte Land only accounts for c. 10% of its investment portfolio value (based on NAV), according to our communication with management. Currently Forte Land has a total of RMB 6.8bn outstanding onshore bonds, representing ~13% of FOSUN's total outstanding onshore notes. Within which, RMB 6bn onshore bonds are puttable in 2022. We view this amount as manageable vs FOSUN's marketable financial investment of RMB 36bn at the Holdco. level, as of Jun, 2021.

FOSUN's two key onshore operating subsidiaries – Fosun Hi-Tech and Shanghai Yuyuan (600655 CH) continued to have good onshore market access and issued short-term notes of RMB 5.1bn at 3.35% - 4.77% (180 days) in 2022 year-to-date. FOSUNI remains our pick for 2022, See our [Asia HY Corps Outlook](#).

➤ **YUNMET: benefit from provincial bailout fund**

Media reported Yunnan provincial government injected RMB 5bn bailout fund to help stressed SOEs in early 2022, and expects another RMB15bn cash injection by March. Source of this fund was mainly from Yunnan based SOEs, to finance ongoing business restructuring in Yunnan LGFVs. Meanwhile, Yunnan's governor, Wang Yubo, visited Beijing this week in a bid to rally support from China's banks for additional funding. YUNMET was reported to be one of the SOEs receiving support.

➤ **GUOPRO: exchange offer and consent solicitation deadline extension**

Guorui Properties announced exchange offer and consent solicitation deadline extension to 18 Feb'22 4:00p.m., London Time from 17 Feb'22 and New Notes settlement date is also expected to be one day later. Recalled that company proposed an exchange offer and consent solicitation for its GUOPRO 14.25%'24 on 11 Feb'22. Please see the exchange offer and consent solicitation in [our daily](#).

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Greentown China Holdings	USD150	3.2yr	4.7%	5.9%	Ba3/BB-/-

➤ **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 81 credit bonds issued yesterday with an amount of RMB130bn. As for Month-to-date, 323 credit bonds were issued with a total amount of RMB441bn raised, representing a 0.2% yoy decrease.
- **[AGILE]** remitted funds to redeem USD 250m privately placed bonds it guaranteed due 18 February
- **[CQNANA]** Chongqing Nan'an District Urban Construction & Development proposes to offer CNY 5bn corporate bonds
- **[CHIOLI]** planned to issue 5yr RMB1bn green MTN
- **[CHJMAO]** China Jinmao gains shareholders' approval for distribution in specie of Jinmao Services' IPO share in EGM
- **[GEMDAL]** planned to issue 3yr RMB1.7bn MTN
- **[GRNCH]** tap USD150mn 4.7% 2025 bond with yield of 5.9% to refinance debt
- **[LOGPH]** S&P downgraded Logan Group to BB- on previously unreported guaranteed debt and reduced liquidity buffer; outlook negative
- **[SUNSHI]** Yango Group fails to make USD13.39mn interest payment for 7.5% bonds due 2024 and 9.25% notes due 2023
- **[YIDCHL]** Yida China receives requisite consents necessary to effect proposed waivers, amendments to YIDCHL'22. Recalled that company announced consent solicitation on 7 Feb'22, 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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